



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

ANNUAL REPORT

FINANCIAL YEAR 2016/17



Vote 8





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DEPARTMENT OF HUMAN SETTLEMENTS

PROVINCE OF KWAZULU-NATAL

VOTE NO. 8

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PART A: General Information



1. DEPARTMENT GENERAL INFORMATION

Name	KwaZulu-Natal Department of Human Settlements
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2. LIST OF ABBREVIATIONS / ACRONYMS

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

MOU	Memorandum of Understanding	MSP	Master Spatial Plan
MTEF	Medium Term Expenditure Framework	MTOP	Medium Term Operational Plan
MTSF	Medium Term Strategic Framework	MYHD	Multi Year Housing Development Plan
NDHS	National Department of Human Settlements	NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation	NHNR	National Housing Needs Register
NDP	National Development Plan	NSDA	Negotiated Service Delivery Agreement
NSDP	National Spatial Development Plan	NURCHA	National Urban Reconstruction & Housing Agency
NUSP	National Upgrading Support Programme	OSD	Occupational Specific Dispensation
OSS	Operation Sukuma Sakhe	OTP	Office of the Premier
PES	Provincial Equitable Share	PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan	PGDS	Provincial Growth and Development Strategy
PHDP	Provincial Housing Development Plan	PHP	Peoples Housing Process
PIAS	Provincial Internal Audit Services	PIE	Prevention of Illegal Eviction from and Unlawful Occupation of Land Act
PPC	Provincial Planning Commission	PSEDS	Provincial Spatial Economic Development Strategy
PSETA	Provincial Sector of Education and Training Agency	RDP	Reconstruction and Development Programme
RHAF	Rental Housing Association Fund	RHLF	Rural Housing Loan Fund
SABS	South African Bureau of Standards	SALGA	South African Local Government Association
SCM	Supply Chain Management	SDG	Sustainable Development Goals
SDIP	Service Delivery Improvement Plan	SHA	Social Housing Association
SHF	Social Housing Foundation	SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority	SHSS	Sustainable Human Settlements Strategy
SIP	Strategic Infrastructure Project	SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprises	SOE	State Owned Enterprises
SLA	Service Level Agreement	TEC	Technical Evaluation Committee
TR	Treasury Regulations	TRP	Title Deed Restoration Programme

3. FOREWORD BY THE MEC



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

Accountability is an essential facet of good governance. The performance data contained in this report is an objective summary of our planned projects and their outcomes.

In Human Settlements in particular, the deliverables are tangible and measurable. Where we come up short, we readily disclose such shortcomings and introduce the necessary corrective action.

It is a matter of considerable pride that KwaZulu-Natal is acknowledged by its peers and the National Department for the superior standard of service delivery in the Province. This is evident from the remarkable accolade of having been bestowed with Best Performing Province at three consecutive Govan Mbeki Human Settlements Awards ceremonies.

While such awards are a just reward and boost our confidence as public servants, they must also spur us on to raise the bar. We are mindful of the fact that such an endeavour is constrained by the fact that we face a very difficult economic climate both domestically and globally.

The aftershock of the 2008 financial crisis is still felt all over the world. To a large extent, South Africa was cushioned from that due to astute fiscal and monetary policy. In a globalised world, no economy can ever be immune to what happens well beyond our borders.

The challenges that we currently face centre on a shrinking economy, reduced tax revenues, growing unemployment and increased demands for service delivery especially in Human Settlements provision. We are increasingly forced to do more with less. A good part of our governance regime in the Department is to ensure that we consistently get high quality and fair value for our spend.

That equilibrium is constantly tested as budgets are cut back or deployed to other areas of greater need as in the recent case of the need for emergency housing in a sister province. We accept those eventualities as fitting with the ethos that we are one government, one country and one nation. That point cannot be overstressed. In the year under review we have again embraced the theme of building our country and uniting our people. That dovetailed with the overall posture of the current administration in advancing radical socio-economic transformation, by which we mean an inclusive economy, shared prosperity and an equal society.

Inequality is a grave concern. The stellar objectives set out in our National Development Plan can only be achieved if we are able to carry all of our people with us. To this end, every one of us at whatever level of state or civil society must work in such a way as to inspire hope among our people and confidence in our economy.

As we traverse the Province handing over homes and title deeds, we celebrate with the beneficiaries who have patiently bided their time. At the same time, our message to those still in the queue is that their time will come. This government has demonstrated over twenty-three years of freedom and democracy that it has a structured and measurable programme of service delivery.

As the South African Institute of Race Relations pointed out not too long ago, service delivery protests are the result of expectations arising from service delivery rather than the lack of it. We must nevertheless constantly be on our toes and responsive to our people's needs.

This report demonstrates maximum transparency in all phases of planning, pipeline and construction. To this end we must acknowledge the municipalities, sister departments, social facilitators, contractors and a whole range of stakeholders who contribute in the implementation of our mandate. Social facilitation in particular is a critical aspect in the success of projects be they BNG, social housing or in ensuring that titleholders cherish the value in their properties.

We can justifiably be proud of the outcomes of the 2016-2017 financial year and the astute manner in which we have spent our budgets. It is incumbent on me to congratulate the Head of Department, staff and all stakeholders for their contribution to the performance data tabled hereunder.



Honourable Mr Ravigasen Ranganathan Pillay, MPL

MEC for Department of Human Settlements and Public Works

KwaZulu-Natal

Date: 31 July 2017

4. REPORT OF THE ACCOUNTING OFFICER



Ms Greta Apelgren-Narkedien
Accounting Officer
KwaZulu-Natal Department of Human Settlements

* Overview of the operations of the Department

In the year under review, the Department's pace-setting performance was again acknowledged by a slew of awards and accolades notably that of the Govan Mbeki Award for the "Best Performing Province". This Award was secured in 2014, 2015 and 2016.

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

The data in this report demonstrates the Department's performance in the 2016/17 financial year. Human Settlements interventions are key to advancing the National Development Plan Vision 2030 as well as the Provincial Growth and Development Plan. Vision 2030 prescribes that "*Following South Africa's celebration of 20 years of freedom and democracy, it is time to begin looking towards our future*". Chapter 8 of the Plan which is about transforming human settlements and the national space economy proposes a strategy to "create the conditions for more humane and environmentally sustainable living and working environments"; achieving a "decent standard of living". The elements of a decent standard of living outlined in the report with emphasis on a holistic approach, include inter alia employment, transport to get to work, housing and basic services (water, sanitation and electricity).

The core mandate of the Department to provide sustainable human settlements is gaining momentum in spite of challenges encountered as we steam ahead in ensuring that the strategic objectives are aligned and achieved to the core delivery of the Department.

A detailed synopsis of the achievements of the service delivery information relating to housing delivered for 2016/17 is tabulated as follows:

Human Settlements Programme	Sites	Units
Integrated Residential Development Programme	3,288	2,755
Informal Settlement Upgrading	3,120	4,212
Housing Finance Linked Individual Subsidies [R3,501 - R15,000]		315
People's Housing Process		3,691
Emergency Housing Assistance (OSS)		243
Emergency Housing Assistance (Disaster)		175
Community Residential Units		77
Institutional Subsidies		971
Rural Housing: Communal Land Rights		10,093
Total	6,408	22,532
Rectification and Refurbishment		1,502
Number of Title Deeds Issued		3,647
Maintenance		1,985
Interim Services in Informal Settlements		1,440
Total		8,754
Total Housing Opportunities	6,408	31,106

Our policies and programmes have therefore impacted positively on the lives of **37,514 families** in the 2016/17 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. New councillors have already been introduced to Human Settlement challenges and solutions as part of the COGTA led Councillor Induction Programme.

* Overview of the financial results of the Department

The main appropriation of the Department was R3,485 billion. During the year, the Department received an additional allocation totalling R45,265 million. The Department spent 99.96% (R3,530 billion) of the total allocation.

A net under-expenditure of R1,374 million in the Human Settlements Development Grant (HSDG) is mainly from Transfers and subsidies to Households under Programme 3 sub-programme Financial Intervention, due to the money that was refunded back to the Department by First National Bank (FNB) at the end of March due to non-registration of the units to the beneficiaries for the FLISP subsidy in respect of the Ridgeview Gardens project.

A request for the roll-over of the HSDG funding amounting to R1,372 million not spent during the financial year 2016/17 has been submitted to the Provincial Treasury. If the roll-over is approved it will be paid directly to the attorneys to fast track the disbursements in respect of deposits.

Departmental Receipts

The table below shows the revenue budget and the actual revenue collected for the 2016/17 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	2016/2017			2015/2016		
	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	562	442	120	534	700	(166)
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	16	10	6	18	2,174	(2,156)
Sale of capital assets	520	539	(19)	500	-	500
Financial transactions in assets and liabilities	3,100	15,072	(11,972)	1,000	165,201	(164,201)
Total	4,198	16,063	(11,865)	2,052	168,075	(166,023)

The Department collected revenue totalling to R16,063 million in 2016/17 against the budget of R4,198 million, substantially exceeding the revenue target by R11,865 million. The revenue collected is in respect of the following categories:

- *Sale of goods and services other than capital assets* under-collected at R442,000 against the budget of R562,000. 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. This under-collection is mainly due to the sale of tender documents which is dependent on projects being approved and advertised.
- *Financial Transactions in assets and liabilities* collected R15,072 million against the annual budget of R3,1 million. The over-collection was due to monies received from National Department of Military Veterans in respect of top-up funding for the implementation of housing assistance to military veterans. Also monies were refunded by Stedone Developments for Njomelwane Rural Housing Project for an erroneous payment.
- *Sale of capital assets* collection amounted to R539,000 against the annual budget of R520,000, the slight over-collection is due to the auction of motor vehicles which was delayed in previous financial year and was received in the month of March 2017.

The Department's over-collection was offset to some extent by the following economic classifications:

- *Interest, dividends and rent on land* reflects revenue collection of R10,000 against an annual budget of R16,000. The under-collection is mainly from the staff debts.

* Programme Expenditure

Programme	2016/2017			2015/2016		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	205,279	205,279	-	195,128	198,260	(3,132)
2. Housing Needs, Research and Planning	15,928	15,928	-	17,209	16,411	798
3. Housing Development	3,114,986	3,113,612	1,374	3,679,773	3,674,667	5,106
4. Housing Asset Management, Property Management	194,184	194,184	-	239,237	241,687	(2,450)
Total	3,530,377	3,529,003	1,374	4,131,347	4,131,025	322

The Department under-spent its 2016/17 Final Appropriation by a minimal R1,374 million. The slight under-spending was against Programme 3 and spread across various economic categories as a result of funds returned to the Department by FNB at the end of March due to non-registration of units to beneficiaries in respect of the Finance Linked Individual Programme (FLISP) subsidy for the Ridgeview Gardens Project. A request for a roll-over of the HSDG funding in this regard has been submitted to Provincial Treasury.

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

- Programme 1: Administration was fully spent after a virement of R15,206 million from Programme 3 to *Compensation of Employees* as a result of funds paid to the GEPP, *Goods and Services* to defray over-expenditure incurred in various items such as training and development, legal costs, etc., *Transfers and Subsidies to: Households* to fund higher than anticipated staff exit costs and *Payments for Financial Assets* in respect of write-offs relating to staff debts.
- Programme 2: Housing Needs, Research and Planning was fully spent and relates to *Compensation of Employees*, implementation of capacity programmes, etc. This full expenditure is after a virement of R1,082 million from Programme 3 to *Goods and Services* to defray over-expenditure incurred in respect of the implementation of capacity building programmes such as Housing Consumer Education, Local Builders Training for the KwaDukuza Municipality and Newcastle Municipality, etc. There were pressures against these capacity building programmes.
- Programme 3: Housing Development, which includes a significant portion of the HSDG, reflects net under-expenditure of R1,374 million, largely due to the funds that were refunded to the Department by FNB at the end of March due to non-registration of the units to the beneficiaries for FLISP subsidy in respect of the Ridgeview Gardens Project. The Department requested for these funds to be rolled-over to the 2017/18 financial year and is after a virement of R22,787 million from this Programme to Programmes 1, 2 and 4 as mentioned below.
- Programme 4: Housing Asset Management, Property Management comprises the KZN Housing Fund. This Programme was fully spent and relates to *Compensation of Employees*, management of ex-Natal Provincial Administration and own affairs stock and housing property maintenance. This full expenditure is after a virement of R6,499 million from Programme 3 to *Transfers and Subsidies to: Departmental Agencies and Accounts* as a result of officials under the KZN Housing Fund who took voluntary severance packages during 2016/17, as well as to defray expenditure pressures in respect of municipal rates and taxes and also municipal services.

* Virements

From	Amount (R'000)	To	Amount (R'000)
Programme 3: Housing Development Sub-programme: Incremental Interventions Households	22,970	Programme 1: Administration	
		Sub-programme: Corporate Services	
		Compensation of Employees	132
		Goods and Services	12,855
		Households	1,767
		Payment for Financial Assets	452
		Total Programme 1	15,206
		Programme 2: Housing Needs, Research and Planning	
		Sub-programme: Research	
		Goods and Services	1,082
Total Programme 2	1,082		
Programme 3: Housing Development			
Sub-programme: Administration			
Households	183		
Total Programme 3	183		
Programme 4: Housing Asset Management, Property Management			
Sub-programme: Administration			
Departmental Agencies and Accounts	3,760		
Sub-programme: Housing Property Maintenance			
Departmental Agencies and Accounts	2,739		
Total Programme 4	6,499		
Total	22,970	Total	22,970

Virement of R22,970 million from Programme 3: Housing Development to various Programmes

Savings of **R22,970 million** were identified in Programme 3 under *Transfer and Subsidies to Households* relating to funds which were reallocated to the Department during 2016/17 Adjustment Estimates. The reallocation of these funds was requested in the 2015/16 to assist on housing projects which were far ahead of their planned development programmes but due to the delays in statutory processes the reallocation was only considered in 2016/17 Adjustment Estimates. However, due to spending pressures against the budget which resulted from 2016/17 MTEF budget cut, the Department is utilising these savings as follows:

- **R15,206 million** to Programme 1 of which **R132,000** was moved to *Compensation of Employees* due to liabilities paid to Government Employees Pension Fund (GEPF) for the employees that took early retirement during the previous financial year. These claims are not received timeously from GEPF which make it difficult to project accurately. **R12,855 million** was moved to *Goods and Services* to defray over expenditure incurred in various items such as training and development, legal costs, communications, leases of offices, property payments as well as travelling and subsistence which were affected severely by the 2016/17 budget cut as well

as escalation in lease of office building costs and property payments for district offices. **R1,767 million** was moved to *Transfers and Subsidies to households* to fund staff exit costs. **R452,000** was moved to *Payment for Financial Assets* to fund write-off staff debts for employees that are now deceased.

- **R1,082 million** to Programme 2 in Goods and Services to defray over expenditure incurred relating to the implementation of capacity building programmes such as Housing Consumer Education, AmaKhosi training, Ward Councillors Training in various municipalities and Local Builders Training for KwaDukuza Municipality and Newcastle Municipality.
- **R183,000** within Programme 3 in Administration sub-programme to cater for staff exit costs.
- **R3,760 million** to be moved to Programme 4 in Administration sub-programme under *Transfers and Subsidies to departmental agencies and accounts* due to officials in the Housing Fund who took voluntary severance packages during the financial year. The Department expected this process to be phased but the Minister of Human Settlements approved these with immediate effect as the Housing Fund is to be dissolved and incorporated into the Vote. The Department has made provision to pay for expenses incurred from the allocation of their budget for the year. However, these officials were on different salary levels and had varying years of experience in the public service and the amounts due to officials were higher than the budgeted salary costs.
- **R2,739 million** to be moved to Programme 4 in Housing Property Maintenance sub-programme under *Transfers and Subsidies to departmental agencies and accounts* due to budget shortfall relating to Municipal rates and taxes as well as municipal services. This amount is requested to defray expenditure pressures under this programme. This is due to delays in the transfer of properties to beneficiaries as well as Municipalities and the Department has to bear the costs of municipal services for these properties. Invoices have been delayed by municipalities and reconciliation needed to be done prior to payment.

* **Rollovers**

Request for the roll-over of the HSDG funding amounting to R1,372 million not spent during the financial year 2016/17 has been submitted to the Provincial Treasury. If the roll-over is approved it will be paid directly to three conveyancing attorneys appointed by the Department to fast track the disbursements in respect of the deposits.

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

The Department did not incur any **Unauthorised Expenditure** during the 2016/17 financial year.

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

- R448,000 in respect of interest incurred on payments to GEPF (R372,000) in respect of 43 officials that undertook the voluntary severance packages; overdue Municipal accounts (R30,000); and overdue Telkom and Post Office accounts (R46,000).
- This fruitless and wasteful expenditure relates to invoices been received late by the Department and due to internal processes and controls implemented, payments were processed timeously although the various institutions levied interest on these accounts.
- No investigations were conducted as there was no negligence by any official as invoices were receipted late.

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

- R43,000 in respect of a contract that was declared irregular in prior years. Expenditure was incurred in the year under review for which services were rendered and value for money was received. A competitive bidding process was not followed when these services were procured and all expenditure will be declared as irregular upon such time as the contract ceases. The contract is expected to conclude during the 2017/18 financial year.
- The irregular expenditure disclosed in the Annual Financial Statements (Note 24) relates to procurement of service providers undertaken by Municipalities within the Province for housing projects. SCM documentation

was not provided by the Municipalities in this regard to support the procurement of service providers. The Department as the funding agent for these housing projects was not involved in the procurement and received a limitation of scope qualification during the 2015/16 financial year.

The Department has embarked on an extensive process to liaise with the Municipalities to obtain the required SCM documentation for all active housing projects. Documentation was received for 169 projects in respect of the 391 housing projects enrolled on the HSS system. The Department is currently performing an investigation relating to the 215 projects which is still to be reviewed / received. The table below reflects the details of the findings pertaining to the review of these documents:

Description	Number of projects
SCM documentation received and reviewed	169
- Irregular projects	90
- Not Irregular projects	45
- Projects where no payments were made	34
SCM documentation still to be reviewed / received	215
Projects approved via the Departmental SCM Process	7
Total	391

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

- Equity
- Value for money
- Fair dealing
- Competitiveness

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

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

The Department will commence with the submission to National Treasury for the condonement of irregular expenditure. The condonement process will only be finalized in the 2017/2018 financial year

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

- The Department has implemented strict SCM review processes at our Technical Evaluation stage prior to accepting projects. A detailed review of all SCM processes followed to ensure full compliance to MFMA and PFMA. Copies of SCM documentation is retained by the Department.
- In less capacitated municipalities, the Department will take over the SCM processes.
- The Department has consulted with Treasury to assist in capacitating Municipalities to ensure full compliance with all SCM regulations and prescripts.
- The Department is communicating at various fora with Municipalities on the requirements for full compliance.

* Future plans of the Department

The KwaZulu-Natal Department of Human Settlements remains committed to realising its core mandate to provide sustainable human settlements and it relentlessly endeavours to fulfil Outcome "8" which calls for "Sustainable Human Settlements and Improved Quality of Household Life". This call is pursued through a total commitment to provide adequate housing and improved quality living environments and a functionally equitable residential property market.

The Department will continue to exhaust innovative interventions to ensure that the pace of service delivery is not relaxed and all its activities are geared towards radical economic transformation. The Department will continue in the pursuit of a collective, concerted and controlled approach towards inclusive housing delivery.

The Department remains committed and steadfast in meeting the outcomes of KZN Vision 2035 and its mandate of “*providing houses, security and comfort to all*”. Despite many challenges, the Department has consistently exceeded performance targets and plans to sustain this delivery in the years ahead through many interventions, notably:

- Policy amendments to the Finance Linked Subsidy Programme (FLISP) to ensure that its full potential is realised.
- Catalytic projects to be project-managed by the Housing Development Agency (HDA) to speed delivery.
- Within the next three years, more than 716 houses to be built using Alternative Building Technologies.
- The Department will continue its push towards eradicating the title deeds backlog over the next five years.
- Swift and robust dialogue towards a land availability strategy to combat land invasions.
- The Department will engage stakeholders for an inclusive approach to ensure the housing value chain is geared towards radical socio-economic transformation, including its material supply component.
- The Department will continue to focus on social housing as an increasingly important instrument in our delivery matrix.
- The Department plans to deliver close to 7,800 units in rural areas in 2017/18.
- In respect of the eradication of transit camps, the Department will target specific transit camps for total eradication to green-field projects in eThekweni.

The Department intends expanding its footprint in the national housing delivery market. It has consistently provided tangible proof of delivery and plans to continue with this inertia, with particular emphasis on informal settlement upgrades, social housing, serviced sites and title deeds.

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

* **Public-Private Partnerships**

There are no public-private partnerships.

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

None.

* **New or proposed activities**

None.

* **Supply Chain Management**

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

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

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

- SCM processes and systems in place include financial delegations, policies, practice notes and relevant prescripts and legislation.
- Bid committees (specification, evaluation and adjudication) are in place and members are appointed in writing.
- When invoices are received, they are verified against the checklist to establish possible irregular expenditure.

- When irregular expenditure is discovered, it is recorded and reported to the relevant authority for formal responses.
 - The Supply Chain Management Policy is in place and it is reviewed regularly in line with SCM prescripts.
 - All acquisitions are done in line with Supply Chain Management Policy and Standard Operating Procedures.
- **Challenges experienced in SCM and how they were resolved**
 - Service providers not meeting compliance issues e.g. registration with Central Suppliers Database (CSD), submission of tax clearance certificates and completing of bid documents, etc. These compliance matters are re-iterated during the briefing sessions that are held with service providers before the closing of bids.
 - IT assets not properly updated on the Movable Asset Register – Work in progress, the asset transfer function of IT assets is now fully performed by SCM on the system which was previously being undertaken by the IT directorate.
 - Unauthorized movement of assets – Users are now fully accountable for movement of assets allocated to them.
 - Urgent requests for MEC outreach programmes – This matter was discussed at Provincial level and the Provincial Treasury has arranged a transversal contract for events management.

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

Gifts or donations were received in kind from non-related parties (refer to Annexure 1E of the Annual Financial Statements).

* **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**

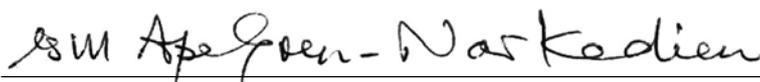
The achievement of these objectives is due to the dedication and diligence of the management and staff of the Department. These collective efforts are generously acknowledged and convey my profound gratitude to Team Human Settlements for their guidance, support, effort and commitment.

* **Conclusion**

I am also thankful to our management team and all our employees for their hard work and continued commitment in ensuring that we deliver on our obligations and commitments to the people of South Africa. I look forward to another year in which we will continue to build on our achievements and work together to find innovative ways to overcome our challenges and ensure that the constitutionally enshrined right to access to housing is realised.

* **Approval and sign off**

The Annual Financial Statements set out on pages 126 to 198 have been approved by the Accounting Officer.



Ms. G. M. Apelgren-Narkedien

Accounting Officer

KwaZulu-Natal Department of Human Settlements

Date: 31 July 2017

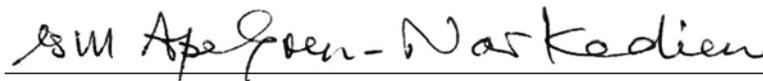
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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 2017.

Yours faithfully



Ms. G. M. Apelgren-Narkedien

Accounting Officer

KwaZulu-Natal Department of Human Settlements

Date: 31 July 2017

6. STRATEGIC OVERVIEW

Vision

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

Mission

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

Values

The department subscribes to the Principles of Batho Pele and embraces the following key values:

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

CORE VALUES / PRINCIPLES FOR THE DEPARTMENT OF HUMAN SETTLEMENTS

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

7. LEGISLATIVE AND OTHER MANDATES

Legislative Mandates

LEGISLATION	MANDATE
1. Constitution of the Republic of South Africa, 1996 (Act no. 108 of 1996)	<p>Chapter 2: Bill of Rights:</p> <p>Section 26:</p> <p>Everyone has the right to have access to adequate housing. The State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right. No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.</p>
2. Housing Act, 1997 (Act no. 107 of 1997)	<p>Part 1: Section 2:</p> <p>The national, provincial and local spheres of government must give priority to the needs of the poor in respect of housing development, consult meaningfully with individuals and communities affected by housing development. Ensure that housing development provides a wide choice of housing and tenure options as is reasonably possible which is economically, fiscally, socially and financially affordable and sustainable, is based on integrated development planning and is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance</p>
3. Housing Consumer Protection Measures Act, 1998 (Act no. 95 of 1998)	<p>Chapter 1: Section 3:</p> <p>The object of the Council is to:</p> <ul style="list-style-type: none"> (a) represent the interests of housing consumers by providing warranty protection against defects in new homes; (b) regulate the home building industry; (c) provide protection to housing consumers in respect of the failure of home builders to comply with their obligations in terms of this Act; (d) establish and to promote ethical and technical standards in the home building industry; (e) improve structural quality in the interests of housing consumers and the home building industry; (f) promote housing consumer rights and to provide housing consumer information; (g) communicate with and to assist home builders to register in terms of this Act; (h) assist home builders, through training and inspection, to achieve and to maintain satisfactory technical standards of home building; (i) regulate insurers; and (j) in particular, to achieve the stated objects of this section in the subsidy housing sector.
4. Rental Housing Act, 1999 (Act no. 50 of 1999)	<p>Chapter 2:</p> <p>Section 1:</p> <p>Provides that Government must promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of incentives, mechanisms and other measures that:</p> <ul style="list-style-type: none"> (i) improve conditions in the rental housing market; (ii) encourage investment in urban and rural areas that are in need of revitalization and resuscitation; and (iii) correct distorted patterns of residential settlement by initiating, promoting and facilitating new development in or the redevelopment of affected areas

LEGISLATION	MANDATE
<p>5. Sectorial Titles Act, 1986 (Act no. 95 of 1986, as amended by Act No. 24 & 29 of 2003)</p>	<p>The Act provides for the division of buildings into sections and common property and for the acquisition of separate ownership in sections coupled with joint ownership in common property.</p> <p>The Act further provides for:</p> <ol style="list-style-type: none"> 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.
<p>6. Prevention of Illegal Eviction and Unlawful Occupation of Land Act, 1998 (Act no. 19 of 1998)</p>	<p>Provides that: in circumstances of an eviction, an organ of state may institute proceedings for the eviction of an unlawful occupier from land which falls within its area of jurisdiction, except where the unlawful occupier is a mortgagor and the land in question is sold in a sale of execution pursuant to a mortgage, and the court may grant such an order if it is just and equitable to do so, after considering all the relevant circumstances, and if:</p> <ol style="list-style-type: none"> 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 it is in the public interest to grant such an order. <p>It further provides that an organ of state contemplated in subsection may before instituting such proceedings; give not less than 14 days' written notice to the owner or person in charge of the land to institute proceedings for the eviction of the unlawful occupier.</p>
<p>7. Home Loan and Mortgage Disclosure Act, 2000 (Act no. 63 of 2000)</p>	<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>
<p>8. Disestablishment of South African Housing Trust Limited Act, 2002 (Act no.26 of 2002)</p>	<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>
<p>9. Constitutional Court judgement of 2000, on the enforceability of social and economic rights (Government of the Republic of South Africa and Others v Grootboom and Others)</p>	<p>The court held that the State was obliged to take positive action to meet the needs of those living in extreme conditions of poverty, homelessness or intolerable housing. The interconnectedness of the rights and the Constitution as a whole had to be taken into account in interpreting the socio-economic rights and in particular, in determining whether the State had met its obligations in terms of them. The court held that the national government bore the overall responsibility for ensuring that the State complied with the obligations imposed on it by Section 26. The land program adopted by the metropolitan council, on the face of it, met the obligation of the State towards persons in the position of the respondents to the extent that the national housing program did not. The existence of the program was, however, only the starting point. Effective implementation of it required at least adequate budgetary support by national government. As at the date of the launch of the application, the State had not been meeting the obligation imposed on it by section 26 within the relevant area. In particular, the programs adopted by the State fell short of the section's requirements, in that no provision was made for relief to categories of people in desperate need. The Constitution obliged the State to act positively to ameliorate these conditions. This obligation was to devise and implement a coherent and coordinated program, designed to provide access to housing, healthcare, sufficient food and water and social security to those unable to support themselves and their dependents. The State also had to foster conditions to enable citizens to gain access to land on an equitable basis. Those in need had a corresponding right to demand that this be done. However, section 26 (and also section 28) did not entitle the respondents to claim shelter or housing immediately on demand.</p>

LEGISLATION	MANDATE
10. KwaZulu-Natal Housing Act, 1998 (Act no.12 of 1998 as Amended)	<p>Chapter 4 provides that:</p> <p>The Department shall be responsible for the administration of the bank account of the Fund and manage and co-ordinate housing development in the Province.</p> <p>The department shall, subject to national and provincial housing policy and after consultation with the Minister, on behalf of the Provincial Government:</p> <ul style="list-style-type: none"> (a) undertake projects; (b) maintain, sell, or lease dwellings and other immovable property; (c) notwithstanding anything to the contrary in any law and either with the prior consent of the owner or following the expropriation of such land, perform such work and undertake such projects on privately owned land as the Minister may, subject to such terms and conditions as he or she may determine, approve; (d) determine provincial policy in respect of housing development; (e) promote the adoption of provincial legislation to ensure effective housing delivery; and (f) prepare and maintain a multi-year plan in respect of the execution in the province of every national and provincial housing programme, which is consistent with a national and provincial housing policy.
11. Housing Development Schemes for Retired Persons Act, 1998 (Act no.65 of 1988) as amended by Act no. 20 of 1998	The Act amends the Housing Development Schemes for Retired Persons Act, 1988, so as to amend the definition of "housing development scheme", to provide that land subject to a housing interest may be occupied only by a retired person or the spouse of a retired person, and to repeal section 10 of the Act.
12. National Building Regulations and Building Standards Act, 1977 (Act no. 103 of 1977)	Part A, A1 provides that the plans and particulars in respect of any building to be erected by or on behalf of the State shall be accompanied by a certificate, signed by the head of the State Department concerned or an officer designated by him, setting out in full details as to the respect in which such erection will not comply with the requirements of these regulations.
13. Construction Industry Development Board Act, 2000 (Act no. 38 of 2000)	Section 5 (1) states that the Board must within the framework of the procurement policy of Government promote the standardization of the procurement process with regard to the construction industry.
14. Preferential Procurement Policy Framework Act, 2000 (Act no.5 of 2000)	Provides that an organ of State must determine its preferential procurement policy and the specific goals therein may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
15. Social Housing Act, 2008 (Act no. 16 of 2008)	Section 32 makes provision that an agreement entered and concluded between the Regulatory Authority and Provincial Governments which sets out the respective roles and responsibilities of the Regulatory Authority and the Provinces in respect of social housing, specifies the proposed restructuring zones, specifies the process to approve, allocate and administer capital grants as contemplated in the social housing investment plan, and also sets out the process for determination of annual social housing programme and institutional subsidy allocation, the approvals process and timelines and the payments process and timelines.
16. Housing Development Agency Act, 2008 (Act no. 23 of 2008)	In terms of Section 5 the following provision is made: The Minister may in consultation with the relevant MEC, where there is lack of capacity in any organ of State to identify, acquire, hold, develop and release land for residential and community purposes for the creation of sustainable human settlements.

LEGISLATION	MANDATE
17. National Environmental Management Act, 1998 (Act no. 107 of 1998) as amended by Act no. 8 of 2004	Provides for the cooperative environmental governance by establishing principles for decision making on matters affecting the environment. Section 16 provides that each provincial government must ensure that the relevant provincial environmental implementation plan is complied with by each municipality within its province and that municipalities adhere to the relevant environmental implementation; and management plans, and the principles of this Act in the preparation of any policy, programme or plan, including the establishment of integrated development plans and land development objectives.
18. Communal Land Rights Act, 2004 (Act no. 11 of 2004)	Makes provision for: a) The legal security of tenure by transferring communal land, including KwaZulu-Natal Ingonyama land, to communities, or by awarding comparable redress; b) conducting of a land rights enquiry to determine the transition from old order rights to new order rights; c) the democratic administration of communal land by communities; to provide for Land Rights Boards; and d) The co-operatives performance of municipal functions on communal land.
19. Communal Property Associations Act, 1996 (Act no. 28 of 1996)	This Act enables communities to form juristic persons, to be known as communal property associations in order to acquire, hold and manage property on a basis agreed to by members of a community in terms of a written constitution. This Act prescribes the type of communities, who qualify, the registration process which needs to be followed as well as the rights, obligations and duties of parties once the juristic person has been established.
20. Deeds Registries Act 47 of 1937	The Act deals with the administration, registration of land and State land and details the procedures which need to be followed during same.
21. Extension of Security of Tenure Act 62 of 1997	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.
22. Land Administration Act 2 of 1995	The Act makes provision for the delegation of powers and the assignment of the administration of laws regarding land matters to the provinces as well as the creation of uniform land legislation.
23. Expropriation Act, 1951 as repealed by Act no. 63 of 1975	The Act provides for the expropriation of land and other property for public and certain other purposes.
24. State Land Disposal Act 48 of 1961	This Act provides for the disposal of certain State land and to prohibit the acquisition of State land by prescription.

Policy and Programme Mandates

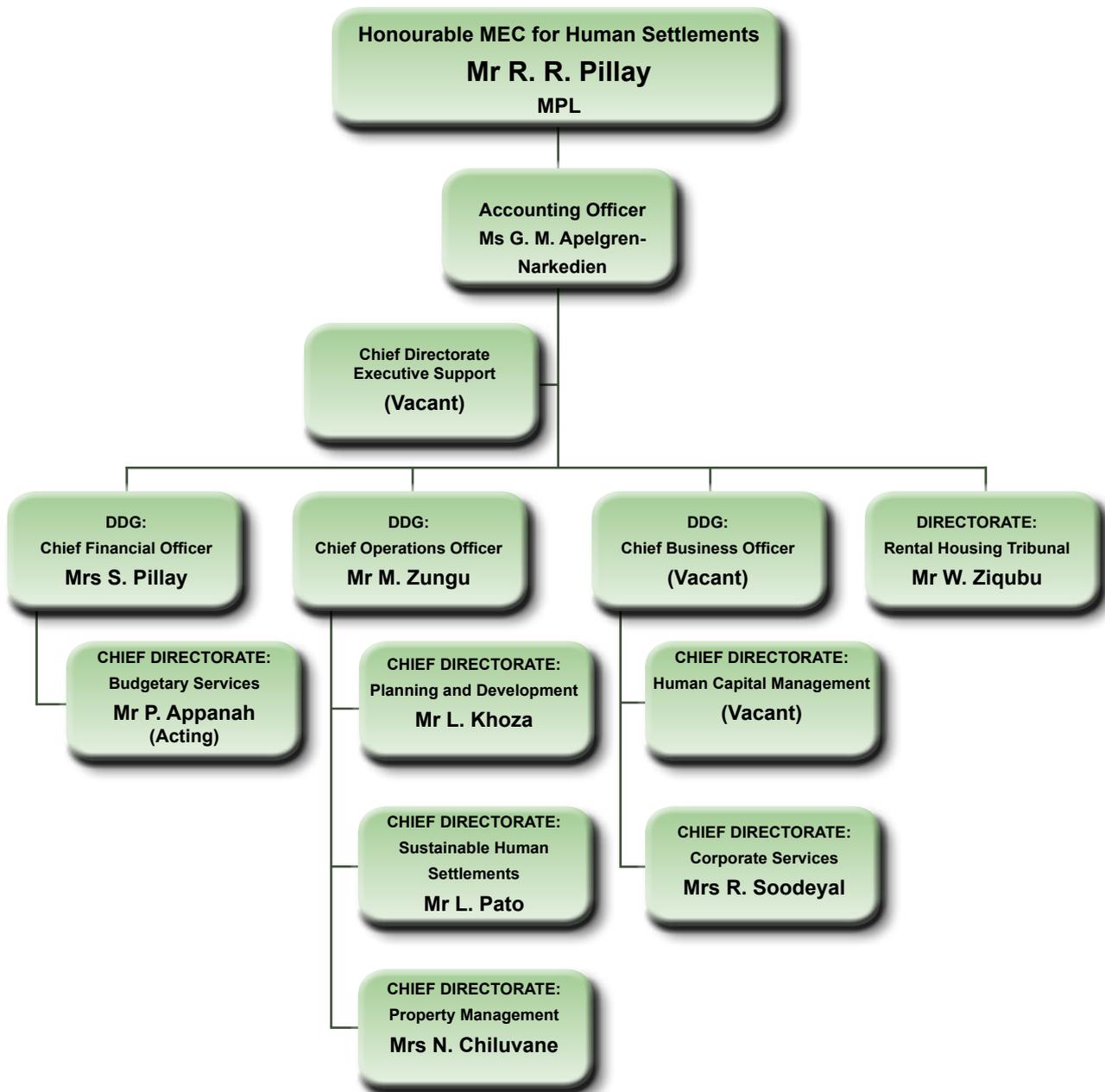
NAME OF POLICY	MANDATE
<p>1. Informal Settlement Upgrading Strategy for KwaZulu-Natal</p>	<p>A key objective of the Strategy is to give effect to the KwaZulu-Natal Elimination and Prevention of Re-Emergence of Slums Act (Act No. 6 of 2007). The purpose of this Act is to provide for: 'the progressive elimination of slums in the Province of KwaZulu-Natal; measures for the prevention of the re-emergence of slums and the upgrading and control of existing slums.' The Act obliges all Municipalities to assess the status of informal settlement and to plan accordingly. An additional and overriding objective for the KZN Department is however also to address and comply with the National Departments Outcome 8 National Development Agreement which places a high priority on the upgrading of Informal Settlements with access to basic services and secure tenure.</p> <p>In addition to this the more specific objectives of the Strategy include:</p> <ul style="list-style-type: none"> • enhancing the Housing Sector Planning process by including a Slum Clearance Programme; • promoting sector alignment in terms of IDP, Integrated Sustainable Human Settlements, Area Based Planning, Spatial Restructuring; • developing an informal settlement plan of action and to implement it together with the affected municipalities; and • promoting community participation in formulation and implementation of Slum Clearance Programme.
<p>2. The Integrated Sustainable Rural Development Strategy, November 2000</p>	<p>The Strategy is designed to realize a vision that will attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development.</p> <p>Section 1: Outlines evaluation of international approaches to rural development, which have hinged around inadequate local capacity and tendencies to excessive centralization of decision making.</p> <p>Section 2 presents a characterization of rural South Africa. It identifies those that are widely associated with rural conditions around the world.</p> <p>Section 3 outlines the legal and policy framework for rural development in South Africa and outlines some achievements in the period 1994 to 2000.</p> <p>Section 4 presents the elements behind the vision of the ISRDS namely; rural development, sustainability, integration and the rural safety net.</p> <p>Section 5 presents the operational approach of the ISRDS i.e. build immediately on existing programmes of government through a well- coordinated, bottom-up approach to rural local economic development.</p> <p>Section 6 highlights some complementary measures to support the ISRDS namely; human resource development and capacity building, land reform, community based income generation projects, social assistance and safety nets and rural finance.</p> <p>Section 7 presents the proposed institutional arrangements, which will operate in the political and operational areas.</p> <p>Section 8 identifies five implementation elements of the strategy which comprises of; institutional arrangements, establishment of an information and knowledge base, development of planning and monitoring systems, establishing mechanisms of coordination and stakeholder mobilization.</p>
<p>3. The National Housing Code, 2009</p>	<p>The Code sets the underlying policy principles, guidelines and norms and standards which apply to Government's various housing assistance programmes introduced since 1994 and updated. It also identifies various housing subsidy instruments available to assist low income households to access adequate housing. It further provides for the qualification criteria per subsidy instrument and the process that needs to be followed in order to access the specific instrument.</p>

NAME OF POLICY	MANDATE
<p>4. The National Spatial Development Perspective, 2006</p>	<p>The document comprises:</p> <ul style="list-style-type: none"> • A set of principles and mechanisms for guiding infrastructure investment and development decisions; • A description of the spatial manifestations of the main social, economic and environmental trends that should form the basis for a shared understanding of the national space economy; and • An interpretation of the spatial realities and the implications for government intervention. <p>In order to contribute to the broader growth and development policy objectives of Government the document advocates the following five principles:</p> <p>Principle 1: Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, among which poverty alleviation is key.</p> <p>Principle 2: Government has a constitutional obligation to provide basic services to all citizens (e.g. water, energy, health and educational facilities) wherever they reside.</p> <p>Principle 3: Beyond the constitutional obligation identified above, government spending on fixed investment should be focused on localities of economic growth and/or economic potential in order to gear up private-sector investment, to stimulate sustainable economic activities and to create long-term employment opportunities.</p> <p>Principle 4: Efforts to address past and current social inequalities should focus on people, not places.</p> <p>Principle 5: In order to overcome the spatial distortions of apartheid, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or that link the main growth centres.</p>
<p>5. Building capacity of housing stakeholders (especially municipalities)</p>	<p>The Housing Act no. 107 of 1997, provides that all reasonable and necessary steps to support municipalities in the exercise of their power and the performance of their duties in respect of housing development.</p> <p>Section (2) (e) states that National and Province must support and strengthen the capacity of municipalities to manage their own affairs to exercise their powers and performs their duties in respect of housing development.</p> <p>The Housing Accreditation programme is meant to support the municipalities.</p>
<p>6. Outcome 8: Medium Term Strategic Framework 2014-2019</p>	<p>The Framework focuses on policy and funding reforms to achieve the following:</p> <ul style="list-style-type: none"> • Better spatial planning to better target resource allocation; • Ensuring that poor households have adequate housing in better living environments; • Supporting the development of a functionally and equitable residential property market improving institutional capacity; and coordination <p>In order to achieve the vision of sustainable human settlements and improved quality of household life the DoHS drives effective programmes to achieve the following:</p> <ul style="list-style-type: none"> • Adequate housing and improved quality living environments; • A functionally equitable residential property market; and • Enhanced (institutional) capabilities for effective coordination of spatial investment decisions.

NAME OF POLICY	MANDATE
7. Provincial Growth and Development Plan	<p>Strategic Objective 3.4: Sustainable Human Settlements</p> <p>The provision of a house remains an important part of human settlements it is now common cause that liveable human settlements require decent planning that involves: designing a safe environment, infrastructure that allows and enables economic activity, delivery of services and social facilities as well as good maintenance capacity. This desired human settlement has been slow to materialize. The causes are many and varied, yet not insurmountable. This intervention is about finding an appropriate institutional mechanism to achieve a coordinated and aligned service delivery programme, with DoHS being the driver of this institutional mechanism as they are most acutely affected by the uncoordinated service delivery response.</p> <p>Proposed interventions are as follows:</p> <p>Intervention 3.4.a: Establishment of a joint provincial forum addressing integrated development planning</p> <p>A human settlement in particular requires co-ordination such that houses, water, electricity and sanitation are an immediate part of the same product, whilst community life is also enabled by provision of schools, and other social facilities. It is not clear why this co-ordination is not possible despite it having been long recognized to be a requirement. This intervention is about providing a model for this alignment and co-ordination of government efforts for improved delivery of sustainable Human Settlement. This forum will use as its departure point the Provincial Spatial Development Framework, which has identified KZN's areas of opportunity and intervention.</p> <p>Intervention 3.4.b: Densification of settlement patterns</p> <p>This intervention recognizes that the current settlement patterns are not conducive to cost effective service delivery or environmentally sustainable settlements. This is as a result of dispersed and fragmented settlement patterns that require people to travel long distance to access economic opportunities or lesser density per hectares that are more expensive to service. This intervention proposes an alternative densification model that uses current housing instruments to achieve greater urban densities and more coherent integrated settlements around identified emerging nodes.</p> <p>Intervention 3.4.c: Transformation of Informal Settlements</p> <p>This intervention is about providing housing opportunities to people at the low end of the housing market. It proposes to transform these informal settlements via the business instruments of: Informal Settlements Upgrade; Integrated Residential Development Programme; and Enhanced Peoples Housing Programme. In this way, people living in informal settlements have greater opportunity to access tenure of housing, economic and social opportunities.</p> <p>Intervention 3.4.d: Develop Provincial Strategy and Plan to address housing Gap Market</p> <p>This intervention seeks to provide housing subsidy for people, who earn between (R3,501 - R15,000) in the gap market to allow for purchase of property. These properties range from R450,000 to R700,000 which is entry level housing and usually difficult to obtain bonds. The intervention will include a targeted inclusion of gap housing in all new housing projects aligned to the target contained in national outcome 8. The current housing instrument of Finance Linked Individual Subsidy Programme (FLISP) is being used to address this housing challenge.</p> <p>Intervention 3.4.e: Expand the Social Housing Programme and Rental Programme</p> <p>This intervention is to address the current lack of housing opportunities for low end housing market entrants. The intervention seeks to provide well located accommodation on a rental basis for income brackets between (R3,501 - R7,500). The current housing instruments being used to achieve this are the Social Housing Programme, the Institutional Subsidy Programme and the Community Residential Units Programme. These instruments either purchase or build units for rental purposes as well as refurbish previous hostels.</p>

NAME OF POLICY	MANDATE
<p>8. National Development Plan</p>	<p>Chapter 8: Transforming Human Settlements</p> <p>The objectives include the following:</p> <ul style="list-style-type: none"> • Strong and efficient spatial planning system, well integrated across the spheres of government; • Upgrade all informal settlements on suitable, well located land by 2030; • More people living closer to their places of work; and • More jobs in or close to dense, urban townships. <p>Actions:</p> <ul style="list-style-type: none"> • Reforms to the current planning system for improved coordination. • Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements. • Introduce spatial development framework and norms, including improving the balance between location of jobs and people. • Conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. • Introduce mechanisms that would make land markets work more effectively for the poor and support rural and urban livelihoods.
<p>9. Breaking New Ground - A Comprehensive Plan for the Development of Sustainable Human Settlements</p>	<p>The specific objectives include:</p> <ul style="list-style-type: none"> • Accelerating the delivery of housing as a key strategy for poverty alleviation; • Utilizing provision of housing as a major job creation strategy; • Ensuring property can be accessed by all as an asset for wealth creation and empowerment; • Leveraging growth in the economy; • Combating crime, promoting social cohesion and improving quality of life for the poor; and • Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump. <p>The Department will enhance its contribution to spatial restructuring by:</p> <ul style="list-style-type: none"> • Progressive Informal Settlement Eradication; • Promoting Densification and Integration; • Enhancing Spatial Planning; • Enhancing the location of new housing projects; • Supporting Urban Renewal and Inner City Regeneration; • Developing social and economic infrastructure; and • Enhancing the Housing Product.

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

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



PART B: Performance Information



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 119 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The Department has performed well over the last financial year. The targets for beneficiaries and units were both exceeded. However, the number of sites serviced and properties transferred fell short of expectations. The under-performance in sites serviced can be attributed to the delay from the municipalities on the installation of the bulk infrastructure. The land and legal issues such as the lack of township layouts and registers prevented the transfer of title deeds to home owners.

2.2 Service Delivery Improvement Plan

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

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of low income housing	Qualifying South African Citizens who earn less than R3,500 per month	Compliance with NHRBC, SABS and norms that all houses conform to the standards	21,063	22,532

Batho Pele arrangements with beneficiaries (Consultation, access, etc.)

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

Service delivery information tool

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

Complaints mechanism

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

2.3 Organisational environment

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

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

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

In terms of the Transformational Prolife of the Department as per the National Cabinet approval, a 50% equity target for women at senior managerial level and an employment level of 2% for people with disabilities needs to be achieved. As at

March 2017, this Department has achieved 53% equity target for women at senior managerial level and 1.8% employment level for people with disabilities. The total staff composition appointed on PERSAL in terms of Race, Gender, Disabled and Vacant posts per Salary Level is illustrated hereunder:

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

2.4 Key policy developments and legislative changes

No key policy or legislative changes.

3. STRATEGIC OUTCOME ORIENTED GOALS

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

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

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Integrated Residential Development Programme Number of houses completed	242	442	1,454	2,974	2,755	(219)	Bulk infrastructure challenges affected delivery in this instrument.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Informal Settlements Upgrade Programme Number of houses completed	5,727	7,407	3,168	4,626	4,212	(414)	Bulk infrastructure challenges affected delivery in this instrument.
Peoples Housing Process Number of houses completed	2,619	3,058	2,960	2,355	3,691	1,336	The over delivery was due to increased productivity on Peoples Housing Process projects.
Social Housing Programme Number of units completed	47	440	76	680	971	291	The over delivery was due to increased productivity on Social Housing projects which then enabled the component to achieve its desired outcomes on the provision of affordable rental housing units.
FLISP Number of subsidies provided/ houses completed	74	197	365	400	315	(85)	There has been a noticeable increase in delivery relative to the previous financial years. Awareness of this programme with the key stakeholders, i.e. the financial institutions under BASA, gap market developers, estate agents, conveyancers, large employers and potential FLISP beneficiaries, is being driven aggressively in KZN and it is anticipated that this drive will see delivery on FLISP increasing, to make up the shortfall on outcome 8 targets not met on this instrument in previous financial years.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Community Residential Units (CRU) Number of units constructed	472	109	270	277	77	(200)	The under delivery was due to challenges encountered with the CRU programme. The Jika Joe project experienced delays on funding approval for the installation of bulk services by Msunduzi Municipality, the extension of contracts of the appointed service providers also proved to have a negative impact on the delivery of new CRU units within eThekweni Municipality. The inability of the appointed IA to deliver units at the Rocky Park project also had a negative impact on the Department's delivery of new CRU units.
Access to Land/ and densification Number of hectares of well-located land acquired and/ or released for residential development	1,373	779	525	273	89	(184)	The target for land acquisition was not achieved because the invoices were not yet paid as finance had moved from BAS V4 to V5, as a result the Umfolozi Municipality had to register their banking details on CDN.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Strategic objectives

Programme 1: Administration					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Ensure the financial viability of the Department Number of the HSDG business plan reviews undertaken to ensure that targets are realistic and in line with departmental priorities and budgets	2	2	2	-	Target has been achieved.
Ensure the financial viability of the Department Three-year financial plan linked to the HSDG business plan	1	1	1	-	Target has been achieved.
Provision of skilled human resources Number of vacant posts filled within 6 months versus number of funded vacant posts	52	40	24	(16)	Only 24 vacant posts were filled in the previous quarters. The target was not achieved because only a few posts were advertised in this financial year due to budgetary constraints.

Performance indicators

Programme 1: Administration							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Human Resource Management Maximum Vacancy rate of 5%	5%	6%	5%	5%	5%	-	Target has been achieved.
Human Resource Management Personnel information on Persal System verified	100%	59%	62%	100%	85%	(15%)	The Department has experienced human resource capacity constraints in capturing of data onto Persal and into batches for SAQA.
Human Resource Management Approved Organizational Structure implemented	1	1	-	1	1	-	Target has been achieved.
IMST GWEA developed and approved	1	1	1	1	1	-	Target has been achieved.
IMST Business Continuity Plan implemented	-	-	-	1	1	-	Target has been achieved.
IMST ICT Governance Plan implemented	-	-	-	4	4	-	Target has been achieved.
Risk Management Fraud Prevention Plan implemented	-	1	1	1	1	-	Target has been achieved.
Number of pieces of provincial human settlements legislation passed (in line with national legislation)	-	-	-	-	-	-	Not targeted for the current financial year.

Strategy to overcome areas of under performance

The Department has also not achieved its set target of 100% verification of Persal data. Instead 85% was achieved. Due to the capacity constraints faced by Persal, the Senior Manager: Human Resources has moved the capturing point to a unit with more resources. Progress has been noted from the 2015/16 financial year in this regard.

Changes to planned targets

There were no changes to planned targets.

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

Sub-Programme	2016/2017			2015/2016		
	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	205,279	205,279	-	195,128	198,260	(3,132)
Total	205,279	205,279	-	195,128	198,260	(3,132)



4.2 Programme 2: Housing Needs, Research and Planning

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Strategic objectives

Programme 2: Housing Needs, Research and Planning					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Implement projects that ensure spatial, social and economic integration Number of catalytic projects	6	3	3	-	Target has been achieved.

Performance indicators

Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Integrated Planning Number of municipalities provided with technical support (including transfer of skills) to enable the municipality to produce development plans for human settlements projects	15	47	53	25	39	14	Ad hoc meetings were called by the municipalities requesting that Planning staff attend and assist with various technical and planning aspects of human settlement development such as project selection and future development planning in line with the IDP, Master Spatial Plan and the PGDP.

Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Policy and Research Number of policy and implementation guidelines approved (in line with national policies and guidelines)	7	2	4	4	2	(2)	The two policies related to Property Management were referred back for further information and has been re-submitted to the MEC for approval.
Policy and Research Number of reports developed in terms of approved research studies and approved for publication	4	4	3	4	2	(2)	The four additional reports were completed in the current financial but they could not be reported since the submission was only signed in the 2017/18 financial year.
Monitoring and Evaluation Part D of the Annual Performance Plan populated according to the prescribed format and National Treasury indicating planned targets and budget allocations over a five-year period	1	1	1	1	1	-	Target has been achieved.
Capacity Building Number of municipalities capacitated on accreditation	7	7	7	7	7	-	Target has been achieved.
Number of approved human settlement projects contained in the IDP Chapter based on the objectives of Outcome 8 and representing national and provincial priorities	6	29	-	-	-	-	Not targeted for the current financial year.

Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of project proposals for research studies approved	4	4	5	-	-	-	Not targeted for the current financial year.
Number of projects aligned with Small Towns Regeneration Programme	1	1	2	-	-	-	Not targeted for the current financial year.

Strategy to overcome areas of under performance

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

The Planning unit has exceeded most of the performance targets that were set for the financial year 2016/17. The unit has been advised to fine tune its performance reporting process, particularly in relation to ensuring that supporting documents are consistently signed and are up to date.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub-Programme	2016/2017			2015/2016		
	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	400	400	-	516	376	140
Policy	4,087	4,087	-	4,305	4,354	(49)
Planning	3,598	3,598	-	3,693	3,447	246
Research	7,843	7,843	-	8,695	8,234	461
Total	15,928	15,928	-	17,209	16,411	798

4.3 Programme 3: Housing Development

This Programme is responsible for the implementation and monitoring of Human Settlement developments / projects through the various subsidy mechanisms in terms of National and Provincial policy provisions.

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Strategic objectives

Programme 3: Housing Development					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Accelerate the delivery of slums clearance projects and Outcome 8 projects Number of Urban Housing opportunities	8,293	11,312	12,021	709	Target has been exceeded.
Accelerate the creation of rental housing opportunities, and implement projects that ensure spatial, social and economic integration Number of additional restructuring zones declared by the National Minister of Human Settlements	-	2	6	4	Target has been exceeded.
Improve access to tenure Number of transfers/ transfers finalized	2,166	9,080	3,122	(5,958)	Most of the instructions for transfers of the municipal stock were delayed at the Municipalities as the Municipal Managers fail to prioritise signing of the sale agreements and other transfer documents. For the Department municipal stock the issue of settlement of the rates and service charges before issuance of the exemption certificates is a delaying factor. Municipalities are being engaged on this issue, and some have shown relaxation of the hold on issuing of these but most still need further engagement.

Performance indicators

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of rental units constructed including community rental units	472	-	463	957	1,048	91	The over delivery was due to increased productivity on Social Housing projects which then enabled the component to achieve its desired outcomes on the provision of affordable rental housing units. This was achieved through close monitoring of the contractors to ensure adherence to the construction programme. Further funding was allocated towards the Social Housing projects during the adjustment period. This enabled the contractors to have sufficient cash flow in order to achieve the desired level of production.
FLISP Number of subsidies provided/houses completed	74	197	365	400	315	(85)	There has been a noticeable increase in delivery relative to the previous financial years. Awareness of this programme with the key stakeholders, i.e. the financial institutions under BASA, gap market developers, estate agents, conveyancers, large employers and potential FLISP beneficiaries, is being driven aggressively in KZN and it is anticipated that this drive will see delivery on FLISP increasing, to make up the shortfall on outcome 8 targets not met on this instrument in previous financial years.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
FLISP Number of serviced sites	-	-	-	2,000	-	(2,000)	Radical interventions are in process which will see delivery commencing on serviced sites and with increased delivery in the new financial year. KZN anticipates that the interventions will see delivery on Serviced Sites for the lower-middle / affordable market increasing to the extent that it will make up the shortfall on outcome 8 targets not met on this instrument in previous financial years.
Integrated Residential Development Programme Number of houses completed	242	442	1,454	2,974	2,755	(219)	Bulk infrastructure challenges affected delivery in this instrument.
Integrated Residential Development Programme Number of new sites connected to basic services	539	1,997	3,905	2,974	3,288	314	Target has been exceeded.
Informal Settlements Upgrade Programme Number of houses completed	5,727	7,407	3,168	4,626	4,212	(414)	Bulk infrastructure challenges affected delivery in this instrument.
Informal Settlements Upgrade Programme Number of new sites connected to basic services (Including PLS)	2,195	2,016	2,970	4,626	3,120	(1,506)	Bulk infrastructure challenges affected delivery in this instrument.
Peoples Housing Process Number of houses completed	2,619	3,058	2,960	2,355	3,691	1,336	The over delivery was due to increased productivity on Peoples Housing Process projects.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Disaster Management Rehabilitation (Inclusive of Sukuma Sakhe) Number of houses completed	1,693	632	1,501	1,654	418	(1,236)	There have been some delays in the pre-construction and feasibility studies undertaken by the ABT firms prior to construction of emergency houses.
Rectification (1994 - 2002 Stock) Number of units rectified	738	455	910	838	509	(329)	The Department adhered to the ministerial directive to reduce expenditure on rectification projects.
Social Housing Programme Number of units completed	47	440	76	680	971	291	The over delivery was due to increased productivity on Social Housing projects which then enabled the component to achieve its desired outcomes on the provision of affordable rental housing units.
Community Residential Units (CRU) Number of units constructed	472	109	270	277	77	(200)	The under delivery was due to challenges encountered with the CRU programme. The Jika Joe project experienced delays on funding approval for the installation of bulk services by Msunduzi Municipality, the extension of contracts of the appointed service providers also proved to have a negative impact on the delivery of new CRU units within eThekweni Municipality. The inability of the appointed IA to deliver units at the Rocky Park project also had a negative impact on the Department's delivery of new CRU units.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Military Veterans Housing Programme Number of houses completed	-	-	-	170	-	(170)	Most of the enlisted Military Veterans were not approved on the Department of Military Veterans database which has caused delays in the implementation of the programme. Moreover there was a challenge of site availability where some military veterans were approved.
Rural Housing Number of houses completed	14,418	15,944	16,539	7,927	10,093	2,166	Districts were encouraged to convert work-in-progress into completed units before the end of the financial year which resulted in the reported over-performance.
EPWP Number of work opportunities created through related programmes	-	6,656	6,181	9,000	6,691	(2,309)	Subsequent to the introduction of the new reporting system with new requirements which requires identity documents of the beneficiary the department experienced serious resistance from the community members as they are under the impression that this is going to deny them other benefits from the government like child grants. This affected the number of work opportunities reported because the reporting system does not count work opportunity without identity document.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
EPWP Number of targeted persons days of work	-	991,530	204,692	980,000	566,126	(413,874)	The number of persons days of worked is linked to the number of work opportunities and the above mentioned challenges are also applicable to the Persons days of Works.
EPWP Number of target FTEs (Full Time Equivalent)	-	4,311	890	4,500	2,461	(2,039)	Linked to the above-mentioned challenges FTEs solely rely on the persons days of work the higher the number of persons days of worked the higher the FTEs.
All subsidy instruments Number of properties transferred	2,336	3,193	2,166	9,080	3,122	(5,958)	Most of the instructions for transfers of the municipal stock delayed at the municipalities as the Municipal Managers fail to prioritise signing of the sale agreements and other transfer documents. For the Department municipal stock the issue of settlement of the rates and service charges before issuance of the exemption certificates still a delaying factor municipalities are being engaged on this issue, and some have shown relaxation of the hold on issuing of these but most still need further engagement.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
All subsidy instruments Number of beneficiaries approved	41,791	52,089	37,248	9,345	16,177	6,832	The processing of Beneficiary Approvals at Subsidy Administration has been streamlined to the extent that batches for approval are effected weekly. Hence, any applications received are processed timeously. The Department has consistently over-performed in this instrument and the annual target has been exceeded.
All subsidy instruments Number of serviced sites delivered per human settlements (housing) programme.	2,790	4,013	6,879	8,829	6,408	(2,421)	Bulk infrastructure challenges affected delivery in this instrument. Protracted procurement matters and some excess people settling in the project area also prove to be a challenge.
All subsidy instruments Number of houses completed (Excluding Rectification)	29,151	29,312	26,552	21,063	22,532	1,469	Districts were encouraged to convert work-in-progress into completed units before the end of the financial year which resulted in the reported over-performance.
Access to Land/ and densification Number of hectares of well-located land acquired and/ or released for residential development	1,373	779	525	273	89	(184)	The target for land acquisition was not achieved because the invoices were not yet paid as finance had moved from BAS V4 to V5, as a result the Umfolozi Municipality had to register their banking details on CDN.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of new housing units completed (D3 Certificate/ happy letter) in the Province across all housing programmes being utilised in the Province	-	-	-	-	-	-	Not targeted for the current financial year.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Integrated Residential Development Programme Number of houses completed	242	442	1,454	2,974	2,755	(219)	Bulk infrastructure challenges affected delivery in this instrument.
Informal Settlements Upgrade Programme Number of houses completed	5,727	7,407	3,168	4,626	4,212	(414)	Bulk infrastructure challenges affected delivery in this instrument.
Peoples Housing Process Number of houses completed	2,619	3,058	2,960	2,355	3,691	1,336	The over delivery was due to increased productivity on Peoples Housing Process projects.
Social Housing Programme Number of units completed	47	440	76	680	971	291	The over delivery was due to increased productivity on Social Housing projects which then enabled the component to achieve its desired outcomes on the provision of affordable rental housing units.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
FLISP Number of subsidies provided/ houses completed	74	197	365	400	315	(85)	There has been a noticeable increase in delivery relative to the previous financial years. Awareness of this programme with the key stakeholders, i.e. the financial institutions under BASA, gap market developers, estate agents, conveyancers, large employers and potential FLISP beneficiaries, is being driven aggressively in KZN and it is anticipated that this drive will see delivery on FLISP increasing, to make up the shortfall on Outcome 8 targets not met on this instrument in previous financial years.
Community Residential Units (CRU) Number of units constructed	472	109	270	277	77	(200)	The under delivery was due to challenges encountered with the CRU programme. The Jika Joe project experienced delays on funding approval for the installation of bulk services by Msunduzi Municipality, the extension of contracts of the appointed service providers also proved to have a negative impact on the delivery of new CRU units within eThekweni Municipality. The inability of the appointed IA to deliver units at the Rocky Park project also had a negative impact on the Department's delivery of new CRU units.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Access to Land/ and densification Number of hectares of well-located land acquired and/ or released for residential development	1,373	779	525	273	89	(184)	The target for land acquisition was not achieved because the invoices were not yet paid as finance had moved from BAS V4 to V5, as a result the Umfolozi Municipality had to register their banking details on CDN.

Strategy to overcome areas of under performance

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

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

Changes to planned targets

There were no changes to planned targets.



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

Sub-Programme	2016/2017			2015/2016		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	86,782	87,407	(625)	86,357	86,712	(355)
Financial Interventions	420,009	374,583	45,426	534,282	421,270	113,012
Incremental Interventions	1,522,832	1,259,157	263,675	1,283,640	1,307,269	(23,629)
Social and Rental Interventions	225,490	231,477	(5,987)	257,398	267,718	(10,320)
Rural Interventions	859,873	1,160,988	(301,115)	1,518,096	1,591,698	(73,602)
Total	3,114,986	3,113,612	1,374	3,679,773	3,674,667	5,106



4.4 Programme 4: Housing Asset Management, Property Management

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

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

Strategic objectives

Programme 4: Housing Asset Management, Property Management					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>To fast-track the transfer of title deeds to promote home ownership Number of transfers finalized</p>	655	2,559	525	(2,034)	Most of the instructions for transfers of the municipal stock delayed at the Municipalities as the Municipal Managers fail to prioritise signing of the sale agreements and other transfer documents. For the Department municipal stock the issue of settlement of the rates and service charges before issuance of the exemption certificates still a delaying factor Municipalities are being engaged on this issue, and some have shown relaxation of the hold on issuing of these but most still need further engagement.

Performance indicators

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Rectification of pre-1994 old housing stock Number of units rectified and /or upgraded	60	2,082	2,094	1,205	993	(212)	The Department adhered to the ministerial directive to reduce expenditure on rectification projects.
Sale and transfer of housing properties Number of rental units transferred	787	639	655	2,559	525	(2,034)	Most of the instructions for transfers of the municipal stock delayed at the Municipalities as the Municipal Managers fail to prioritise signing of the sale agreements and other transfer documents. For the Department municipal stock the issue of settlement of the rates and service charges before issuance of the exemption certificates still a delaying factor Municipalities are being engaged on this issue, and some have shown relaxation of the hold on issuing of these but most still need further engagement.
Sale and transfer of housing properties Number of rental units devolved to municipalities in terms of section 15 of the Housing Act, 1997	-	-	-	739	-	(739)	KZN does not devolve rental units. Target was erroneously placed in the APP.
Sale and transfer of housing properties Number of land parcels devolved to municipalities in terms of section 15 of the Housing Act, 1997	-	-	-	478	-	(478)	The Department is currently challenged with the delays experiencing at the State Attorney's Office as a number of properties were sent to the State Attorney to effect endorsements in the name of the Provincial Government of KwaZulu-Natal and thereafter transfer to Municipalities.

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Housing properties maintenance Number of units maintained	3,289	3,529	3,025	1,500	1,985	485	A breakdown in building facilities is unpredictable. The over-performance is due to there being more maintenance repairs than projected due to storm damage and infrastructure collapse (sewer, water and electrical).
Number of rental units sold to beneficiaries	787	-	-	-	-	-	Not targeted for the current financial year.
Number of debtors reduced per financial year	787	-	-	-	-	-	Not targeted for the current financial year.

Strategy to overcome areas of under performance

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

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub- Programme	2016/2017			2015/2016		
	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	58,506	58,506	-	51,248	47,633	3,615
Sale and Transfer of Housing Properties	2,452	335	2,117	958	537	421
Housing Properties Maintenance	133,226	135,343	(2,117)	187,031	193,517	(6,486)
Total	194,184	194,184	-	239,237	241,687	(2,450)

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

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

5.2. Transfer payments to public corporations and private enterprises

Name of Entity	Services rendered by the entity	Amount transferred to the entity	Amount spent by the entity	Achievements of the entity
KZN Ithala Development Finance Corporation	Implementation of military veterans housing programme	100,000	100,000	Refer to Performance Information

5.3. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017:

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount per DoRA (R'000)	Amount transferred to the entity (R'000)	Reasons for the funds unspent by the entity
Department of Transport	Provincial Department	Motor licences, claims against the state and Donations and gifts	Y	334	334	-
eThekweni Municipality	Municipality	Operational Costs for Accredited Municipality	Y	22,912	22,912	-
Hibiscus Municipality	Municipality	Operational Costs for Accredited Municipality	Y	3,378	3,306	-
Msunduzi Municipality	Municipality	Operational Costs for Accredited Municipality	Y	10,389	15,780	-
eMnambithi Municipality	Municipality	Operational Costs for Accredited Municipality	Y	4,077	1,544	-
Newcastle Municipality	Municipality	Operational Costs for Accredited Municipality	Y	1,681	4,932	-
uMhlatuze Municipality	Municipality	Operational Costs for Accredited Municipality	Y	2,154	1,655	-
KwaDukuza Municipality	Municipality	Operational Costs for Accredited Municipality	Y	5,113	3,340	-
eThekweni Municipality	Municipality	Hostel Upgrade programme (CRU)	Y	65,142	65,142	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount per DoRA (R'000)	Amount transferred to the entity (R'000)	Reasons for the funds unspent by the entity
Various Municipality	Municipality	Rates and taxes	Y	20,659	20,659	-
Various Municipality	Municipality	Transfer costs – EEDBS programme	Y	105	105	-
Transfer to Households	Various	HSDG and Social benefits	Y	2,737,560	2,737,560	-

The table below reflects the transfer payments which were budgeted for during the period 1 April 2016 to 31 March 2017, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
HDA	Support work being undertaken by the agency	18,000	-	Awaiting the reconciliation of funds which was transferred in the previous financial year.



6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds received

The table below details the conditional grants and ear marked funds received during for the period 1 April 2016 to 31 March 2017.

Conditional Grant 1: Human Settlement Development Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide for the creation of sustainable human settlements
Expected outputs of the grant	Sustainable Human Settlements
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	3,124,702
Amount received (R'000)	3,124,702
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	3,123,330
Reasons for the funds unspent by the entity	R1,372 million is a refund from FNB in respect of FLISP subsidy
Reasons for deviations on performance	The under expenditure in the Human Settlements Development Grant is due to the funds that was refunded to the Department by FNB at the end of March due to non-registration of the units to the beneficiaries for FLISP subsidy in respect of the Ridgeview Garden project
Measures taken to improve performance	Request for the roll-over of R1,372 million has been submitted to Provincial Treasury for these funds to be spent in the 2017/18 financial year
Monitoring mechanism by the receiving department	Department: Weekly performance / expenditure review meetings National: Quarterly performance review meetings

7. DONOR FUNDS

7.1. Donor Funds Received

No donor funds were received during the year under review.

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

Infrastructure projects	2016/2017			2015/2016		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	21,754	1,712	20,042	12,500	6,170	6,330
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer	85,792	123,311	(37,519)	148,741	163,053	(14,312)
Current	-	-	-	-	-	-
Capital	85,792	123,311	(37,519)	148,741	163,053	(14,312)
Infrastructure: Leases	28,858	28,858	-	21,390	20,839	551
Total	136,404	153,881	(17,477)	182,631	190,062	(7,431)



PART C: Governance



1. INTRODUCTION

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

- An Executive Committee (Exco) as Executive Structure which determines the strategic and leadership goals of the Department;
- An Enterprise Risk Management Committee;
- An Audit Committee providing independent oversight over governance, risk management and control processes of the Department;
- A shared Internal Audit function providing independent assurance that controls are in place to manage and mitigate risks, and that they are adequate and functioning effectively; and
- A number of committees that assist the Accounting Officer and Top Management Team in governing the business of the Department in a fair, responsible and transparent manner.

2. RISK MANAGEMENT

Risk Management Policy

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

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

3. FRAUD AND CORRUPTION

Fraud Policies & Plans

- The Department has reviewed its Fraud Prevention Plan in 2016/2017 to ensure that it is aligned to Chapter Two (2) of the Public Service Regulations, 2016 in relation to ethics management, anti-corruption and financial disclosures.
- In 2017/2018 the Department is reviewing all the subordinate policies(i.e. whistle blowing policy, Fraud policy, RWOP policy, etc.) that complement the Fraud Prevention Plan/Strategy..
- The Department has also established the Ethics Management Committee to deal mainly with matters of ethics; fraud and corruption and to ensure that there are swift measures in dealing with disciplinary/misconduct cases in the Department.
- The Department in its attempts to ensure the promotion of ethical behaviour has appointed the Ethics Officer & Ethics Champion.
- Further in the area of financial disclosures, the Department was able to have 100% financial disclosures from its SMS members and also level 1-12 employees. The register is in place to manage the records of applications in respect of authority to do remunerative work outside the Departments (RWOPS) in terms of section 32 of the Public Service Amendment Act, 1997.
- The Department has investigated all incidents of fraud and corruption which have been reported through the Departmental Whistle blowing policy and those channelled through National Anti-Corruption Hotline administered by the Public Service Commission.
- The Department managed to open criminal cases in relation to reported fraudulent activities in the area of housing scams, attempted sale of state properties. There is a good working relationship between the Department and Law Enforcement Agencies in dealing with reported criminal cases.
- On complex fraud related cases which require forensic investigations, the Department requested assistance from Provincial Internal Audit Services. This working relationship has given the Department an opportunity to access relevant resources and expertise, hence most of the cases have been finalized, except those affected by criminal proceedings.

4. MINIMISING CONFLICT OF INTEREST

The Department has the policies in place to regulate the conflict of interests in the work place. In respect of procurement, the Bid Committee members are required to sign the Declaration of Interests Form which is binding to their operations. The Bid Committee members would be required to recuse themselves from the Bid meetings in case there is potential conflict of interest and to protect the integrity of the Department against bid appeal processes.

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

5. CODE OF CONDUCT

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

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

The Department has conducted fraud awareness programmes to its employees in 2016/2017 and the Code of Conduct Manual was part of the training programme to all employees.

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

Brief description and nature of code of conduct /ethics and the effect it has on the Department and if the Department is adhering to the Public Service Code of Conduct. Discuss the process followed for the breach of Code of Conduct.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

As prescribed in the Occupational Health and Safety Act 85 of 1993 and the Departmental Occupational Health and Safety Policy dated 26 February 2015 and reviewed 19 April 2017 the Accounting Officer during the period under review achieved the following:

- Occupational Health and Safety (OHS) Committee met regularly to address OHS matters, during the period under review five (5) OHS Committee meetings were held.
- OHS Representatives met on a quarterly basis to discuss OHS matters, four (4) meetings were held during the period under review.
- Bi annually OHS Site assessments were conducted throughout the department at Head Office, Regional Offices and the District Offices, in total of twenty eight (28) were conducted. The site assessments focused on ensuring emergency preparedness eg. Evacuation Drills, risk identification inspection and auditing of first aid boxes.
- Fourteen (14) awareness sessions on incident reporting were conducted in all offices and attendance to the sessions was pleasing.
- Eight (8) incidents were reported, investigated and recorded during the reporting period.
- Four (4) workplace injuries and illnesses and dangerous occurrences were recorded by Human Resource Management, awaiting for medical reports from the affected parties in order for these to be reported to the department of Labour.
- The department has ensured that facilities and amenities in the workplace conform to OHS legislation and regulations by ensuring the installation of safety signage and equipment.

The Department was less effective in the following areas:

- The absence of an OHS qualified personnel (OHS Specialist) to perform the function of OHS within the department however, various OHS-related roles and responsibilities have been assigned to the Facilities Staff, Employee Wellness Staff, OHS Committee members and OHS representatives.
- Development of a system for the tracking, monitoring and communicating of OHS Legislative changes and requirements. This has been included for prioritisation in the 2017/2018 OHS Plan.
- Whilst the Department conducted twenty eight (28) bi-annual OHS Site assessments throughout the Department, the OHS Audit undertaken revealed a deficiency in that it was not in accordance with OHS hazard identification process, this has been included for prioritisation in the 2017/2018 OHS Plan.
- The OHS Audit undertaken recommended that the summary of the approved OHS Policy be pasted throughout the department to increase awareness. It was further recommended that a First Aid Programme be developed to give guidance to the management of first aid.

7. PORTFOLIO COMMITTEES

Human Settlements Portfolio Committee

- Various meetings were held during the 2016/17 financial year to discuss various financial and non-financial information and performance.
- There were no resolutions tabled during the 2016/17 financial year.

Finance Portfolio Committee

Resolution No.	Subject	Resolutions	Response by the Department															
30/2016	R15.194 million in respect of EPWP Integrated Grant for Provinces	The Accounting Officer must give a report to the Committee by 30 June 2016 on how the department plans to utilise the R15.194 million EPWP Integrated Grant for Provinces allocation and ensure 100 percent expenditure on this grant.	<p>Annexure A indicates the monthly budget breakdown of the EPWP Grant allocated to the Department totaling R15,194 million.</p> <p>This allocation will be used towards the implementation of Skills Development programmes as well enhancement of the Bhekumthetho Rural Housing project.</p> <ul style="list-style-type: none"> • A total of 450 unemployed youth has been recruited in ten projects within 4 districts (Umkhanyakude, Zululand, Ugu and uMzinyathi). These learners will be trained in bricklaying and roof construction for six months. A stipend will be paid to these learners whilst registered in this programme. • The grant will also be used to enhance capacity within the unit by appointing data capturers and administrative officers for a period of six months. • Bhekumthetho Rural Housing project has been allocated R2,1 million to plaster 300 housing units. 															
37/2016	Transversal: Budget for drought relief by all government departments	<p>Accounting Officer must give a report to the Committee by 30 June 2016 on the following:</p> <p>(a) Reprioritisation from within their departments' baselines to allocate funds for drought relief measures.</p> <p>(b) Putting in place robust financial monitoring tools to ensure that drought relief funds are spent solely for that purpose.</p> <p>(c) How much money have their departments allocated for drought relief?</p> <p>(d) Plans on how funds allocated for drought relief will be spent.</p>	<p>The Department will contribute towards the drought relief by assisting Rural Housing beneficiaries with the installation of water tanks (5000 lt) which costs approximately R7000 per tank.</p> <p>The budget for the 2016/17 MTEF period is as follows:</p> <table border="1" data-bbox="842 1406 1375 1563"> <thead> <tr> <th>Financial year</th> <th>Number of beneficiaries</th> <th>Budget</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>7,927</td> <td>R55,489 million</td> </tr> <tr> <td>2017/18</td> <td>10,604</td> <td>R74,228 million</td> </tr> <tr> <td>2018/19</td> <td>10,088</td> <td>R70,616 million</td> </tr> <tr> <td>Total</td> <td>28,619</td> <td>R200,333 million</td> </tr> </tbody> </table>	Financial year	Number of beneficiaries	Budget	2016/17	7,927	R55,489 million	2017/18	10,604	R74,228 million	2018/19	10,088	R70,616 million	Total	28,619	R200,333 million
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Total	28,619	R200,333 million																

Resolution No.	Subject	Resolutions	Response by the Department																								
38/2016	Transversal: Departments with more than one Head Office/ Provincial Office/ Ministerial Office	<p>Accounting Officers must give a report to the Committee by 30 June 2016 on the following:</p> <p>(a) Whether their departments have more than one Head Office or Provincial Office or Ministerial Office?</p> <p>(b) Where a department has more than one Head Office or Provincial Office or Ministerial Office, reasons must be given.</p> <p>(c) Where a department has more than one Head Office or Provincial Office or Ministerial Office, a report must be given on cost implications.</p>	<p>The Department maintains 2 Head Offices i.e. in Pietermaritzburg and Durban.</p> <p>A needs assessment was conducted for one Head Office in Pietermaritzburg after the Cabinet resolution was taken for the government precinct to be established.</p> <p>Until finalization of the government precinct and service delivery not to be compromised, the Department will continue utilizing these 2 Head Offices.</p> <p>The rental and property management costs on a monthly basis are as follows:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Durban</th> <th>Pietermaritzburg</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Rental</td> <td>R789, 988.08</td> <td>R254, 706.70</td> <td>R1, 055, 694.78</td> </tr> <tr> <td>Cleaning services</td> <td>R67, 260.00</td> <td>R24, 800.00</td> <td>R92, 060.00</td> </tr> <tr> <td>Security services</td> <td>R79, 758.73</td> <td>R61, 139.48</td> <td>R140, 98.21</td> </tr> <tr> <td>Municipality services</td> <td>R173, 627.61</td> <td>R35, 413.16</td> <td>R209, 040.77</td> </tr> <tr> <td>Total</td> <td>R1, 110, 634.42</td> <td>R376, 059.34</td> <td>R1, 486, 693.76</td> </tr> </tbody> </table>	Description	Durban	Pietermaritzburg	Total	Rental	R789, 988.08	R254, 706.70	R1, 055, 694.78	Cleaning services	R67, 260.00	R24, 800.00	R92, 060.00	Security services	R79, 758.73	R61, 139.48	R140, 98.21	Municipality services	R173, 627.61	R35, 413.16	R209, 040.77	Total	R1, 110, 634.42	R376, 059.34	R1, 486, 693.76
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39/2016	Transversal: Review of Performance of Programmes	<p>Accounting Officers of departments must give a report to the Committee by 30 June 2016 on the following:</p> <p>(a) Conduct a review and identify underperforming programmes or programmes that are failing to achieve the desired outcomes.</p> <p>(b) Accounting Officers must indicate steps taken to close down underperforming programmes or programmes that are failing to achieve desired outcomes in line with the call from the Provincial Executive Council. And by when.</p>	<p>The Department does not have any under-performing programmes.</p> <p>The Department has implemented monitoring mechanisms to ensure all programmes are on track and performing effectively to achieve the outputs as per the annual performance plan.</p>																								
40/2016	Transversal: Review of the performance of all State Owned Entities (SOEs)	<p>The Accounting Officers must give a report to the Committee by 30 June 2016 on the following:</p> <p>(a) All departments that transfer funds to State-owned Entities conduct performance reviews of their entities.</p> <p>(b) Where entities are found to be performing poorly or duplicating the work of departments, the Accounting Officers should consider closing them down or amalgamating them with their departments.</p>	<p>There are no State-owned Entities established under the Provincial Department of Human Settlements.</p>																								

Resolution No.	Subject	Resolutions	Response by the Department
41/2016	Transversal: Allocation of Infrastructure Projects to Department of Public Works as per the Cabinet resolution to make Department of Public Works the implementing agent of choice	<p>(a) All departments make use of the Department of Public Works as the implementing agent of choice in all their major infrastructure projects.</p> <p>(b) Accounting Officers of all departments provide a list of projects where the Department of Public Works is not used as an implementing agent and provide reasons for this and the costs of the external implementing agents.</p>	The Department does not have any major infrastructure projects to be undertaken. Furthermore, the Department engages Implementing Agents for Housing Projects which does not fall within the Department of Public Works portfolio.
42/2016	Transversal: Budgets for Infrastructure and Assets Maintenance	<p>The Accounting Officers must take note of the following and ensure that this is implemented:</p> <p>(a) Maintenance budgets in all departments must increase with infrastructure development.</p> <p>(b) In line with the Government Immovable Assets Management Act (GIAMA), Accounting Officers must produce an immovable asset management plan that will form part of the strategic planning and budgeting processes of government and to provide for routine maintenance of state owned buildings in their budgets in future.</p>	<p>The budget for maintenance grows steadily during the 2016/17 MTEF period. The budget is as follows:</p> <p>2016/17: R130,487 million 2017/18: R167,043 million 2018/19: R172,697 million</p>
43/2016	Transversal: Low Spending on Conditional Grants	Departments are implored to spend their conditional grant allocations in full at year end.	The Department is on track to ensure that the Human Settlements Conditional Grant is fully utilized at year end.

Annexure A

EPWP: Cash Flow Schedule - 2016/17 financial year										
ITEMS	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	TOTAL
Procurement of PPE	R 0.00	R 181 000.00	R 0.00	R 0.00	R 60 000.00	R 241 000.00	R 0.00	R 0.00	R 0.00	R 482 000.00
Capacity building (salaries for contract staff)	R 81 211.00	R 81 211.00	R 81 211.00	R 81 211.00	R 81 211.00	R 81 211.00	R 81 211.00	R 81 211.00	R 81 211.00	R 730 899.00
Learners: Skill Development	R 680 000.00	R 680 000.00	R 935 000.00	R 1 615 000.00	R 8 585 000.00					
Training	R 0.00	R 734 750.00	R 841 000.00	R 734 750.00	R 734 750.00	R 734 750.00	R 734 750.00	R 0.00	R 0.00	R 1 650 000.00
Tools of trade	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 756 250.00	R 0.00	R 756 250.00
Graduation	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 879 051.00	R 0.00	R 879 051.00
Bhekumthetho Plastering		R 351 800.00	R 0.00	R 0.00	R 2 110 800.00					
Total	R 761 211.00	R 2 028 761.00	R 2 209 011.00	R 2 102 761.00	R 2 162 761.00	R 2 343 761.00	R 2 102 761.00	R 2 651 512.00	R 1 696 211.00	R 15 194 000.00

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Response by the Department
32/2016	Irregular Expenditure: Investigations	<p>The cases identified in the irregular expenditure report were reported to South Africa Police Services under case no. (CAS129/12/10) This matter has subsequently been transferred to the Anti-Corruption Task Team (ACTT) for further criminal investigation and the team is working together with the service provider and the Prosecutor on the criminal investigation. The Public Prosecutor is currently awaiting a forensic report to proceed with the matter.</p> <p>2 senior officials were found guilty after a Disciplinary hearing and the sanctions were final written warnings, who have since served their sanctions.</p> <p>4 officials have since resigned, and no disciplinary action could be taken against them.</p> <p>2 officials have moved to other departments and action is being taken up with the respective departments. The Office of the Premier is currently handling the disciplinary matter of these 2 officials.</p> <p>Internal action has been completed against officials and internal control weaknesses have been addressed.</p>
33/2016	Human Resources: Filling of Senior posts	<p>The organisation structure had to be further reviewed due to cost containment and the department having to remain within the MTEF budget. The Department has appointed the Chief Director for Property Management with effect from 1 June 2016. The Chief Director: Executive Support is appointed at Chief Director Corporate Services. The post of General Manager: Human Capital is vacant and due to funding constraint it cannot be filled. All critical Senior Managers post have been filled.</p>
101/2016	<p>Basis for qualified audit opinion</p> <p>Progress made in the assessment of all relevant SCM documents and other measures put in place not only to address the current audit finding relating to the lack of sufficient audit evidence and the status of accounting records relating to transfers to municipalities but also to prevent a recurrence.</p>	<ul style="list-style-type: none"> ➤ During the audit when this issue arose, the Department issued letters to the said municipalities to provide ALL the tender documentation relating to the projects queried by the Auditor-General; ➤ Similar letters were sent to ALL Mayors, signed by the MEC of Department of Human Settlements, requesting all the tender documentation; ➤ Similar letters were sent to ALL Mayors, signed by the MEC of Department of Co-operative Governance and Traditional Affairs, requesting all the tender documentation; ➤ All the department's project monitors also visited the municipalities requesting the tender documentation; ➤ To date we have received about 16% of the documentation, the municipalities mentioned that they do not have these documentation in their possession; ➤ The Department contracted the services of a consultant (via Provincial Treasury), to assist in the evaluation of the documentation received from some of the municipalities: <ul style="list-style-type: none"> • For the first phase of the assignment, 100 hours was allocated for the consultant to assess the documentation that was given to us by the municipalities; • Thus far, the consultant reviewed about 48 tender documentation, and within the pack information is still missing; and • The consultant will be contacting some of the municipalities to enquire about the missing documentation. ➤ With regard to approval of new projects, the department informed the municipalities, in writing, that NO new projects will be approved if the municipalities do not provide ALL the tender documentation, and that the Department MUST evaluate the documentation and must find them to be in compliance with ALL the relevant legislation.
101/2016	In order to assess the effectiveness of control measures put in place to prevent recurring irregular expenditure, the report must as a minimum, demonstrate	<ul style="list-style-type: none"> ➤ The Department has all of the above in place; ➤ Notwithstanding the information noted in the preceding paragraph, the department incurred irregular expenditure of R6, 407 million; <ul style="list-style-type: none"> • R1, 907 million related to payments made to contracts that were declared as irregular in the previous years (National Treasury transversal contract (photo copy machines) and a Provincial Treasury (clean-up of Housing Fund); and • R4, 500 million incurred in the current year, related to land invasion.

Resolution No.	Subject	Response by the Department
	<p>functionality within the Department in terms of the areas listed below:</p> <ul style="list-style-type: none"> • The risk register and the impact of the Risk Management Unit within the Department • The deviations register • Demand management • A procurement plan • The contracts register • Contract management 	<ul style="list-style-type: none"> ➤ The R4, 500 million irregular expenditure arose as a result of mass land invasion in the run up to the Local Government elections; <ul style="list-style-type: none"> • The security company incurred additional costs in protecting state resources and in removing illegal occupation of state land; and • They also assisted in preventing “shack lordism”; existing residents were fearing for their lives as the “gangsters and thugs” were taking control of the state’s land and illegally renting the said properties.
102/2016	<p>Irregular expenditure</p> <p>The outcome of the condonation process.</p> <p>A full explanation of, and the reasons for, the irregular expenditure, as well as details of steps taken against any officials responsible for the irregular expenditure, where applicable.</p>	<ul style="list-style-type: none"> ➤ Provincial Treasury has investigated all expenditure relating of irregular expenditure up until the 13/14 year of assessment (except for the irregular expenditure that is being investigated by Hawks); ➤ Provincial Treasury is satisfied with the documentation provided by the Department and that the Department received value for money; and ➤ The said documentation was submitted to National Treasury for condonation. ➤ Notwithstanding the information noted in the preceding paragraph, the Department incurred irregular expenditure of R6, 407 million; <ul style="list-style-type: none"> • R1, 907 million related to payments made to contracts that were declared as irregular in the previous years (National Treasury transversal contract (photo copy machines) and a Provincial Treasury (clean-up of Housing Fund); and • R4, 500 million incurred in the current year, related to land invasion. ➤ The R4, 500 million irregular expenditure arose as a result of mass land invasion in the run up to the Local Government elections: <ul style="list-style-type: none"> • The security company incurred additional cost in protecting state resources and in removing illegal occupation of the state land; and • They also assisted in preventing “shack lordism”; existing residents were fearing for their lives as the “gangsters and thugs” were taking control of the state’s land and illegally renting the said properties. ➤ Instructions were given by various executive managers in the Department, via email, text messages and telephone calls, for immediate and urgent interventions on state-owned land throughout eThekweni; ➤ The service provider had to sub-contract to other security service providers as well as eThekweni Metro Public Order Police and South African Police Services, due to the large numbers of people invading several areas simultaneously, during daytime and evenings; most invaders were armed with various weapons e.g. machete and “pangas”. ➤ After the crisis of several weeks subsided, the department was able to quantify the interventions, cost them based on the standard rates of the registered private security service providers and regularise the extension of the original appointment of the security service provider. ➤ No official within the Department was found to be responsible for the above irregular expenditure.

Resolution No.	Subject	Response by the Department
103/2016	Significant uncertainties: Claims against the Department	<p>The litigation register and contingent liability schedule is to be reviewed monthly. The Department's Audit and Risk Committee will meet and discuss the litigation involving the Department and will assess the contingent liabilities. Furthermore, the Cluster Audit and Risk Committee (CARC) interrogates the litigation register and contingent liability schedule on a quarterly basis and the Department provides detailed explanations on movements and changes to these balances.</p> <p>Once per Quarter the Office of the State Attorney will be engaged to assess the progress and advise as to the likelihood of completion / finalization of the claims. The Department understanding that litigation is a time consuming process and the outcome of the litigation is determined by external authorities will report on, assess the risk, assess the progress of litigation, including claims made on behalf of the Department and claims against the Department on a monthly basis and monitor these matters daily in order to ensure that potential risks are disclosed in the statements timeously.</p>
104/2016	Information Technology Controls	<p>A procedure has been drafted for the provision of the configuration information, firewall logs, and rules and for the periodic review (twice yearly) thereof. The procedure is being finalised for approval. SITA requires a reasonable time to configure the firewall system to access and generate the logs. Hence, the first review is scheduled for January 2017.</p> <p>The electronic policy for installing patches on PC's has been amended to install patches automatically once a week instead of users installing patches themselves. Updates for servers are installed every Friday and updates for PC's are installed every Thursday. Updates were installed on PCs that did not have them.</p> <p>The windows server 2003 has been upgraded to windows server 2008, which will be upgraded to windows server 2012 in October 2017.</p> <p>The VMware has been upgraded.</p>
105/2016	Investigations The findings and recommendations of all completed investigations and steps taken to implement the recommendations.	<p>(i) Two investigations were completed and handed over to the South African Police Services for criminal investigations: FR26/09: Criminally, this matter was reported to the SAPS (case number CASE129/12/10). The matter was referred to the State Prosecutor who decided not / declined to prosecute. The matter is now regarded as finalized.</p> <p>Misconduct (Disciplinary Procedure): There were 8 officials who had to subject to disciplinary processes for alleged negligent conduct on this matter. Two were found guilty after the disciplinary hearing and got the sanction of FINAL WRITTEN WARNINGS; four officials opted to resign before they could be charged for misconduct and two officials left the Department to other State Organs before they were charged / subjected to disciplinary process. As they are still working for the Public Service, KZN Provincial Treasury reported that their case would be referred to the Office of the Premier (OTP) for their attention.</p> <p>(ii) Three investigations were completed and recommendations submitted to the Accounting Officer for implementation:</p> <p><u>Mtubatuba: Investigation undertaken by PWC</u></p> <ul style="list-style-type: none"> ➤ The Department presented the report with findings and recommendations to the Mtubatuba Municipality for implementation; ➤ There was no wrong doing by the officials who were implicated in this project; ➤ The recommendations were that 87 complainants had justified cases, and thus the municipality had to find them alternative sites (87 sites) for their houses; ➤ The Municipality agreed to deal with the matter; and ➤ The Department providing an oversight role to ensuring that this recommendation is implemented by the municipality.

Resolution No.	Subject	Response by the Department
105/2016	Progress made in the investigation conducted by the independent consulting firm still underway and in the investigations by SAPS, as well as anticipated time frames for completion (Department to follow up and report).	<p><u>Mariam Temple: Investigation undertaken by KZN Treasury</u></p> <ul style="list-style-type: none"> ➤ This matter was assessed by Treasury and found to be outside their mandate, hence it was closed without any further investigation. <p><u>FR 51/13: Investigation undertaken by KZN Treasury</u></p> <ul style="list-style-type: none"> ➤ This matter related to the alleged bribery and corruption on the awarding of bid in respect of Cleaning Services by the Departmental Officials; ➤ There was no evidence found to support the allegations; and ➤ As a consequence, the case was closed. <p><u>(i) Vryheid Phase 6B: Investigation undertaken by SMEC (Service Provider)</u></p> <ul style="list-style-type: none"> ➤ The investigation was sanctioned by the Department to assist the Abaqulusi Municipality to finalize the project; ➤ The Service Provider has finalized the investigation and presented the report to the Department in December 2016; and ➤ The Department planned to table the report with the findings and recommendations to the Abaqulusi Municipality on the 8th of December 2016, however the municipality requested that the meeting should be postponed. Awaiting a new date from the municipality. <p><u>(ii) UKZN (through Maurice Webb Race Relations Institute)</u></p> <ul style="list-style-type: none"> ➤ The abovementioned Service Provider is conducting investigation on the alleged irregularities on the RDP housing allocation process, forensic investigation on Hammonds Farm Housing Project and the extent of the “shack-lordism” on the informal settlements; and ➤ The project is due for completion by the end of February 2017. <p><u>(iii) SAPS investigations on Housing Scams</u></p> <ul style="list-style-type: none"> ➤ The case was opened in Pietermaritzburg Police Station (case number 768/04/2016); ➤ There are 29 housing scams already reported in Pietermaritzburg; ➤ Five people have already been charged by the Court for fraud and money laundering. One pleaded guilty and fined R150, 000.00. He is now a State witness. Four are out on bail; and ➤ There is another housing scam case (involving three incidents) reported in Durban Central Police Station in June 2016 (Case Number is 26/06/2016). No one has been charged on this matter at this stage. <p><u>(iv) Palm Beach Hotel</u></p> <ul style="list-style-type: none"> ➤ This matter relates to the attempted sale of the State Owned Facility / Building by someone who claimed to have bought it from the Department; ➤ Matter was reported at Point Police Station in Durban (case number 54/04/20160; and ➤ The matter is still being investigated, hence no one has been charged.

Resolution No.	Subject	Response by the Department
106/2016	<p>Housing Fund: Irregular expenditure</p> <p>An explanation for the deviations from the competitive bidding process resulting in the irregular expenditure in 2015/16 and prior financial year(s) amounting to R22.187 million in total, as well as details of control measures put in place to address the audit findings and to prevent a recurrence (the Committee wants assurance that effective steps <u>are</u> in place) and steps taken against any officials responsible for the irregular expenditure, including recovery.</p> <p>In order to assess the effectiveness of control measures to prevent recurring irregular expenditure the report must, as a minimum demonstrate functionality in terms of the areas listed below:</p> <ul style="list-style-type: none"> • The risk register and the impact of the risk management The deviations register • Demand management • A procurement plan • The contracts register • Contract management • Performance management within the SCM environment 	<ul style="list-style-type: none"> ➤ The housing fund's irregular expenditure of R22, 187 million is included in the irregular expenditure of the Department (R418, 093 million) noted in resolution 102/2016; ➤ R17, 687 million of this irregular expenditure arose as a result of a contract issued to a consortium of firms of chartered accountants to clean-up the housing fund, the senior official who signed the contract did not have authority to sign the said contract: <ul style="list-style-type: none"> • The Housing Fund is satisfied that the work was done as per the contract; • The Housing Fund received value for money; • The Housing Fund's audit opinion changed from adverse to unqualified opinions in the last two audits; and • The Housing Fund employed two consultants who were instrumental in the clean-up exercise. ➤ The balance of the R4, 500 million arose as a result of the land invasion noted in resolution 102/2016 (2) above. ➤ The Housing Fund does not have its own SCM procurement system or process. All procurements are done by the Department of Human Settlements under Programme 4 – Housing Asset Management, Property Management; and ➤ As noted in resolution 101/2016, the Department has all these processes, systems and procedures in place. ➤ The Risk register and impact of Risk management: The Auditor General's findings in respect of irregular expenditure are captured into the 2016/2017 Risk Management Register. The management plans to mitigate this risk are in place. These risks are managed on a regular basis and reports are presented to the Departmental Audit and Risk Management Committee and also reported to the oversight structures (i.e. CARC) on a quarterly basis.

Resolution No.	Subject	Response by the Department															
Transversal Resolution 144/2016	<p>Performance agreements for the 2015/16 and the 2016/17 financial years</p> <p>That all Departments provide a breakdown to the Committee by <u>31 January 2017</u> of all performance agreements for the <u>2015/16 financial year</u> that were not signed, the reasons for the non-compliance, the steps taken against officials who did not sign and if no steps were taken, the reasons.</p> <p><u>In relation to the 2016/17 financial year:-</u></p> <p>That all Departments provide a breakdown to the Committee by <u>31 January 2017</u> of all performance agreements for the <u>2016/17 financial year</u> that have not yet been signed, the reasons for non-compliance, the steps taken against officials who have not yet signed and if no steps have been taken, the reasons.</p>	<table border="1"> <thead> <tr> <th></th> <th>2015/16</th> <th>2016/17</th> </tr> </thead> <tbody> <tr> <td>Total staff</td> <td>644</td> <td>757</td> </tr> <tr> <td>Compliance</td> <td>611</td> <td>651</td> </tr> <tr> <td>Non- compliance</td> <td>33</td> <td>106</td> </tr> <tr> <td>% non-compliance</td> <td>5%</td> <td>14%</td> </tr> </tbody> </table> <p>Reason for non-compliance</p> <ul style="list-style-type: none"> ➤ Contract workers (e.g. 3 months contract workers) ➤ Severance packages ➤ Retirements / Deaths ➤ Illnesses / abscondments ➤ New appointments <p>Steps taken to address non-compliance</p> <ul style="list-style-type: none"> ➤ Regular circulars and reminders have been forwarded to staff to submit their performance agreements timeously; ➤ Senior Managers are informed of officials within their respective directorates who are in non-compliance; ➤ Correspondence is sent to officials to make them aware of their outstanding documents; and ➤ Officials who are in non-compliance after attempts are made will not be assessed in the financial year under review. Documents must be on hand to assess performance of the official to qualify for pay progression or performance bonus. 		2015/16	2016/17	Total staff	644	757	Compliance	611	651	Non- compliance	33	106	% non-compliance	5%	14%
	2015/16	2016/17															
Total staff	644	757															
Compliance	611	651															
Non- compliance	33	106															
% non-compliance	5%	14%															

9. PRIOR MODIFICATIONS TO AUDIT REPORT

Addressed in SCOPA Resolutions.

10. INTERNAL CONTROL UNIT

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

In respect of 2016/2017 the following internal audits were conducted by PIAS based on the operational Plan approved by the Head of Department and endorsed by the Cluster Audit and Risk Committee:

No.	Service Description	Period	Status
1	Transfer Payments	1 st Quarter	Finalized
2	Subsistence and Travel Allowances (S&T), Phase 2	2 nd Quarter	Finalized
3	Supply Chain Management	3 rd Quarter	Finalized
4	BCP, OHS and BCM	3 rd Quarter	Finalized
5	IT And Asset Inventory	3 rd Quarter	Finalized
6	Human Resource and Payroll Management Services	4 th Quarter	Finalized
7	Title Deeds Stocks (Pre & Post 1994)	4 th Quarter	Finalized
8	Rural Development Projects	4 th Quarter	Draft Report in place

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

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

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

11. INTERNAL AUDIT AND AUDIT COMMITTEES

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

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

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

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

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

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

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
P. Christianson	CA (SA)	External	Not Applicable	February 2015	Not applicable	4
T. Njozela	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	3



12. AUDIT COMMITTEE REPORT

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

The Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts, and is pleased to present its report for the financial year ended 31 March 2017.

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

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

1. Audit Committee Members and Attendance

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

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

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

2. The Effectiveness of Internal Control

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

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

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

3. Effectiveness of Internal Audit

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

The Internal Audit Unit planned to conduct eleven (11) audit assignments for the period under review, of which ten (10) were finalised and one (1) was carried over to the next financial year with the approval of the Audit Committee. The PIAS function performed effectively during the period under review even though the Committee noted with concern, the financial and other limitations imposed upon it. During the 2017/18 financial year, the Committee will monitor the progress made by the PIAS in order to ensure that it continues to fulfil its mandate and add value to the department.

4. Risk Management

The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on the quarterly review of the department's risk register and monitoring progress against the Risk Management Operational Plan. As at the end of this financial year, the department's risk register status was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	5	5	10	12	0	32
Number of Identified Action Plans	13	10	25	24	0	72
Number of Completed Action Plans.	5	6	22	24	0	57

Although the department is commended for a high completion rate in implementing its risk mitigation plans, the Committee is still concerned about the department's failure to update its risk register regularly on a quarterly basis. The department is urged to ensure the implementation of the outstanding risk mitigation plans and to regard the risk register as a dynamic document which should be reviewed and updated on a quarterly basis.

The department is also commended for the progress it has made in implementing the action plans in respect of Risk Maturity, Business Continuity, and Occupational Health and Safety. The department has, however, failed to give adequate attention to the Fraud Prevention action plan, and is urged to remedy this situation during the 2017/18 financial year.

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

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

Based on the reports of the PIAS and the Auditor General, the Committee notes with concern the deficiencies identified in the accuracy of reported performance information in the Annual Performance Plan which resulted in material misstatements due to the failure of the Department to implement adequate systems to properly verify information contained in the Annual Performance Report. The management of the department has been urged to implement the appropriate improvement strategies in order to address the identified shortcomings with immediate effect.

6. Forensics Investigations

The Committee noted that there were eight (8) forensic investigations from 2009 to date, all relating to alleged supply chain management and procurement irregularities and fraud and corruption with regard to housing projects, which the department has referred to the PIAS for investigation. Seven (7) of these investigations were completed and one (1) is in-progress. The Committee further noted that one (1) matter still requires that an Official representing the Department signs an affidavit in order to register a criminal case with the South African Police Service (SAPS).

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

7. Evaluation of Financial Statements

The Committee has:

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

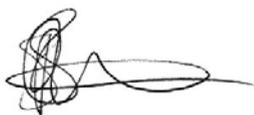
8. Auditor-General's Report

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.



Mr S Simelane

Acting Chairman: Provincial Audit and Risk Committee

07 August 2017



PART D: Human Resource Management



1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

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

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

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

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

The Department has achieved 53% women in management which is 2% above the set target of 50%. As far as the employment of people with disabilities is concerned, the Department currently employs 1.8% while the national target is sitting at 2%. Using the results of the Organisational Readiness Assessment which seeks to gauge the impact of HR unit in the Department's achievement of strategic objectives and also using the MPAT results, the HR plan is being reviewed in order to ensure the HR functions are up to date and properly aligned.

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

POST/ SALARY LEVEL	HUMAN RESOURCES																				ESTABLISHMENT									
	AFRICAN				COLOURED				INDIAN				WHITE				TOTAL				Employees with a disability	No. of VACANT Posts	Total No. of Posts	% VACANT Posts						
	FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE						TOTAL					
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%										
01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
02	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
03	37	35	57	54	0	0	4	4	1	1	5	5	0	0	1	1	38	38	87	64	105	1	3	108	3					
04	7	29	16	67	0	0	1	4	0	0	0	0	0	0	0	0	7	29	17	71	24	1	1	25	4					
05	28	53	20	38	0	0	3	8	0	0	2	4	0	0	0	0	28	53	25	47	53	2	2	55	4					
06	24	63	13	34	0	0	1	3	0	0	0	0	0	0	0	0	24	63	14	37	38	2	0	38	0					
07	67	52	43	34	4	3	0	0	6	5	5	4	2	2	1	1	79	62	40	38	128	3	8	138	8					
08	73	41	51	28	6	3	4	2	8	4	22	12	10	6	6	3	97	54	83	46	180	4	7	187	4					
09	17	57	9	30	0	0	0	0	2	7	2	7	0	0	0	0	19	63	11	37	30	0	2	32	8					
10	31	24	61	47	1	1	4	3	7	5	18	14	3	2	5	4	42	32	88	68	130	2	8	138	8					
11	17	47	17	47	0	0	0	0	1	3	1	3	0	0	0	0	18	50	18	50	36	0	2	38	5					
12	18	32	23	40	1	2	3	5	6	11	5	9	0	0	1	2	25	44	32	56	57	0	5	62	8					
Sub-Tot	319	41	311	40	12	2	20	3	31	4	60	8	15	2	14	2	377	48	405	52	782	15	38	820	5					
13	9	39	8	35	1	4	0	0	2	9	2	9	0	0	1	4	12	52	11	48	23	1	3	28	12					
14	0	0	2	40	0	0	0	0	1	20	1	20	1	20	0	0	2	40	3	60	5	0	2	7	29					
15	0	0	1	50	0	0	0	0	1	50	0	0	0	0	0	0	1	50	1	50	2	0	0	2	0					
16	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0	0	1	100	0	0	1	0	0	1	0					
Sub-Tot	9	29	11	35	2	6	0	0	4	13	3	10	1	3	1	3	16	52	15	48	31	1	5	36	14					
TOTAL	328	40	322	40	14	2	20	2	35	4	63	8	16	2	15	2	393	48	420	52	813	16	43	856	5					

3.1. Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2016 and 31 March 2017

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	205,279	118,155	-	-	57.6	430
Housing Needs, Research & Planning	15,928	12,991	-	-	81.6	500
Housing Development	3,113,612	190,741	-	-	6.1	674
Housing Asset Management, Property Management	194,184	10,948	-	-	5.6	100
Total	3,529,003	332,835	-	-	9.4	480

Table 3.1.2 Personnel costs by salary band for the period 1 April 2016 and 31 March 2017

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)	375	0.1	1	375
Skilled (level 3-5)	24,059	7.2	110	219
Highly skilled production (levels 6-8)	99,964	30	241	415
Highly skilled supervision (levels 9-12)	100,263	30.2	158	635
Senior and Top management (levels 13-16)	25,291	7.6	25	1,012
Contract (Level 1 – 2)	-	-	-	-
Contract (Level 3 – 5)	2,743	0.8	15	183
Contract (Level 6 – 8)	17,926	5.4	55	326
Contract (Level 9 – 12)	45,711	13.7	71	644
Contract (Level 13 – 16)	10,946	3.3	10	1,095
Periodical Remuneration	5,557	1.7	8	695
Total	332,835	100	694	480

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 and 31 March 2017

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	89,973	76.1	169	0.1	3,346	2.8	5,721	4.8
Housing Needs, Research & Planning	9,536	73.4	4	-	1,452	11.2	1,916	14.7
Housing Development	139,718	73.3	36	-	2,594	1.4	3,605	1.9
Housing Asset Management, Property Management	8,157	74.5	-	-	296	2.7	490	4.5
Total	247,384	74.3	209	-	7,688	2.3	11,732	3.5

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	257	68.5	-	-	36	9.6	33	8.8
Skilled (level 3-5)	14,449	60.1	64	0.3	1,300	5.4	1,794	7.5
Highly skilled production (levels 6-8)	63,634	63.7	78	0.1	3,120	3.1	5,499	5.5
Highly skilled supervision (levels 9-12)	73,099	72.9	58	0.1	2,183	2.2	3,633	3.6
Senior management (level 13-16)	20,462	80.9	-	-	632	2.5	498	2
Contract (Level 1 – 2)	-	-	-	-	-	-	-	-
Contract (Level 3 – 5)	2,741	99.9	1	-	-	-	-	-
Contract (Level 6 – 8)	17,883	99.8	-	-	-	-	-	-
Contract (Level 9 – 12)	44,540	97.4	3	-	177	0.4	224	0.5
Contract (Level 13 – 16)	9,642	88.1	-	-	240	2.2	51	0.5
Periodical Remuneration	677	12.2	5	0.1	-	-	-	-
Total	247,384	74.3	209	-	7,688	2.3	11,732	3.5

3.2. Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2017

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration	293	275	6.1	9
Housing Needs, Research & Planning	26	26	-	1
Housing Development	293	283	3.4	109
Housing Asset Management, Property Management	117	110	6	6
Total	729	694	4.8	125

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2017

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Lower skilled (1-2)	-	-	-	-
Skilled (3-5)	119	110	7.6	-
Highly skilled production (6-8)	256	241	5.9	-
Highly skilled supervision (9-12)	167	158	5.4	-
Senior management (13-16)	27	25	7.4	-
Contract (Level 1 – 2)	-	-	-	-
Contract (Level 3 – 5)	15	15	-	3
Contract (Level 6 – 8)	60	60	-	49
Contract (Level 9 – 12)	76	76	-	66
Contract (Level 13 – 16)	9	9	-	7
Total	729	694	4.8	125

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administrative related, Permanent	163	157	3.7	25
Agriculture related, Permanent	2	2	-	2
All artisans in the building metal machinery etc., Permanent	22	21	4.6	-
Architects town and traffic planners, Permanent	12	11	8.3	11
Artisan project and related superintendents, Permanent	1	1	-	-
Auxiliary and related workers, Permanent	3	3	-	-
Bus and heavy vehicle drivers, Permanent	1	1	-	-
Cartographic surveying and related technicians, Permanent	1	1	-	-
Civil engineering technicians, Permanent	14	14	-	14
Cleaners in offices workshops hospitals etc., Permanent	22	22	-	3
Client inform clerks (switchb receipt inform clerks), Permanent	5	4	20	-
Communication and information related, Permanent	5	5	-	-
Community development workers, Permanent	11	11	-	10
Computer system designers and analysts., Permanent	1	1	-	-
Engineering sciences related, Permanent	3	3	-	2
Engineers and related professionals, Permanent	18	18	-	13

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Finance and economics related, Permanent	7	7	-	-
Financial and related professionals, Permanent	1	1	-	-
Financial clerks and credit controllers, Permanent	58	55	5.2	1
Food services aids and waiters, Permanent	1	1	-	-
General legal administration & rel. professionals, Permanent	1	1	-	-
Head of department/chief executive officer, Permanent	1	1	-	-
Human resources & organisational development & related professionals, permanent	14	14	-	-
Human resources clerks, Permanent	25	23	8	5
Human resources related, Permanent	20	17	15	-
Information technology related, Permanent	4	3	25	-
Inspectors of apprentices works and vehicles, Permanent	54	52	3.7	28
Language practitioners interpreters & other commun, Permanent	1	1	-	-
Legal related, Permanent	5	5	-	2
Library mail and related clerks, Permanent	14	13	7.1	-
Light vehicle drivers, Permanent	13	11	15.4	-
Logistical support personnel, Permanent	3	2	33.3	-
Material-recording and transport clerks, Permanent	8	-	12.5	-
Messengers porters and deliverers, Permanent	2	2	-	-
Other administrative & related clerks and organisers, Permanent	56	52	7.1	1
Other administrative policy and related officers, Permanent	83	79	4.8	2
Other information technology personnel., Permanent	5	4	20	-
Quantity surveyors & related prof not class elsewhere, Permanent	3	3	-	2
Risk management and security services, Permanent	3	3	-	-
Secretaries & other keyboard operating clerks, Permanent	24	24	-	-
Senior managers, Permanent	20	20	-	4
Trade labourers, Permanent	19	18	5.3	-
Total	729	694	4.8	125

3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as at 31 March 2016

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

Table 3.3.2 SMS post information as at 31 March 2017

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

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 and 31 March 2017

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

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 2016 and 31 March 2017

Reasons for vacancies not advertised within six months
Budget constraints.

Reasons for vacancies not filled within twelve months
Budget constraints.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2016 and 31 March 2017

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

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

3.4. Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2016 and 31 March 2017

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)	-	-	-	-	-	-	-
Contract (Level 1 – 2)	-	-	-	-	-	-	-
Contract (Level 3 – 5)	15	3	20	-	-	-	-
Contract (Level 6 – 8)	60	7	11.7	-	-	-	-
Contract (Level 9 – 12)	76	16	21.1	-	-	-	-
Contract (Band A)	4	3	75	-	-	-	-
Contract (Band B)	4	1	25	-	-	-	-
Contract (Band D)	1	-	-	-	-	-	-
Skilled (Levels 3-5)	119	110	92.4	14	12.7	-	-
Highly skilled production (Levels 6-8)	256	231	90.2	70	30.3	-	-
Highly skilled supervision (Levels 9-12)	167	142	85	44	31	-	-
Senior Management Service Band A	23	20	87	-	-	-	-
Senior Management Service Band B	2	2	100	-	-	-	-
Senior Management Service Band C	2	2	100	-	-	-	-
Total	729	537	73.7	128	23.8	-	-

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 and 31 March 2017

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 and 31 March 2017

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 and 31 March 2017

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

3.5. Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Number of employees at beginning of period -1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	29	-	-	-
Skilled (Levels 3-5)	103	1	20	19.4
Highly skilled production (Levels 6-8)	296	-	40	13.5
Highly skilled supervision (Levels 9-12)	146	-	9	6.2
Senior Management Service Bands A	19	-	2	1.5
Senior Management Service Bands B	2	-	-	-
Senior Management Service Bands C	2	-	-	-
Contract (Level 1 – 2)	52	-	29	55.8
Contract (Level 3 – 5)	29	1	6	20.7
Contract (Level 6 – 8)	41	1	4	9.8
Contract (Level 9 – 12)	80	3	13	16.3
Contract (Band A)	6	1	-	-
Contract (Band B)	3	-	1	33.3
Contract (Band D)	1	-	-	-
Total	809	7	124	15.3

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 and 31 March 2017

Critical occupation	Number of employees at beginning of Period - 1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent	166	3	29	17.5
Agriculture related, Permanent	2	-	-	-
All artisans in the building metal machinery etc., Permanent	26	-	5	19.2
Architects town and traffic planners, Permanent	17	-	4	23.5
Artisan project and related superintendents, Permanent	1	-	-	-
Auxiliary and related workers, Permanent	3	-	-	-

Critical occupation	Number of employees at beginning of Period - 1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Bus and heavy vehicle drivers, Permanent	1	-	-	-
Cartographic surveying and related technicians, Permanent	2	-	1	50
Civil engineering technicians, Permanent	6	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	27	-	6	22.2
Client inform clerks (switchboard reception inform clerks), Permanent	5	-	-	-
Communication and information related, Permanent	5	-	-	-
Community development workers, Permanent	13	-	2	15.4
Computer system designers and analysts., Permanent	1	-	-	-
Engineering sciences related, Permanent	3	-	-	-
Engineers and related professionals, Permanent	26	2	3	11.5
Finance and economics related, Permanent	8	-	-	-
Financial and related professionals, Permanent	1	-	-	-
Financial clerks and credit controllers, Permanent	61	-	7	11.5
Food services aids and waiters, Permanent	1	-	-	-
General legal administration & rel. professionals, Permanent	1	-	-	-
Head of department/chief executive officer, Permanent	1	-	-	-
Human resources & organisational development & relate prof, permanent	14	-	-	-
Human resources clerks, Permanent	29	-	1	3.5
Human resources related, Permanent	17	-	3	17.7
Information technology related, Permanent	4	1	2	50
Inspectors of apprentices works and vehicles, Permanent	55	-	5	9.1
Language practitioners interpreters & other commun, Permanent	1	-	-	-
Legal related, Permanent	5	-	-	-
Library mail and related clerks, Permanent	13	-	-	-
Light vehicle drivers, Permanent	13	-	2	15.4
Logistical support personnel, Permanent	3	-	-	-
Material-recording and transport clerks, Permanent	6	-	1	16.7
Messengers porters and deliverers, Permanent	3	-	1	33.3

Critical occupation	Number of employees at beginning of Period - 1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Other administrat & related clerks and organisers, Permanent	86	-	17	19.8
Other administrative policy and related officers, Permanent	102	-	25	24.5
Other information technology personnel., Permanent	4	-	-	-
Quantity surveyors & rela prof not class elsewhere, Permanent	4	-	-	-
Risk management and security services, Permanent	2	-	-	-
Secretaries & other keyboard operating clerks, Permanent	24	-	-	-
Senior managers, Permanent	20	1	2	10
Trade labourers, Permanent	27	-	8	29.6
Total	809	7	124	15.3

Table 3.5.3 Reasons why staff left the department for the period 1 April 2016 and 31 March 2017

Termination Type	Number	% of Total Resignations
Death	3	2.4
Resignation	16	12.9
Expiry of contract	44	35.5
Dismissal – misconduct	3	2.4
Dismissal – inefficiency	-	-
Discharged due to ill-health	2	1.6
Retirement	55	44.4
Transfer to other Public Service Departments	1	0.8
Other	-	-
Total	124	100
Total number of employees who left as a % of total employment		17.9

Table 3.5.4 Promotions by critical occupation for the period 1 April 2016 and 31 March 2017

Occupation	Employees 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related, Permanent	166	-	-	103	62.1
Agriculture related, Permanent	2	-	-	-	-
All artisans in the building metal machinery etc., Permanent	26	-	-	15	57.7
Architects town and traffic planners, Permanent	17	-	-	3	17.7
Artisan project and related superintendents, Permanent	1	-	-	-	-
Auxiliary and related workers, Permanent	3	-	-	3	100
Bus and heavy vehicle drivers, Permanent	1	-	-	1	100
Cartographic surveying and related technicians, Permanent	2	-	-	-	-
Civil engineering technicians, Permanent	6	-	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	27	1	3.7	18	66.7
Client inform clerks (switchboard reception inform clerks), Permanent	5	-	-	3	60
Communication and information related, Permanent	5	-	-	2	40
Community development workers, Permanent	13	-	-	1	7.7
Computer system designers and analysts, Permanent	1	-	-	1	100
Engineering sciences related, Permanent	3	-	-	-	-
Engineers and related professionals, Permanent	26	-	-	4	15.4
Finance and economics related, Permanent	8	-	-	4	50
Financial and related professionals, Permanent	1	-	-	-	-
Financial clerks and credit controllers, Permanent	61	-	-	34	55.7
Food services aids and waiters, Permanent	1	-	-	1	100
General legal administration & rel. professionals, Permanent	1	-	-	-	-
Head of department/chief executive officer, Permanent	1	-	-	1	100

Occupation	Employees 1 April 2016	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
Human resources & organisat developm & relate prof, permanent	14	-	-	13	92.9
Human resources clerks, Permanent	29	-	-	14	48.3
Human resources related, Permanent	17	1	5.9	10	58.8
Information technology related, Permanent	4	-	-	1	25
Inspectors of apprentices works and vehicles, Permanent	55	-	-	23	41.8
Language practitioner's interpreters & other commun, Permanent	1	-	-	1	100
Legal related, Permanent	5	1	20	1	20
Library mail and related clerks, Permanent	13	-	-	13	100
Light vehicle drivers, Permanent	13	-	-	9	69.2
Logistical support personnel, Permanent	3	-	-	3	100
Material-recording and transport clerks, Permanent	6	-	-	5	83.3
Messengers porters and deliverers, Permanent	3	-	-	2	66.7
Other administrat & related clerks and organisers, Permanent	86	-	-	32	37.2
Other administrative policy and related officers, Permanent	102	-	-	50	49.0
Other information technology personnel., Permanent	4	1	25	-	-
Quantity surveyors & rela prof not class elsewhere, Permanent	4	-	-	1	25
Risk management and security services, Permanent	2	-	-	1	50
Secretaries & other keyboard operating clerks, Permanent	24	-	-	15	62.5
Senior managers, Permanent	20	-	-	9	45
Trade labourers, Permanent	27	-	-	18	66.7
Total	809	4	0.5	415	51.3

Table 3.5.5 Promotions by salary band for the period 1 April 2016 and 31 March 2017

Salary Band	Employees 1 April 2016	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)	29	-	-	-	-
Skilled (Levels 3-5)	103	1	1	85	82.5
Highly skilled production (Levels 6-8)	296	2	0.7	173	58.4
Highly skilled supervision (Levels 9-12)	146	1	0.7	116	79.5
Senior Management (Level 13-16)	23	-	-	8	34.8
Other Permanent	52	-	-	-	-
Contract (Level 3 – 5)	29	-	-	1	3.4
Contract (Level 6 – 8)	41	-	-	3	7.3
Contract (Level 9 – 12)	80	-	-	26	32.5
Contract (Level 13 - 16)	10	-	-	3	30
Total	809	4	0.5	415	51.3

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 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	-	1	1	8	2	1	-	21
Professionals	38	3	6	1	46	1	11	1	107
Technicians and associate professionals	87	3	22	5	115	6	11	7	256
Clerks	41	2	16	2	96	5	9	7	178
Service and sales workers	2	-	1	-	-	-	-	-	3
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	51	3	9	3	8	-	-	-	74
Plant and machine operators and assemblers	8	1	-	-	3	-	-	-	12
Elementary occupations	32	3	2	-	6	-	-	-	43
Total	267	15	57	12	282	14	32	15	694
Employees with disabilities	11	2	1	-	1	-	-	1	16

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	1	-	2
Senior Management	8	1	1	2	6	1	4	-	23
Professionally qualified and experienced specialists and mid-management	57	3	24	6	53	2	10	3	158
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	70	3	21	4	109	9	13	12	241
Semi-skilled and discretionary decision making	57	7	4	-	42	-	-	-	110
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Contract top Management	-	-	-	-	-	1	-	-	1
Contract Senior Management	2	-	2	-	4	-	-	-	8
Contract Professionally Qualified	46	1	4	-	20	1	4	-	76
Contract Skilled technical	18	-	-	-	42	-	-	-	60
Contract Semi-Skilled	8	-	1	-	6	-	-	-	15
Contract Unskilled	-	-	-	-	-	-	-	-	-
Total	267	15	57	12	282	14	32	15	694

Table 3.6.3 Recruitment for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision making	-	-	-	-	1	-	-	-	1

Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Contract Senior Management	-	-	-	-	-	-	1	-	1
Contract Professionally Qualified	-	-	-	-	2	1	-	-	3
Contract Skilled technical	1	-	-	-	-	-	-	-	1
Contract Semi-Skilled	-	-	-	-	1	-	-	-	1
Contract Unskilled	-	-	-	-	-	-	-	-	-
Total	1	-	-	-	4	1	1	-	7
Employees with disabilities	-								

Table 3.6.4 Promotions for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	2	-	-	1	2	1	2	-	8
Professionally qualified and experienced specialists and mid-management	49	1	13	4	39	1	8	2	117
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	52	2	10	2	82	8	12	7	175
Semi-skilled and discretionary decision making	47	5	2	-	32	-	-	-	86
Contract Top Management	-	-	-	-	-	1	-	-	1
Contract Senior Management	-	-	1	-	1	-	-	-	2
Contract Professionally Qualified	15	-	-	-	11	-	-	-	26
Contract Skilled technical	1	-	-	-	2	-	-	-	3
Contract Semi Skilled	1	-	-	-	-	-	-	-	1
Total	167	8	26	7	169	11	22	9	419
Employees with disabilities	7	1	-	-	-	-	-	-	8

Table 3.6.5 Terminations for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	1	-	1	-	-	-	2
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	4	1	-	1	2	-	1	-	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	18	2	4	1	14	-	1	-	40
Semi-skilled and discretionary decision making	14	1	1	-	4	-	-	-	20
Unskilled and defined decision making	9	-	-	1	18	-	1	-	29
Contract Senior Management	-	-	-	-	-	-	-	1	1
Contract Professionally Qualified	5	-	-	-	7	-	1	-	13
Contract Skilled technical	2	-	-	-	2	-	-	-	4
Contract Semi-Skilled	4	-	-	-	2	-	-	-	6
Contract Unskilled	-	-	-	-	-	-	-	-	-
Total	56	4	6	3	50	-	4	1	124
Employees with Disabilities	3	1	-	-	1	-	-	-	5

Table 3.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	-	1	-	-	-	-	-	-	1
No Outcome	6	2	-	-	1	-	-	-	9
Total	6	3	-	-	1	-	-	-	10

Table 3.6.7 Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	-	2	-	8	3	6	-	21
Professionals	41	3	3	-	61	-	2	-	110
Technicians and associate professionals	11	-	2	-	11	-	-	-	24
Clerks	15	-	-	-	26	-	-	-	41
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	7	-	-	-	-	-	-	-	7
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	3	-	-	-	-	-	-	-	3
Elementary occupations	2	-	-	-	-	-	-	-	2
Total	81	3	7	-	106	3	21	-	
Employees with disabilities	1	-	-	-	-	-	-	-	1

3.7. Signing of Performance Agreements by SMS Members**Table 3.7.1 Signing of Performance Agreements by SMS members as at 31 March 2017**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100
Salary Level 16	1	1	1	100
Salary Level 15	3	2	2	100
Salary Level 14	6	4	4	100
Salary Level 13	29	21	17	81
Total	40	29	25	86

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2017

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 2017

Reasons
Warning letters issued to SMS members.

3.8. Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2015 to 31 March 2016

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	-	-	-	-	-
Female	-	-	-	-	-
Asian	-	-	-	-	-
Male	-	-	-	-	-
Female	-	-	-	-	-
Coloured	-	-	-	-	-
Male	-	-	-	-	-
Female	-	-	-	-	-
White	-	-	-	-	-
Male	-	-	-	-	-
Female	-	-	-	-	-
People with disabilities	-	-	-	-	-
Total	-	-	-	-	-

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (level 3-5)	-	-	-	-	-	-
Highly skilled production (level 6-8)	-	-	-	-	-	-
Highly skilled supervision (level 9-12)	-	-	-	-	-	-
Contract (Level 3 – 5)	-	-	-	-	-	-
Contract (Level 6 – 8)	-	-	-	-	-	-
Contract (Level 9 – 12)	-	-	-	-	-	-
Total	-	-	-	-	-	-

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

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related, Permanent	-	-	-	-	-
Agriculture related, Permanent	-	-	-	-	-
All artisans in the building metal machinery etc., Permanent	-	-	-	-	-
Architects town and traffic planners, Permanent	-	-	-	-	-
Artisan project and related superintendents, Permanent	-	-	-	-	-
Auxiliary and related workers, Permanent	-	-	-	-	-
Bus and heavy vehicle drivers, Permanent	-	-	-	-	-
Cartographic surveying and related technicians, Permanent	-	-	-	-	-
Civil engineering technicians, Permanent	-	-	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	-	-	-	-	-
Client inform clerks (switchboard, reception, inform clerks), Permanent	-	-	-	-	-
Communication and information related, Permanent	-	-	-	-	-
Community development workers, Permanent	-	-	-	-	-

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Computer system designers and analysts., Permanent	-	-	-	-	-
Engineering sciences related, Permanent	-	-	-	-	-
Engineers and related professionals, Permanent	-	-	-	-	-
Finance and economics related, Permanent	-	-	-	-	-
Financial and related professionals, Permanent	-	-	-	-	-
Financial clerks and credit controllers, Permanent	-	-	-	-	-
Food services aids and waiters, Permanent	-	-	-	-	-
General legal administration & rel. professionals, Permanent	-	-	-	-	-
Head of department/chief executive officer, Permanent	-	-	-	-	-
Human resources & organisational development & relate prof, permanent	-	-	-	-	-
Human resources clerks, Permanent	-	-	-	-	-
Human resources related, Permanent	-	-	-	-	-
Information technology related, Permanent	-	-	-	-	-
Inspectors of apprentices works and vehicles, Permanent	-	-	-	-	-
Language practitioners, interpreters & other commun, Permanent	-	-	-	-	-
Legal related, Permanent	-	-	-	-	-
Library mail and related clerks, Permanent	-	-	-	-	-
Light vehicle drivers, Permanent	-	-	-	-	-
Logistical support personnel, Permanent	-	-	-	-	-
Material-recording and transport clerks, Permanent	-	-	-	-	-
Messengers porters and deliverers, Permanent	-	-	-	-	-
Other administration & related clerks and organisers, Permanent	-	-	-	-	-
Other administrative policy and related officers, Permanent	-	-	-	-	-
Other information technology personnel, Permanent	-	-	-	-	-
Quantity surveyors & related prof not class elsewhere, Permanent	-	-	-	-	-
Risk management and security services, Permanent	-	-	-	-	-

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Secretaries & other keyboard operating clerks, Permanent	-	-	-	-	-
Senior managers, Permanent	-	-	-	-	-
Trade labourers, Permanent	-	-	-	-	-
Total	-	-	-	-	-

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	-	-	-	-	-	-
Band B	-	-	-	-	-	-
Band C	-	-	-	-	-	-
Band D	-	-	-	-	-	-
Total	-	-	-	-	-	-

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 2016 and 31 March 2017

Salary band	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (Lev. 6-8)	-	-	-	-	-	-
Highly skilled supervision (Lev. 9-12)	1	100	-	-	(1)	(100)
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
Total	1	100	-	-	(1)	(100)

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2016 and 31 March 2017

Major occupation	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	1	100	-	-	(1)	(100)
Total	1	100	-	-	(1)	(100)

3.10. Leave utilisation**Table 3.10.1 Sick leave for the period 1 January 2016 to 31 December 2016**

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	13	76.9	4	0.7	3	7
Skilled (levels 3-5)	1,058	44.2	96	17.8	11	699
Highly skilled production (levels 6-8)	2,317	44.5	222	41.3	10	3,090
Highly skilled supervision (levels 9-12)	979	44.3	119	22.1	8	2,181
Top and Senior management (levels 13-16)	84	51.2	16	3	5	305
Contract (Level 1 – 2)	-	-	-	-	-	-
Contract (Level 3 – 5)	23	13	7	1.3	3	17
Contract (Level 6 – 8)	135	30.4	22	4.1	6	142
Contract (Level 9 – 12)	165	44.9	34	6.3	5	372
Contract (Level 13 – 16)	23	-	3	0.6	8	90
Contract Other	42	42.9	15	2.78	3	9
Total	4,839	43.9	538	100	9	6,910

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016

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)	34	100	1	10	34	17
Skilled (Levels 3-5)	266	100	5	50	53	168
Highly skilled production (Levels 6-8)	31	100	3	30	10	44
Highly skilled supervision (Levels 9-12)	-	-	-	-	-	-
Senior management (Levels 13-16)	-	-	-	-	-	-
Contract (Levels 13-16)	9	100	1	10	9	36
Total	340	100	10	100	34	265

Table 3.10.3 Annual Leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	-	-	-
Skilled Levels 3-5)	2,314	19	122
Highly skilled production (Levels 6-8)	5,928	21	282
Highly skilled supervision (Levels 9-12)	3,760	22	171
Senior management (Levels 13-16)	477	18	27
Contract Other	282	7	40
Contract (Level 1 – 2)	-	-	-
Contract (Level 3 – 5)	116	7	17
Contract (Level 6 – 8)	658	10	66
Contract (Level 9 – 12)	1,356	15	90
Contract (Level 13 – 16)	174	17	10
Total	15,065	136	111

Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016

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 2017
Lower skilled (Levels 1-2)	-	-	-	-
Skilled Levels 3-5)	60	6	10	68
Highly skilled production (Levels 6-8)	27	5	5	76
Highly skilled supervision (Levels 9-12)	-	-	-	85
Senior management (Levels 13-16)	-	-	-	99
Total	87	11	8	328

Table 3.10.5 Leave payouts for the period 1 April 2016 and 31 March 2017

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-outs for 2015/16 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay-outs on termination of service for 2015/16	3,068	35	88
Current leave pay-outs on termination of service for 2015/16	268	13	21
Total	3,336	48	70

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		Mr SC Kheswa – Director: Human Resource Management
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Mrs PZ Mlaba – EWP Practitioner Mr MS Msomi – Administrative Assistant
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		HIV/AIDS & TB Management. Health & Productivity Management. Wellness Management & SHERQ.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 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 2016 and 31 March 2017

Total number of Collective agreements	None
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Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 and 31 March 2017

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	3	15.8
Verbal warning	1	5.3
Written warning	1	5.3
Final written warning	5	26.2
Suspended without pay	2	10.5
Fine	2	10.5
Demotion	-	-
Dismissal	1	5.3
Not guilty	1	5.3
Case withdrawn	3	15.8
Contract not renewed	-	-
Total	19	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 and 31 March 2017

Type of misconduct	Number	% of total
Fruitless expenditure	1	14.3
Insolent behaviour	1	14.3
Failure to comply with transport prescripts	1	14.3
Misuse of state vehicle	4	57.1
Total	7	100

Table 3.12.4 Grievances logged for the period 1 April 2016 and 31 March 2017

Grievances	Number	% of Total
Number of grievances resolved	72	93.5
Number of grievances not resolved	5	6.5
Total number of grievances lodged	77	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2016 and 31 March 2017

Disputes	Number	% of Total
Number of disputes upheld	3	50
Number of disputes dismissed	3	50
Total number of disputes lodged	6	100

Table 3.12.6 Strike actions for the period 1 April 2016 and 31 March 2017

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2016 and 31 March 2017

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

3.13. Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	16	-	<ul style="list-style-type: none"> • Knowledge Management (Executive Development for SMS) • Financial Management • Leadership for Good Governance • Compulsory Induction Programme for SMS • Mentoring for Women Management • Project Khaedu development programme 	-	25
	Male	15	-		-	23

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Professional	Female	219	-	<ul style="list-style-type: none"> • Ms Excel Basic and Advanced • SMATRAC • Financial Management for non-Financial Managers • Effective Managers principles for Junior Mangers • Compulsory induction Programme • Leadership Course for middle Managers • Research Medology • ETDp • Risk Management • Presentation and Facilitation • Supervisory Skills • Fleet Management • SCM Training • SCOA • Orgplus 	-	75
	Male	157	-		-	51
Technicians and associate professionals	Female	83	-	<ul style="list-style-type: none"> • Ms Excel Basic and Advanced • SMATRAC • Financial Management for non-Financial Managers • Effective Managers principles for Junior Mangers • Compulsory induction Programme • Leadership Course for middle Managers • Presentation and Facilitation • Supervisory Skills • Fleet Management • SCM Training • Housing Policy Development & Management Programme 	-	36
	Male	137	-		-	55
Clerks	Female	44	-	<ul style="list-style-type: none"> • Ms Excel Basic and Advanced • Compulsory induction Programme • Leadership Course for middle Managers • Presentation and Facilitation • Supervisory Skills • Fleet Management • SCM Training • Persal Training 	-	35
	Male	85	-		-	19
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	2	-	<ul style="list-style-type: none"> • Artisan Development 	-	1
	Male	20	-		-	3
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Female	9	-	• Artisan Development	-	1
	Male	7	-		-	3
Elementary occupations	Female	8	-	• Artisan Development	-	1
	Male	7	-			3
Sub Total	Female	381	-	-	-	174
	Male	428	-	-	-	157
Total		809	-	-	-	331

Table 3.13.2 Training provided for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	16	-	<ul style="list-style-type: none"> • Mentoring for Growth – Women in Management (2) • Project Khaedu (3) • Mentoring for Growth (2) • Strategic Annual Performance Planning (2) • Service Delivery Improvement Workshop (1) • Change Management (5) • People Management (2) 	-	17
	Male	15	-	<ul style="list-style-type: none"> • Project Khaedu (1) • Wamkelekile: New SMS (2) • Strategic Annual Performance Planning (1) 		4
Professionals	Female	219	-	<ul style="list-style-type: none"> • Leadership for Middle Managers (3) • Effective Management Principles for Junior Managers (9) • E-Learning: Managing Performance in the Public Service (1) • Design and Development Learning Programme (2) • Skills Development Facilitator (2) • Problem Solving and Decision Making (1) • Mentoring for Growth (4) • RPL: Specialist Project Management (3) • Project Management (5) • Strategic and Annual Performance planning (1) • Writing of Minutes (10) 	-	77

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				<ul style="list-style-type: none"> • Promotion of Administration of Justice (PAJA) (10) • Applying SHE Principles Procedures (ASHEEP) (6) • Service Delivery Improvement Workshop (1) • Complains Management (4) • Assessor Learning programme (3) • Train the Trainer: Facilitate Coach and Mentor (2) 		
	Male	157	-	<ul style="list-style-type: none"> • Problem Solving and Decision Making (2) • RPL: Specialist Project Management (3) • Project Management (7) • Writing of Minutes(1) • Promotion of Administration of Justice (PAJA) (5) • E-Learning: Managing Performance in the Public Service (1) • Skills Development Facilitator (2) • Applying SHE Principles Procedures (ASHEEP) (7) • Service Delivery Improvement Workshop (3) • Organisational Design (2) 		33
Technicians and associate professionals	Female	83	-	<ul style="list-style-type: none"> • Leadership for Middle Managers (1) • Effective Principles for Junior Managers (1) • Programme in Housing Policy Development and Management (8) • Problem Solving and Decision making (1) 	-	11
	Male	137	-	<ul style="list-style-type: none"> • Problem Solving and Decision making (1) • Certificate Programme in Housing Policy Development Management (8) • Project Management (1) • Effective Management Principles (1) • Applying SHE Principles Procedures (ASHEEP) (2) 		13

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	44	-	<ul style="list-style-type: none"> • Skills Development Facilitator (2) • Problem Solving and Decision Making(4) • Project Management (1) • Writing of Minutes (15) • Assessor Learning programme (2) • Train the Trainer: Facilitate Coach and Mentor (2) 	-	26
	Male	85	-	<ul style="list-style-type: none"> • Problem Solving and Decision Making(1) • Business Continuity Management Training (1) • Writing of minutes (11) • Applying SHE Principles Procedures (ASHEEP) (2) 	-	15
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	2	-	-	-	-
	Male	20	-	<ul style="list-style-type: none"> • Artisan Development: Plumbing (3) • Artisan Development: Bricklaying (2) • RPL: Specialist Project Management (1) • Electrical Training (1) 	-	7
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	9	-	-	-	-
	Male	7	-	<ul style="list-style-type: none"> • Artisan Development: Painting (1) • Artisan Development: Plumbing (2) 	-	3
Elementary occupations	Female	8	-	-	-	-
	Male	7	-	<ul style="list-style-type: none"> • Artisan Development: Carpentry (2) 	-	2
Sub Total	Female	381	-	-	-	131
	Male	428	-	-	-	77
Total		809	-	-	-	208

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 2016 and 31 March 2017

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

3.15. Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 and 31 March 2017

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 2016 and 31 March 2017

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 2016 and 31 March 2017

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 2016 and 31 March 2017

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 2016 and 31 March 2017

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)	15	15	15	15
Highly skilled production (Levels 6-8)	25	25	25	25
Highly skilled supervision (Levels 9-12)	3	3	3	3
Senior management (Levels 13-16)	-	-	-	-
Total	43	43	43	43



PART E:
Financial Information – Vote 8



Report of the auditor-general to 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 126 to 198, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, 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 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (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 my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Uncertainty relating to the future outcome of exceptional litigation

7. With reference to note 18 to the financial statements, the department is the defendant in lawsuits relating to breach of contracts, services rendered and arbitration. The department is opposing these claims as it believes them to be fraudulent. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Irregular expenditure

8. As disclosed in note 24.3 to the financial statements, irregular expenditure to the amount of R7,02 billion that was incurred in the current and previous years was still under investigation.

Responsibilities of accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting officer is responsible for assessing the department'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 there is an intention either to liquidate or cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

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 reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

14. My procedures address the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – housing needs, research and planning	40 – 42
Programme 3 – housing development	43 – 53
Programme 4 – housing asset management, property management	54 – 56

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes:

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report on pages 37 to 56 includes information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a significant number of targets.

Adjustment of material misstatements

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

Report on audit of compliance with legislation

Introduction and scope

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

Procurement and contract management

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

Expenditure management

24. Effective steps were not taken to prevent irregular expenditure amounting to R2,89 billion as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

Other information

25. The department's accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the report of the accounting officer, the internal audit and audit committee report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
26. 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 thereon.

27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

29. The accounting officer did not adequately monitor the implementation of the action plan to address prior year findings on irregular expenditure, performance information and compliance with applicable legislation.

Financial management

30. Management did not prepare regular, accurate and complete performance reports that were supported by reliable information, as evidenced by the changes that were required. Management was unable to get all supply chain management documents from the municipalities and there was a lack of monitoring of compliance with legislation.

Other reports

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

Investigations

32. The KwaZulu-Natal Provincial Treasury conducted eight investigations covering the period covering the period 1 April 2009 to 31 March 2017. These investigations were initiated based on allegations of bribery, corruption and procurement irregularities. Of the eight investigations conducted, five cases were finalised (phases one and two), two cases were completed to phase one and one case was still in progress.

33. An independent consulting firm performed an investigation at the request of the department, which covered the period 1 April 2015 to 31 March 2017. This investigation was initiated based on an allegation of possible irregularities in housing allocations in a housing project. The investigation has been completed and the recommendations were referred to the municipality concerned.
34. The South African Police Service is conducting an investigation at the request of the department, which covered the period 1 April 2016 to 31 March 2017. This investigation was initiated based on allegations of the sale and rental of reconstruction and development programme houses. The investigation is still in progress and the date of completion is not known.

Auditor-General

Pietermaritzburg

31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the 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 relating to events or conditions that may cast significant doubt on the Department of Human Settlements’ 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 the auditor’s report. However, future events or conditions may cause the department to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Appropriation per programme									
Programme	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	190,073	-	15,206	205,279	205,279	-	100.0	195,128	198,260
2. Housing Needs, Research and Planning	14,846	-	1,082	15,928	15,928	-	100.0	17,209	16,411
3. Housing Development	3,137,773	-	(22,787)	3,114,986	3,113,612	1,374	100.0	3,679,773	3,674,667
4. Housing Asset Management, Property Management	187,685	-	6,499	194,184	194,184	-	100.0	239,237	241,687
Total	3,530,377	-	-	3,530,377	3,529,003	1,374	100.0	4,131,347	4,131,025

APPROPRIATION STATEMENT
for the year ended 31 March 2017

	2016/17		2015/16	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
Total (brought forward)	3,530,377	3,529,003	4,131,347	4,131,025
Reconciliation with statement of financial performance				
Add				
Departmental receipts	16,063		168,075	
Actual amounts per statement of financial performance (total revenue)	3,546,440		4,299,422	
Actual amounts per statement of financial performance (total expenditure)		3,529,003		4,131,025

**APPROPRIATION STATEMENT
for the year ended 31 March 2017**

Economic classification	Appropriation per economic classification							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	437,371	-	13,769	451,140	457,004	(5,864)	101.3	391,239	389,360
Compensation of employees	289,982	-	(547)	289,435	280,036	9,399	96.8	273,453	266,232
Salaries and wages	259,177	-	(675)	258,502	248,894	9,608	96.3	245,540	238,064
Social contributions	30,805	-	128	30,933	31,142	(209)	100.7	27,913	28,168
Goods and services	146,989	-	14,317	161,306	176,569	(15,263)	109.5	117,786	123,128
Administrative fees	617	-	21	638	582	56	91.2	803	525
Advertising	1,461	-	(167)	1,294	768	526	59.4	2,039	2,031
Minor assets	2,547	-	(59)	2,488	2,304	184	92.6	2,230	2,813
Audit costs: External	6,072	-	(257)	5,815	5,815	-	100.0	5,800	6,261
Bursaries: Employees	220	-	(56)	164	164	-	100.0	200	122
Catering: Departmental activities	4,700	-	874	5,574	6,101	(527)	109.5	3,368	2,786
Communication	7,216	-	(166)	7,050	7,308	(258)	103.7	7,677	8,574
Computer services	8,853	-	2,048	10,901	10,701	200	98.2	9,768	16,841
Consultants: Business and advisory services	17,992	-	(20)	17,972	30,268	(12,296)	168.4	3,399	2,595
Infrastructure and planning services	3,847	-	-	3,847	4,595	(748)	119.4	1,259	1,371
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	3,047	-	(819)	2,228	2,532	(304)	113.6	3,093	3,612
Contractors	17,116	-	2	17,118	8,697	8,421	50.8	7,412	3,030
Agency and support / outsourced services	76	-	27	103	125	(22)	121.4	357	85
Entertainment	-	-	-	-	-	-	-	34	-
Fleet services	4,526	-	85	4,611	4,701	(90)	102.0	4,881	4,209
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	17	-	1	18	543	(525)	3016.7	32	24
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	58	-	(28)	30	25	5	83.3	126	49

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Economic classification	Appropriation per economic classification									
	2016/17					2015/16				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-	
Inventory: Learner and teacher support material	201	-	(143)	58	58	-	100.0	265	287	
Inventory: Materials and supplies	434	-	92	526	890	(364)	169.2	92	380	
Inventory: Medical supplies	8	-	2	10	3	7	30.0	16	2	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medasas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	-	-	-	-	-	-	-	-	-	
Consumable supplies	207	-	98	305	531	(226)	174.1	446	500	
Consumable: Stationery, printing and office supplies	1,262	-	95	1,357	1,346	11	99.2	1,459	1,121	
Operating leases	22,571	-	8,193	30,764	30,966	(202)	100.7	24,103	20,468	
Property payments	23,905	-	3,972	27,877	32,514	(4,637)	116.6	16,876	23,901	
Transport provided: Departmental activity	1,526	-	38	1,564	1,207	357	77.2	302	698	
Travel and subsistence	10,577	-	409	10,986	12,903	(1,917)	117.4	13,088	13,024	
Training and development	1,167	-	(81)	1,086	4,621	(3,535)	425.5	3,331	2,892	
Operating payments	1,647	-	(120)	1,527	1,359	168	89.0	2,540	2,201	
Venues and facilities	507	-	-	507	667	(160)	131.6	2,093	1,694	
Rental and hiring	4,612	-	276	4,888	4,275	613	87.5	697	1,032	
Interest and rent on land	400	-	(1)	399	399	-	100.0	-	-	
Interest	400	-	(1)	399	399	-	100.0	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	3,066,788	-	(14,221)	3,052,567	3,065,932	(13,365)	100.4	3,722,828	3,726,625	
Provinces and municipalities	86,137	-	-	86,137	124,345	(38,208)	144.4	149,021	163,157	
Provinces	-	-	-	-	52	(52)	-	280	104	
Provincial Revenue Funds	-	-	-	-	52	(52)	-	-	-	

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Economic classification	Appropriation per economic classification									
	2016/17					2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Provincial agencies and funds	-	-	-	-	-	-	-	280	104	
Municipalities	86,137	-	-	86,137	124,293	(38,156)	144.3	148,741	163,053	
Municipal bank accounts	85,792	-	-	85,792	124,161	(38,369)	144.7	148,741	163,053	
Municipal agencies and funds	345	-	-	345	132	213	38.3	-	-	
Departmental agencies and accounts	205,685	-	6,499	212,184	194,114	18,070	91.5	257,145	259,644	
Social security funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	205,685	-	6,499	212,184	194,114	18,070	91.5	257,145	259,644	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	100,000	-	-	100,000	100,000	-	100.0	-	-	
Public corporations	100,000	-	-	100,000	100,000	-	100.0	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to public corporations	100,000	-	-	100,000	100,000	-	100.0	-	-	
Private enterprises	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	2,674,966	-	(20,720)	2,654,246	2,647,473	6,773	99.7	3,316,662	3,303,824	
Social benefits	989	-	1,499	2,488	2,607	(119)	104.8	1,946	816	
Other transfers to households	2,673,977	-	(22,219)	2,651,758	2,644,866	6,892	99.7	3,314,716	3,303,008	

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Economic classification	Appropriation per economic classification									
	2016/17					2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Payments for capital assets	26,199	-	-	26,199	5,596	20,603	21.4	16,995	14,755	
Buildings and other fixed structures	21,754	-	-	21,754	1,712	20,042	7.9	12,500	6,170	
Buildings	-	-	-	-	-	-	-	-	-	
Other fixed structures	21,754	-	-	21,754	1,712	20,042	7.9	12,500	6,170	
Machinery and equipment	4,445	-	-	4,445	3,884	561	87.4	4,495	8,585	
Transport equipment	500	-	-	500	455	45	91.0	-	-	
Other machinery and equipment	3,945	-	-	3,945	3,429	516	86.9	4,495	8,585	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	19	-	452	471	471	-	100.0	285	285	
Total	3,530,377	-	-	3,530,377	3,529,003	1,374	100.0	4,131,347	4,131,025	

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Programme 1: Administration	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub-programme									
1. Corporate Services	190,073	-	15,206	205,279	205,279	-	100.0	195,128	198,260
Total for sub-programme	190,073		15,206	205,279	205,279	-	100.0	195,128	198,260
Economic classification									
Current payments	184,917		12,987	197,904	198,248	(344)	100.2	190,179	188,867
Compensation of employees	118,023	-	132	118,155	118,155	-	100.0	114,463	110,479
Salaries and wages	101,148	-	(33)	101,115	101,115	-	100.0	99,355	95,434
Social contributions	16,875	-	165	17,040	17,040	-	100.0	15,108	15,045
Goods and services	66,494	-	12,858	79,352	79,696	(344)	100.4	75,716	78,388
Administrative fees	240	-	52	292	292	-	100.0	479	294
Advertising	553	-	(167)	386	386	-	100.0	1,373	1,412
Minor assets	1,406	-	(7)	1,399	1,399	-	100.0	1,525	2,085
Audit costs: External	6,072	-	(257)	5,815	5,815	-	100.0	5,800	6,261
Bursaries: Employees	220	-	(56)	164	164	-	100.0	200	122
Catering:	230	-	(122)	108	108	-	100.0	439	298
Departmental activities									
Communication	4,475	-	88	4,563	4,563	-	100.0	5,419	5,747
Computer services	8,342	-	2,176	10,518	10,518	-	100.0	8,884	16,210
Consultants:	109	-	(20)	89	89	-	100.0	185	97
Business and advisory services									
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	2,158	-	(819)	1,339	1,339	-	100.0	2,700	2,205
Contractors	1	-	2	3	3	-	100.0	302	77
Agency and support / outsourced services	76	-	27	103	103	-	100.0	357	85
Entertainment	-	-	-	-	-	-	-	30	-
Fleet services	4,183	-	85	4,268	4,268	-	100.0	4,688	3,899
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	1	1	1	-	100.0	-	2
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-

**APPROPRIATION STATEMENT
for the year ended 31 March 2017**

	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Food and food supplies	38	-	(30)	8	8	-	100.0	108	30
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	121	-	(81)	40	40	-	100.0	225	103
Inventory: Materials and supplies	428	-	92	520	520	-	100.0	89	87
Inventory: Medical supplies	1	-	2	3	3	-	100.0	4	2
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medasas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	97	-	100	197	197	-	100.0	133	88
Consumable: Stationery, printing and office supplies	1,120	-	147	1,267	1,267	-	100.0	1,233	1,043
Operating leases	22,324	-	8,193	30,517	30,517	-	100.0	22,440	19,626
Property payments	8,683	-	3,972	12,655	12,999	(344)	102.7	10,247	11,933
Transport provided: Departmental activity	-	-	-	-	-	-	-	1	36
Travel and subsistence	3,694	-	(211)	3,483	3,483	-	100.0	5,173	3,837
Training and development	899	-	(268)	631	631	-	100.0	1,986	1,612
Operating payments	1,024	-	(41)	983	983	-	100.0	1,506	1,188
Venues and facilities	-	-	-	-	-	-	-	190	4
Rental and hiring	-	-	-	-	-	-	-	-	5
Interest and rent on land	400	-	(3)	397	397	-	100.0	-	-
Interest	400	-	(3)	397	397	-	100.0	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,483	-	1,767	3,250	3,037	213	93.4	1,190	1,195
Provinces and municipalities	345	-	-	345	132	213	38.3	280	98
Provinces	-	-	-	-	-	-	-	280	98
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Programme 1: Administration	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Provincial agencies and funds	-	-	-	-	-	-	-	280	98
Municipalities	345	-	-	345	132	213	38.3	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	345	-	-	345	132	213	38.3	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,138	-	1,767	2,905	2,905	-	100.0	910	1,097
Social benefits	531	-	1,143	1,674	1,674	-	100.0	330	388
Other transfers to households	607	-	624	1,231	1,231	-	100.0	580	709

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Programme 1: Administration	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	3,654	-	-	3,654	3,523	131	96.4	3,742	8,181
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3,654	-	-	3,654	3,523	131	96.4	3,742	8,181
Transport equipment	500	-	-	500	455	45	91.0	-	-
Other machinery and equipment	3,154	-	-	3,154	3,068	86	97.3	3,742	8,181
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	19	-	452	471	471	-	100.0	17	17
Total	190,073	-	15,206	205,279	205,279	-	100.0	195,128	198,260

**APPROPRIATION STATEMENT
for the year ended 31 March 2017**

Sub-programme: 1.1 Corporate Services	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	184,917	-	12,987	197,904	198,248	(344)	100.2	190,179	188,867
Compensation of employees	118,023	-	132	118,155	118,155	-	100.0	114,463	110,479
Goods and services	66,494	-	12,858	79,352	79,696	(344)	100.4	75,716	78,388
Interest and rent on land	400	-	(3)	397	397	-	100.0	-	-
Transfers and subsidies	1,483	-	1,767	3,250	3,037	213	93.4	1,190	1,195
Provinces and municipalities	345	-	-	345	132	213	38.3	280	98
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,138	-	1,767	2,905	2,905	-	100.0	910	1,097
Payments for capital assets	3,654	-	-	3,654	3,523	131	96.4	3,742	8,181
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3,654	-	-	3,654	3,523	131	96.4	3,742	8,181
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	19	-	452	471	471	-	100.0	17	17
Total	190,073	-	15,206	205,279	205,279	-	100.0	195,128	198,260

APPROPRIATION STATEMENT
for the year ended 31 March 2017

	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub-programme									
1. Administration	397	-	3	400	400	-	100.0	516	376
2. Policy	4,305	-	(218)	4,087	4,087	-	100.0	4,305	4,354
3. Planning	3,624	-	(26)	3,598	3,598	-	100.0	3,693	3,447
4. Research	6,520	-	1,323	7,843	7,843	-	100.0	8,695	8,234
Total for sub-programmes	14,846	-	1,082	15,928	15,928	-	100.0	17,209	16,411
Economic classification									
Current payments	14,793	-	1,082	15,875	15,875	-	100.0	17,159	16,411
Compensation of employees	13,189	-	(198)	12,991	12,991	-	100.0	13,073	12,885
Salaries and wages	11,467	-	(161)	11,306	11,306	-	100.0	11,467	11,289
Social contributions	1,722	-	(37)	1,685	1,685	-	100.0	1,606	1,596
Goods and services	1,604	-	1,280	2,884	2,884	-	100.0	4,086	3,526
Administrative fees	36	-	1	37	36	1	97.3	55	36
Advertising	-	-	-	-	-	-	-	-	2
Minor assets	67	-	-	67	67	-	100.0	75	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	571	-	885	1,456	1,456	-	100.0	1,710	1,578
Communication	219	-	22	241	243	(2)	100.8	204	185
Computer services	7	-	14	21	21	-	100.0	19	26
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	-	-	-	6	12

**APPROPRIATION STATEMENT
for the year ended 31 March 2017**

Programme 2: Housing Needs, Research and Planning	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	1	-	2	3	2	1	66.7	2	4
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	17	-	(7)	10	10	-	100.0	40	92
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medgas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	3	-	(2)	1	1	-	100.0	6	5
Consumable: Stationery, printing and office supplies	78	-	(14)	64	64	-	100.0	71	50
Operating leases	-	-	-	-	-	-	-	87	94
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	511	-	192	703	703	-	100.0	1,071	799
Training and development	93	-	187	280	280	-	100.0	669	604
Operating payments	1	-	-	1	1	-	100.0	71	39

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Programme 2: Housing Needs, Research and Planning	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
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 2017

Programme 2: Housing Needs, Research and Planning	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	53	-	-	53	53	-	100.0	50	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	53	-	-	53	53	-	100.0	50	-
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	53	-	-	53	53	-	100.0	50	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	14,846	-	1,082	15,928	15,928	-	100.0	17,209	16,411

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 2.1 Administration	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	360	-	3	363	363	-	100.0	466	376
Compensation of employees	307	-	4	311	311	-	100.0	420	365
Goods and services	53	-	(1)	52	52	-	100.0	46	11
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	37	-	-	37	37	-	100.0	50	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	37	-	-	37	37	-	100.0	50	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	397	-	3	400	400	-	100.0	516	376

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 2.2 Policy	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4,305	-	(218)	4,087	4,087	-	100.0	4,305	4,354
Compensation of employees	4,183	-	(209)	3,974	3,974	-	100.0	3,847	3,973
Goods and services	122	-	(9)	113	113	-	100.0	458	381
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	4,305	-	(218)	4,087	4,087	-	100.0	4,305	4,354

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 2.3 Planning	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3,624	-	(26)	3,598	3,598	-	100.0	3,693	3,447
Compensation of employees	3,424	-	(39)	3,385	3,385	-	100.0	3,372	3,226
Goods and services	200	-	13	213	213	-	100.0	321	221
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	3,624	-	(26)	3,598	3,598	-	100.0	3,693	3,447

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 2.4 Research		2016/17					2015/16		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6,504	-	1,323	7,827	7,827	-	100.0	8,695	8,234
Compensation of employees	5,275	-	46	5,321	5,321	-	100.0	5,434	5,321
Goods and services	1,229	-	1,277	2,506	2,506	-	100.0	3,261	2,913
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	16	-	-	16	16	-	100.0	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	16	-	-	16	16	-	100.0	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	6,520	-	1,323	7,843	7,843	-	100.0	8,695	8,234

APPROPRIATION STATEMENT
for the year ended 31 March 2017

	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 3: Housing Development									
Sub-programme									
1. Administration	86,599	-	183	86,782	87,407	(625)	100.7	86,357	86,714
2. Financial Interventions	420,009	-	-	420,009	374,583	45,426	89.2	534,282	421,270
3. Incremental Interventions	1,545,802	-	(22,970)	1,522,832	1,259,157	263,675	82.7	1,283,640	1,307,268
4. Social and Rental Interventions	225,490	-	-	225,490	231,477	(5,987)	102.7	257,398	267,718
5. Rural Interventions	859,873	-	-	859,873	1,160,988	(301,115)	135.0	1,518,096	1,591,697
Total for sub-programmes	3,137,773	-	(22,787)	3,114,986	3,113,612	1,374	100.0	3,679,773	3,674,667
Economic classification									
Current payments	237,661	-	(300)	237,361	242,881	(5,520)	102.3	183,901	184,082
Compensation of employees	158,770	-	(481)	158,289	148,890	9,399	94.1	145,917	142,868
Salaries and wages	146,562	-	(481)	146,081	136,473	9,608	93.4	134,718	131,341
Social contributions	12,208	-	-	12,208	12,417	(209)	101.7	11,199	11,527
Goods and services	78,891	-	179	79,070	93,989	(14,919)	118.9	37,984	41,214
Administrative fees	341	-	(32)	309	254	55	82.2	269	195
Advertising	908	-	-	908	382	526	42.1	666	617
Minor assets	1,074	-	(52)	1,022	838	184	82.0	630	728
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	3,899	-	111	4,010	4,537	(527)	113.1	1,219	910
Communication	2,522	-	(276)	2,246	2,502	(256)	111.4	2,054	2,642
Computer services	504	-	(142)	362	162	200	44.8	865	605
Consultants: Business and advisory services	17,883	-	-	17,883	30,179	(12,296)	168.8	3,214	2,498
Infrastructure and planning services	3,847	-	-	3,847	4,595	(748)	119.4	1,259	1,371

APPROPRIATION STATEMENT
for the year ended 31 March 2017

	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	889	-	-	889	1,193	(304)	134.2	393	1,407
Contractors	17,115	-	-	17,115	8,694	8,421	50.8	7,104	2,941
Agency and support / outsourced services	-	-	-	-	22	(22)	-	-	-
Entertainment	-	-	-	-	-	-	-	4	-
Fleet services	343	-	-	343	433	(90)	126.2	193	310
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	17	-	-	17	542	(525)	3188.2	32	22
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	19	-	-	19	15	4	78.9	16	15
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	63	-	(55)	8	8	-	100.0	-	92
Inventory: Materials and supplies	6	-	-	6	370	(364)	6166.7	3	293
Inventory: Medical supplies	7	-	-	7	-	7	-	12	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Meddas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	107	-	-	107	333	(226)	311.2	307	407

APPROPRIATION STATEMENT
for the year ended 31 March 2017

	2016/17				2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery, printing and office supplies	64	-	(38)	26	15	11	57.7	155	28
Operating leases	247	-	-	247	449	(202)	181.8	1,576	748
Property payments	15,222	-	-	15,222	19,515	(4,293)	128.2	6,629	11,968
Transport provided: Departmental activity	1,526	-	38	1,564	1,207	357	77.2	301	662
Travel and subsistence	6,372	-	428	6,800	8,717	(1,917)	128.2	6,844	8,388
Training and development	175	-	-	175	3,710	(3,535)	2120.0	676	676
Operating payments	622	-	(79)	543	375	168	69.1	963	974
Venues and facilities	507	-	-	507	667	(160)	131.6	1,903	1,690
Rental and hiring	4,612	-	276	4,888	4,275	613	87.5	697	1,027
Interest and rent on land	-	-	2	2	2	-	100.0	-	-
Interest	-	-	2	2	2	-	100.0	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2,877,620	-	(22,487)	2,855,133	2,868,781	(13,648)	100.5	3,482,493	3,483,786
Provinces and municipalities	85,792	-	-	85,792	124,213	(38,421)	144.8	148,741	163,059
Provinces	-	-	-	-	52	(52)	-	-	6
Provincial Revenue Funds	-	-	-	-	52	(52)	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	6
Municipalities	85,792	-	-	85,792	124,161	(38,369)	144.7	148,741	163,053
Municipal bank accounts	85,792	-	-	85,792	124,161	(38,369)	144.7	148,741	163,053
Municipal agencies and funds	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Programme 3: Housing Development	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies and accounts	18,000	-	-	18,000	-	18,000	-	18,000	18,000
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	18,000	-	-	18,000	-	18,000	-	18,000	18,000
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	100,000	-	-	100,000	100,000	-	100.0	-	-
Public corporations	100,000	-	-	100,000	100,000	-	100.0	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	100,000	-	-	100,000	100,000	-	100.0	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2,673,828	-	(22,487)	2,651,341	2,644,568	6,773	99.7	3,315,752	3,302,727
Social benefits	458	-	356	814	933	(119)	114.6	1,616	428
Other transfers to households	2,673,370	-	(22,843)	2,650,527	2,643,635	6,892	99.7	3,314,136	3,302,299

APPROPRIATION STATEMENT
for the year ended 31 March 2017

	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	22,492	-	-	22,492	1,950	20,542	8.7	13,111	6,531
Buildings and other fixed structures	21,754	-	-	21,754	1,712	20,042	7.9	12,500	6,170
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	21,754	-	-	21,754	1,712	20,042	7.9	12,500	6,170
Machinery and equipment	738	-	-	738	238	500	32.2	611	361
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	738	-	-	738	238	500	32.2	611	361
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	268	268
Total	3,137,773	-	(22,787)	3,114,986	3,113,612	1,374	100.0	3,679,773	3,674,667

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 3.1 Administration	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	86,301	-	(300)	86,001	86,691	(690)	100.8	85,786	86,011
Compensation of employees	79,590	-	(481)	79,109	79,154	(45)	100.1	77,399	77,463
Goods and services	6,711	-	179	6,890	7,535	(645)	109.4	8,387	8,548
Interest and rent on land	-	-	2	2	2	-	100.0	-	-
Transfers and subsidies	213	-	483	696	696	-	100.0	91	354
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	213	-	483	696	696	-	100.0	91	354
Payments for capital assets	85	-	-	85	20	65	23.5	212	81
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	85	-	-	85	20	65	23.5	212	81
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	268	268
Total	86,599	-	183	86,782	87,407	(625)	100.7	86,357	86,714

**APPROPRIATION STATEMENT
for the year ended 31 March 2017**

Sub-programme: 3.2 Financial Interventions	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	151,360	-	-	151,360	156,190	(4,830)	103.2	98,115	98,071
Compensation of employees	79,180	-	-	79,180	69,736	9,444	88.1	68,518	65,405
Goods and services	72,180	-	-	72,180	86,454	(14,274)	119.8	29,597	32,666
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	246,242	-	-	246,242	216,463	29,779	87.9	423,268	316,749
Provinces and municipalities	26,792	-	-	26,792	59,071	(32,279)	220.5	48,741	54,302
Departmental agencies and accounts	18,000	-	-	18,000	-	18,000	-	18,000	18,000
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	201,450	-	-	201,450	157,392	44,058	78.1	356,527	244,447
Payments for capital assets	22,407	-	-	22,407	1,930	20,477	8.6	12,899	6,450
Buildings and other fixed structures	21,754	-	-	21,754	1,712	20,042	7.9	12,500	6,170
Machinery and equipment	653	-	-	653	218	435	33.4	399	280
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	420,009	-	-	420,009	374,583	45,426	89.2	534,282	421,270

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 3.3 Incremental Interventions	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,545,802	-	(22,970)	1,522,832	1,259,157	263,675	82.7	1,283,640	1,307,268
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	100,000	-	-	100,000	100,000	-	100.0	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,445,802	-	(22,970)	1,422,832	1,159,157	263,675	81.5	1,283,640	1,307,268
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1,545,802	-	(22,970)	1,522,832	1,259,157	263,675	82.7	1,283,640	1,307,268

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 3.4 Social and Rental Interventions	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	225,490	-	-	225,490	231,477	(5,987)	102.7	257,398	267,718
Provinces and municipalities	59,000	-	-	59,000	65,142	(6,142)	110.4	100,000	108,757
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	166,490	-	-	166,490	166,335	155	99.9	157,398	158,961
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	225,490	-	-	225,490	231,477	(5,987)	102.7	257,398	267,718

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 3.5 Rural Interventions	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	859,873	-	-	859,873	1,160,988	(301,115)	135.0	1,518,096	1,591,697
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	859,873	-	-	859,873	1,160,988	(301,115)	135.0	1,518,096	1,591,697
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	859,873	-	-	859,873	1,160,988	(301,115)	135.0	1,518,096	1,591,697

APPROPRIATION STATEMENT
for the year ended 31 March 2017

	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub-programme									
1. Administration	54,746	-	3,760	58,506	58,506	-	100.0	51,248	47,633
2. Sale and Transfer of Housing Properties	2,452	-	-	2,452	335	2,117	13.7	958	537
3. Housing Properties Maintenance	130,487	-	2,739	133,226	135,343	(2,117)	101.6	187,031	193,517
Total for sub-programmes	187,685	-	6,499	194,184	194,184	-	100.0	239,237	241,687
Economic classification									
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	-	-	-	-
Social contributions	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-
Minor assets	-	-	-	-	-	-	-	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Programme 4: Housing Asset Management, Property Management	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
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	-	-	-	-	-	-	-	-	-
Medgas 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 2017

	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	-	-	-	-	-	-	-	-	-
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	187,685	-	6,499	194,184	194,114	70	100.0	239,145	241,644
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	187,685	-	6,499	194,184	194,114	70	100.0	239,145	241,644
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	187,685	-	6,499	194,184	194,114	70	100.0	239,145	241,644
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 2017

Programme 4: Housing Asset Management, Property Management	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	70	(70)	-	92	43
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	70	(70)	-	92	43
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	70	(70)	-	92	43
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	187,685	-	6,499	194,184	194,184	-	100.0	239,237	241,687

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 4.1 Administration	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	54,746	-	3,760	58,506	58,436	70	99.9	51,156	47,590
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	54,746	-	3,760	58,506	58,436	70	99.9	51,156	47,590
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	70	(70)	-	92	43
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	70	(70)	-	92	43
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	54,746	-	3,760	58,506	58,506	-	100.0	51,248	47,633

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 4.2 Sale and Transfer of Housing Properties	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2,452	-	-	2,452	335	2,117	13.7	958	537
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	2,452	-	-	2,452	335	2,117	13.7	958	537
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2,452	-	-	2,452	335	2,117	13.7	958	537

APPROPRIATION STATEMENT
for the year ended 31 March 2017

Sub-programme: 4.3 Housing Properties Maintenance	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	130,487	-	2,739	133,226	135,343	(2,117)	101.6	187,031	193,517
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	130,487	-	2,739	133,226	135,343	(2,117)	101.6	187,031	193,517
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	130,487	-	2,739	133,226	135,343	(2,117)	101.6	187,031	193,517

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2017

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	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	205,279	205,279	-	-
Housing Needs, Research and Planning	15,928	15,928	-	-
Housing Development	3,114,986	3,113,612	1,374	-

Explanation of variance: The under-expenditure in this programme is due to the money that was refunded to the Department by FNB at the end of March due to non-registration of the units to the beneficiaries for FLISP subsidy in respect of Ridgeview Garden project. The Department requested for these funds to be rolled-over to the 2017/18 financial year.

Housing Asset Management, Property Management	194,184	194,184	-	-
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NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2017

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments	451,140	457,004	(5,864)	(1)
Compensation of employees	289,435	280,036	9,399	3
Goods and services	161,306	176,569	(15,263)	(9)
Interest and rent on land	399	399	-	-
Transfers and subsidies	3,052,567	3,065,932	(13,365)	-
Provinces and municipalities	86,137	124,345	(38,208)	(44)
Departmental agencies and accounts	212,184	194,114	18,070	9
Higher education institutions	-	-	-	-
Public corporations and private enterprises	100,000	100,000	-	-
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	-
Households	2,654,246	2,647,473	6,773	-
Payments for capital assets	26,199	5,596	20,603	79
Buildings and other fixed structures	21,754	1,712	20,042	92
Machinery and equipment	4,445	3,884	561	13
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Intangible assets	-	-	-	-
Payments for financial assets	471	471	-	
Total	3,530,377	3,529,003	1,374	-

Explanation of variance: Under-expenditure in the *Compensation of Employees* classification is mainly due to the delays in the filling of vacant budgeted posts such as Construction Project Managers, Building Inspectors, Project Facilitators, etc.

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2017**

Explanation of variance: Over-expenditure in **Goods and Services** classification is mainly due to the payment made for the appointment of a civil and structural engineer to undertake assessments and repairs of structural defects at Ridge View Gardens social housing project as well as the escalation in the lease of office building costs and property payments.

Explanation of variance: Over-expenditure in **Provinces and municipalities** classification is resulting from higher than budgeted operational costs of the accredited Municipalities due to accelerated performance by some Municipalities as well as payment of arrear rates and taxes to the Ulundi Municipality in respect of properties that are owned by the Department.

Explanation of variance: Under-expenditure in **Departmental agencies and accounts** classification is mainly due to the provision made to transfer funds to the HDA which did not materialise due to the reviewing of the contract between the Department and the HDA.

Explanation of variance: Under-expenditure in **Households** is mainly from the servicing of sites which are provincial specific programmes. The Departmental Serviced Sites Task Team has devised a strategy for this programme, via a policy that has been drafted. The Department has engaged Housing Development Agency to assess Departmental owned sites to use such serviced sites utilising the FLISP and other subsidy instruments. This has not been completed and the procurement process for the professionals to undertake the servicing of sites was delayed as a result. As of now professionals have been appointed and have commenced with the planning activities on identification of properties within eThekweni Municipality.

Explanation of variance: Under-expenditure in **Buildings and other fixed structures** relates to Social and Economic Amenities programmes due to delays in appointing the new implementing agents for the construction. The initial contract was terminated during the 2015/16 financial year as a result of poor performance of contractors. The new contractors have been appointed in March 2017 to complete the remaining work within this programme.

Explanation of variance: Under-expenditure in **Machinery and equipment** is due to the provisions made for the purchase of office furniture and equipment for new employees but, these funds were not utilised due to delays in the filling of critical vacant posts.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Human Settlements Development Grant	3,124,702	3,123,330	1,372	-
EPWP	15,194	15,194	-	-

Explanation of variance: The under-expenditure in the **Human Settlements Development Grant** is mainly due to the funds that were refunded to the Department by FNB at the end of March due to non-registration of the units to the beneficiaries for FLISP subsidies in respect of Ridgeview Garden project. The Department has requested for these funds to be rolled-over to the 2017/18 financial year.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
Revenue			
Annual appropriation	1	3,530,377	4,131,347
Departmental revenue	2	16,063	168,075
Total revenue		3,546,440	4,299,422
Expenditure			
Current expenditure			
Compensation of employees	3	280,036	266,232
Goods and services	4	176,569	123,128
Interest and rent on land	5	399	-
Total current expenditure		457,004	389,360
Transfers and subsidies			
Transfers and subsidies	7	3,065,932	3,726,625
Total transfers and subsidies		3,065,932	3,726,625
Expenditure for capital assets			
Tangible assets	8	5,596	14,755
Total expenditure for capital assets		5,596	14,755
Payments for financial assets	6	471	285
Total expenditure		3,529,003	4,131,025
Surplus for the year		17,437	168,397
Reconciliation of Net Surplus for the year			
Voted funds		1,374	322
Annual appropriation		2	(200)
Conditional grants		1,372	522
Departmental revenue	2	16,063	168,075
Surplus for the year		17,437	168,397

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
Assets			
Current assets		6,105	27,844
Unauthorised expenditure	9	5,579	20,313
Cash and cash equivalents	10	4	4
Receivables	11	522	7,527
Non-current assets		395	589
Receivables	11	395	589
Total assets		6,500	28,433
Liabilities			
Current liabilities		6,262	27,945
Voted funds to be surrendered to the Revenue Fund	12	1,374	(302,472)
Departmental revenue to be surrendered to the Revenue Fund	13	2,850	6,936
Bank overdraft	14	1,985	311,310
Payables	15	53	12,171
Total liabilities		6,262	27,945
Net assets		238	488
Represented by:			
Recoverable revenue		238	488
Total		238	488

STATEMENT OF CHANGE IN NET ASSETS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
Recoverable revenue			
Opening balance		488	408
Transfers:		(250)	80
Irrecoverable amounts written off	6	(471)	(35)
Debts recovered		(131)	(185)
Debts raised		352	300
Closing balance		238	488

CASH FLOW STATEMENT
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
Cash flows from operating activities			
Receipts		3,545,901	3,991,045
Annual appropriated funds received	1.1	3,530,377	3,822,970
Departmental revenue received	2	15,514	165,901
Interest received	2.2	10	2,174
Net decrease/(increase) in working capital		9,815	(4,869)
Surrendered to Revenue Fund		282,323	74,699
Current payments		(456,605)	(383,777)
Interest paid	5	(399)	-
Payments for financial assets		(471)	(285)
Transfers and subsidies paid		(3,065,932)	(3,726,625)
Net cash flow available from operating activities	16	314,632	(49,812)
Cash flows from investing activities			
Payments for capital assets	8	(5,596)	(14,755)
Proceeds from sale of capital assets	2.3	539	-
Net cash flows from investing activities		(5,057)	(14,755)
Cash flows from financing activities			
(Decrease)/increase in net assets		(250)	80
Net cash flows from financing activities		(250)	80
Net increase/(decrease) in cash and cash equivalents		309,325	(64,487)
Cash and cash equivalents at beginning of period		(311,306)	(246,819)
Cash and cash equivalents at end of period	17	(1,981)	(311,306)

ACCOUNTING POLICIES
for the year ended 31 March 2017

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 spotexchange 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.

ACCOUNTING POLICIES
for the year ended 31 March 2017

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

7.2 Departmental revenue

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

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

7.3 Accrued departmental revenue

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

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

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

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

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 when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.

Accruals and payables not recognised are measured at cost.

ACCOUNTING POLICIES
for the year ended 31 March 2017

8.4 Leases**8.4.1 Operating leases**

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

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

8.4.2 Finance leases

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

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

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

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

9. Aid Assistance**9.1 Aid assistance received**

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

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

9.2 Aid assistance paid

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

10. Cash and cash equivalents

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

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

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

11. Prepayments and advances

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

Prepayments and advances are initially and subsequently measured at cost.

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.

ACCOUNTING POLICIES
for the year ended 31 March 2017

13. Investments

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

14. Financial assets**14.1 Financial assets**

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

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

14.2 Impairment of financial assets

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

15. Payables

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

16. Capital Assets**16.1 Immovable capital assets**

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

Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.

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

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

16.2 Movable capital assets

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

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

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

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

Biological assets are subsequently carried at fair value.

ACCOUNTING POLICIES
for the year ended 31 March 2017

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

16.3 Intangible assets

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

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

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

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

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

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

17. Provisions and Contingents

17.1 Provisions

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

17.2 Contingent liabilities

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

17.3 Contingent assets

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

17.4 Commitments

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

ACCOUNTING POLICIES
for the year ended 31 March 2017

18. Unauthorised expenditure

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

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

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

19. Fruitless and wasteful expenditure

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

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

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

20. Irregular expenditure

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

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

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

21. Changes in accounting policies, accounting estimates and errors

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

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

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

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.

ACCOUNTING POLICIES
for the year ended 31 March 2017

23. Principal-Agent arrangements

The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

24. Departures from the MCS requirements

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

25. Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the 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 National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

27. Related party transactions

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

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

28. Inventories

At the date of acquisition, inventories are recorded at cost price in the statement of financial performance.

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

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

Subsequent measurement of the cost of inventory is determined on the weighted average basis.

29. Public-Private Partnerships

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

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

30. Employee benefits

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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	2016/17			2015/16	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	205,279	205,279	-	195,128	195,128
Housing Needs, Research and Planning	15,928	15,928	-	17,209	17,209
Housing Development	3,114,986	3,114,986	-	3,679,773	3,371,396
Housing Asset Management, Property Management	194,184	194,184	-	239,237	239,237
Total	3,530,377	3,530,377	-	4,131,347	3,822,970

Note	2016/17	2015/16
	R'000	R'000

1.2 Conditional grants

Total grants received	31	3,139,896	3,550,432
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2. Departmental revenue

Sales of goods and services other than capital assets	2.1	442	700
Interest, dividends and rent on land	2.2	10	2,174
Sales of capital assets	2.3	539	-
Transactions in financial assets and liabilities	2.4	15,072	165,201
Departmental revenue collected		16,063	168,075

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
2.1. Sales of goods and services other than capital assets			
Sales of goods and services produced by the department	2		
Sales by market establishment		442	700
Total		<u>442</u>	<u>700</u>
2.2. Interest, dividends and rent on land	2		
Interest		10	2,174
Total		<u>10</u>	<u>2,174</u>
2.3. Sale of capital assets	2		
Tangible assets			
Machinery and equipment	28	539	-
Total		<u>539</u>	<u>-</u>
2.4. Transactions in financial assets and liabilities	2		
Other Receipts including Recoverable Revenue		15,072	165,201
Total		<u>15,072</u>	<u>165,201</u>
3. Compensation of employees			
3.1. Salaries and Wages			
Basic salary		196,188	185,296
Performance award		884	3,099
Service Based		280	392
Compensative/circumstantial		726	1,395
Periodic payments		5,616	4,933
Other non-pensionable allowances		45,201	42,950
Total		<u>248,895</u>	<u>238,065</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
3.2. Social contributions			
Employer contributions			
Pension		20,969	18,340
Medical		10,125	9,785
Bargaining council		47	42
Total		31,141	28,167
Total compensation of employees		280,036	266,232
Average number of employees		611	484
4. Goods and services			
Administrative fees		571	513
Advertising		768	2,031
Minor assets	4.1	2,302	2,811
Bursaries (employees)		163	122
Catering		6,105	2,787
Communication		7,301	8,573
Computer services	4.2	10,701	16,841
Consultants: Business and advisory services		30,269	2,596
Infrastructure and planning services		4,594	1,370
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		2,532	3,613
Contractors		8,697	3,032
Agency and support / outsourced services		128	85
Entertainment		-	-
Audit cost – external	4.3	5,815	6,262
Fleet services		4,699	4,209
Inventory	4.4	1,518	740
Consumables	4.5	1,885	1,623
Housing		-	-
Operating leases		30,967	20,467
Property payments	4.6	32,514	23,902
Rental and hiring		4,275	1,032
Transport provided as part of the departmental activities		1,208	698
Travel and subsistence	4.7	12,895	13,019
Venues and facilities		667	1,694
Training and development		4,621	2,892
Other operating expenditure	4.8	1,374	2,216
Total		176,569	123,128

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
4.1. Minor assets	4		
Tangible assets			
Machinery and equipment		2,302	2,811
Total		2,302	2,811
4.2. Computer services	4		
SITA computer services		8,129	14,128
External computer service providers		2,572	2,713
Total		10,701	16,841
4.3. Audit cost – External	4		
Regularity audits		5,815	6,262
Performance audits		-	-
Investigations		-	-
Environmental audits		-	-
Computer audits		-	-
Total		5,815	6,262
4.4. Inventory	4		
Clothing material and accessories		542	24
Food and food supplies		27	48
Learning, teaching and support material		57	288
Materials and supplies		892	380
Total		1,518	740
4.5. Consumables	4		
Consumable supplies		541	506
Uniform and clothing		235	400
Household supplies		26	20
Building material and supplies		7	13
IT consumables		24	19
Other consumables		249	54
Stationery, printing and office supplies		1,344	1,117
Total		1,885	1,623

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
4.6. Property payments	4		
Municipal services		5,144	5,696
Property maintenance and repairs		34	41
Other		27,336	18,165
Total		32,514	23,902
4.7. Travel and subsistence	4		
Local		12,895	13,019
Foreign		-	-
Total		12,895	13,019
4.8. Other operating expenditure	4		
Professional bodies, membership and subscription fees		13	13
Resettlement costs		-	290
Other		1,361	1,913
Total		1,374	2,216
5. Interest and rent on land			
Interest paid		399	-
Rent on land		-	-
Total		399	-
6. Payments for financial assets	6.1		
Debts written off		471	285
Total		471	285
6.1. Debts written off	6		
Nature of debts written off			
Out of services debts		471	25
Amakhosi Housing Programme		-	260
Total debt written off		471	285

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
7. Transfers and subsidies			
Provinces and municipalities	Annex 1A	124,345	163,156
Departmental agencies and accounts	Annex 1B	194,114	259,644
Public corporations and private enterprises	Annex 1C	100,000	-
Households	Annex 1D	2,647,473	3,303,825
Total		3,065,932	3,726,625
<u>Unspent funds transferred to the above beneficiaries</u>			
Provinces and municipalities		255,483	307,738
Departmental agencies and accounts		133,207	68,911
Total		388,690	376,649
8. Expenditure for capital assets			
Tangible assets			
Buildings and other fixed structures	Annex 6	1,711	6,170
Machinery and equipment	28	3,885	8,585
Total		5,596	14,755
8.1. Analysis of funds utilised to acquire capital assets – 2016/17			
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets			
Buildings and other fixed structures	1,711	-	1,711
Machinery and equipment	3,885	-	3,885
Total	5,596	-	5,596
8.2. Analysis of funds utilised to acquire capital assets – 2015/16			
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets			
Buildings and other fixed structures	6,170	-	6,170
Machinery and equipment	8,585	-	8,585
Total	14,755	-	14,755

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
9. Unauthorised expenditure			
9.1. Reconciliation of unauthorised expenditure			
Opening balance		20,313	14,730
Unauthorised expenditure – current year		-	5,583
Less: Amounts approved by Legislature with funding		(14,734)	-
Less: Amounts approved by Legislature without funding		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery		-	-
Closing balance		5,579	20,313
9.2. Analysis of unauthorised expenditure awaiting authorisation per economic classification			
Capital		3,132	3,132
Current		-	-
Transfers and subsidies		2,447	17,181
Total		5,579	20,313
9.3. Analysis of unauthorised expenditure awaiting authorisation per type			
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		5,579	20,313
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		-	-
Total		5,579	20,313
10. Cash and cash equivalents			
Cash on hand		4	4
Total		4	4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

11. Receivables

	Note	2016/17			2015/16		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	-	-	-	144	-	144
Staff debt	11.2	234	99	333	335	311	646
Other debtors	11.3	288	296	584	7,048	278	7,326
Total		522	395	917	7,527	589	8,116

	Note	2016/17	2015/16
		R'000	R'000
11.1. Claims recoverable	11 and Annex 3		
Provincial departments		-	144
Total		-	144
11.2. Staff debt	11		
Salary		77	224
Bursary		20	39
Other		236	383
Total		333	646
11.3. Other debtors	11		
Salary – tax debt		-	35
Supplier overpayment		296	278
Salary – reversal		-	4
Disallowance miscellaneous		11	7,009
KwaZulu-Natal Housing Fund		141	-
PSETA		136	-
Total		584	7,326

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
11.4. Impairment of receivables			
Estimate of impairment of receivables		29	78
Total		29	78
12. Voted funds to be surrendered to the Revenue Fund			
Opening balance		(302,472)	(236,000)
Transfer from statement of financial performance		1,374	322
Add: Unauthorised expenditure for current year	9	-	5,583
Voted funds not received	1.1	-	(308,377)
Paid during the year		302,472	236,000
Closing balance		1,374	(302,472)
13. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		6,936	162
Transfer from Statement of Financial Performance		16,063	168,075
Paid during the year		(20,149)	(161,301)
Closing balance		2,850	6,936
14. Bank Overdraft			
Consolidated Paymaster General Account		1,985	311,310
Total		1,985	311,310
15. Payables – current			
Amounts owing to other entities		-	689
Advances received	15.1	-	11,286
Clearing accounts	15.2	53	196
Total		53	12,171
15.1. Advances received	15		
National Departments		-	11,286
Total		-	11,286
15.2. Clearing accounts	15		
Salary related		46	196
Other		7	-
Total		53	196

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
16. Net cash flow available from operating activities			
Net surplus as per Statement of Financial Performance		17,437	168,397
Add back non cash		297,195	(218,209)
Decrease/(Increase) in receivables – current		7,199	(111)
Decrease in other current assets		14,734	825
Decrease in payables – current		(12,118)	-
Proceeds from sale of capital assets		(539)	-
Expenditure on capital assets		5,596	14,755
Surrenders to Revenue Fund		282,323	74,699
Voted funds not received		-	(308,377)
Net cash flow generated by operating activities		314,632	(49,812)
17. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(1,985)	(311,310)
Cash on hand		4	4
Total		(1,981)	(311,306)
18. Contingent liabilities			
Liable to			
Claims against the department	Annex 2A	113,190	423,163
Intergovernmental payables (unconfirmed balances)	Annex 4	20,956	25,305
Total		134,146	448,468

The contingent liabilities involve contract disputes and claims which have arisen out of breach of contract. The estimated outflow is uncertain owing to the court dates not been determined.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
19. Commitments			
Current expenditure			
Approved and contracted		41,821	44,574
Approved but not yet contracted		15,509	26,188
		<u>57,330</u>	<u>70,762</u>
Capital expenditure			
Approved and contracted		14,182,974	16,168,600
Approved but not yet contracted		65,075	256,834
		<u>14,248,049</u>	<u>16,425,434</u>
Total Commitments		<u>14,305,379</u>	<u>16,496,196</u>

Most commitments are of a long term nature relating to services and projects.

20. Accruals and payables not recognised

20.1. Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	8,024	-	8,024	3,936
Interest and rent on land	-	-	-	-
Transfers and subsidies	18,923	-	18,923	-
Capital assets	-	-	-	-
Other	-	-	-	-
Total	<u>26,947</u>	<u>-</u>	<u>26,947</u>	<u>3,936</u>

Listed by programme level

Programme 1	5,499	1,910
Programme 2	768	1,406
Programme 3	20,659	505
Programme 4	21	115
Total	<u>26,947</u>	<u>3,936</u>

Rental agreements were not signed at year-end and payments to KZN Department of Public Works for construction work.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

20.2. Payables not recognised**Listed by economic classification**

	30 Days	30+ Days	Total	Total
Goods and services	1,082	20	1,102	16,424
Interest and rent on land	-	-	-	-
Transfers and subsidies	293,720	-	293,720	280,051
Capital assets	-	-	-	-
Other	-	-	-	-
Total	294,802	20	294,822	296,475

Listed by programme level

Programme 1	653	7,848
Programme 2	965	542
Programme 3	292,994	281,903
Programme 4	210	6,182
Total	294,822	296,475

Bulk of the payables at year-end relates to projects.

Note	2016/17	2015/16
	R'000	R'000

Included in the above totals are the following:

Confirmed balances with other departments	Annex 4	29,103	4,598
Total		29,103	4,598

21. Employee benefits

Leave entitlement	17,537	17,394
Service bonus (Thirteenth cheque)	7,106	7,258
Performance awards	-	85
Capped leave commitments	26,223	29,965
Other	-	-
Total	50,866	54,702

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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

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

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

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

22.2. Finance leases expenditure

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

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	4,753	4,753
Later than 1 year and not later than 5 years	-	-	-	914	914
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	5,667	5,667

Finance lease commitments relates to cell phone contracts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
23. Accrued departmental revenue			
Transactions in financial assets and liabilities		13,598	13,302
Total		13,598	13,302
23.1. Analysis of accrued departmental revenue			
Opening balance		13,302	13,707
Less: amounts received		(504)	(885)
Add: amounts recognised		800	480
Less: amounts written-off		-	-
Closing balance		13,598	13,302
24. Irregular expenditure			
24.1. Reconciliation of irregular expenditure			
Opening balance		418,300	411,893
Add: Irregular expenditure – relating to prior year		2,327,848	-
Add: Irregular expenditure – relating to current year	24.2	559,890	6,407
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable		-	-
Less: Amounts not condoned and not recoverable		-	-
Closing balance		3,306,038	418,300
Analysis of awaiting condonation per age classification			
Current year		559,890	6,407
Prior years		2,746,148	411,893
Total		3,306,038	418,300
24.2. Details of irregular expenditure – added current year			
Incident	Disciplinary steps taken/criminal proceedings		2016/17 R'000
Competitive bidding not followed	These cases relates to contracts that was declared irregular in prior years		43
SCM process not followed by municipalities	These cases relates to procurement of services providers for housing projects undertaken by various municipalities		559,847
Total			559,890

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

24.3. Details of possible irregular expenditure under investigation (not included as irregular expenditure in the main note)

Incident	2016/17 R'000
There are 215 housing projects where the municipalities concluded the SCM processes. The Department is awaiting the SCM documentation from the municipalities to assess if the expenditure is irregular. Only once the documents has been received will the department be in a position to validate and quantify the irregular expenditure for these 215 projects, (refer to Accounting Officer's report)	7,015,509
Total	7,015,509

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

Incident	2016/17 R'000
Transversal contract for photo copy machines	3,012
Procurement for housing projects – done by various municipalities	2,887,695
Total	2,890,707

Refer to accounting officers report, in respect of procurement of housing projects.

	Note	2016/17 R'000	2015/16 R'000
25. Fruitless and wasteful expenditure			
25.1. Reconciliation of fruitless and wasteful expenditure			
Opening balance		1,310	1,310
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year	25.3	448	-
Less: Amounts resolved		-	-
Less: Amounts transferred to receivables for recovery		-	-
Closing balance		1,758	1,310
25.2. Analysis of awaiting resolution per economic classification			
Current		1,758	1,310
Capital		-	-
Transfers and subsidies		-	-
Total		1,758	1,310

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

25.3. Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2016/17 R'000
Payment to GEPF in respect of officials that took early retirement	Invoices were received late from GEPF	372
Overdue municipal accounts	Invoices were received late	30
Overdue telephone and Post office accounts	Invoices were received late	46
Total		448

Note	2016/17 R'000	2015/16 R'000
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26. Related party transactions**Payments made**

Goods and services	29,272	18,750
Interest and rent on land	-	-
Expenditure for capital assets	-	-
Payments for financial assets	-	-
Transfers	194,114	241,646
Total	223,386	260,396

Year end balances arising from revenue/payments

Receivables from related parties	141	-
Payables to related parties	-	4,924
Total	141	4,924

Other

Expenditure applicable to related party transactions:

KwaZulu-Natal Housing Fund – managed by same MEC and HOD	194,114	241,646
KwaZulu-Natal Department of Public Works – same MEC	29,272	18,750
Total	223,386	260,396

In kind goods and services provided/received

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

- Shared services (Programmes 1,2 and 3)	5,726	6,189
The Department of Human Settlements occupies 4 buildings owned by the Department of Public Works at no charge (estimated benefit to the Department)	6,046	5,280
Total	11,772	11,469

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	No. of Individuals	2016/17 R'000	2015/16 R'000
27. Key management personnel			
Officials:			
Level 15 to 16	3	4,289	4,172
Level 14	4	4,635	4,433
Family members of key management personnel	-	-	-
Total		8,924	8,605

The salary of the MEC is being paid by 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 2017

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and equipment					
Transport assets	31,487	-	455	1,891	30,051
Computer equipment	24,950	-	1,606	2,294	24,262
Furniture and office equipment	5,565	-	400	403	5,562
Other machinery and equipment	249	-	-	28	221
Total movable tangible capital assets	62,251	-	2,461	4,616	60,096

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

28.1. Additions**Additions to movable tangible capital assets per asset register for the year ended 31 March 2017**

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment					
Transport assets	455	-	-	-	455
Computer equipment	2,932	-	-	(1,326)	1,606
Furniture and office equipment	497	-	-	(97)	400
Other machinery and equipment	-	-	-	-	-
Total additions to movable tangible capital assets	3,884	-	-	(1,423)	2,461

28.2. Disposals**Disposals of movable tangible capital assets per asset register for the year ended 31 March 2017**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Machinery and equipment				
Transport assets	1,891	-	1,891	539
Computer equipment	-	2,294	2,294	-
Furniture and office equipment	-	403	403	-
Other machinery and equipment	-	28	28	-
Total disposal of movable tangible capital assets	1,891	2,725	4,616	539

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

28.3. Movement for 2015/16**Movement in tangible capital assets per asset register for the year ended 31 March 2016**

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

28.4. Minor assets**Movement in minor assets per the asset register for the year ended as at 31 March 2017**

	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	-	471	-	6,120	-	6,591
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	254	-	254
Disposals	-	397	-	414	-	811
Total minor assets	-	74	-	5,960	-	6,034

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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

	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	-	471	-	5,832	-	6,303
Prior period error	-	-	-	-	-	-
Additions	-	-	-	849	-	849
Disposals	-	-	-	561	-	561
Total minor assets	-	471	-	6,120	-	6,591

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

28.5. Movable assets written off

Movable assets written off for the year ended as at 31 March 2017

	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
Assets written off	-	397	-	414	-	811
Total movable assets written off	-	397	-	414	-	811

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

	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
Assets written off	-	-	-	2,447	-	2,447
Total movable assets written off	-	-	-	2,447	-	2,447

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

29. Intangible Capital Assets

Movement in intangible capital assets per asset register for the year ended 31 March 2017

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	2,797	-	-	1,228	1,569
Total intangible capital assets	2,797	-	-	1,228	1,569

29.1. Additions

Additions to intangible capital assets per asset register for the year ended 31 March 2017

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

29.2. Disposals

Disposals of intangible capital assets per asset register for the year ended 31 March 2017

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
Software	-	1,228	1,228	-
Total disposals of intangible capital assets	-	1,228	1,228	-

29.3. Movement for 2015/16

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

30. Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2017

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

30.1. Movement for 2015/16

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

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

31. Statement of conditional grants received

Name of Department	Grant allocation						Spent			2015/16	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by Department	Amount spent by Department	Under / (Overspending)	% of available funds spent by Department	DoRA	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	3,124,702	-	-	-	3,124,702	3,124,702	3,123,330	1,372	100.0	3,543,852	3,543,852
EPWP Incentive Grant	15,194	-	-	-	15,194	15,194	15,194	-	100.0	6,580	6,058
Total	3,139,896	-	-	-	3,139,896	3,139,896	3,138,524	1,372	100.0	3,550,432	3,549,910

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 bank account.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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		2015/16 DoRA R'000	
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000		Funds Withheld R'000
eThekweni	59,000	-	-	59,000	88,056	-	132,403
Hibiscus Coast	3,378	-	-	3,378	3,306	-	3,603
Msunduzi	10,389	-	-	10,389	15,780	-	12,581
Ernambithi/Ladysmith	4,077	-	-	4,077	1,544	-	1,203
Newcastle	1,681	-	-	1,681	4,932	-	4,560
uMhlatuze	2,154	-	-	2,154	1,655	-	4,246
KwaDukuza	5,113	-	-	5,113	3,340	-	4,456
Umlalazi	-	-	-	-	-	-	-
uMngeni	-	-	-	-	-	-	-
Mthonjaneni	-	-	-	-	-	-	-
Jozini	-	-	-	-	-	-	-
Ulundi	-	-	-	-	5,548	-	-
Other	345	-	-	345	184	-	104
Total	86,137	-	-	86,137	124,345	-	163,156

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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

Department / Agency / Account	Transfer allocation					Transfer		2015/16 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %		
KwaZulu-Natal Housing Fund	187,685	-	6,499	194,184	194,114	100.0	241,644	
Housing Development Agency	18,000	-	-	18,000	-	-	18,000	
Total	205,685	-	6,499	212,184	194,114	91.5	259,644	

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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

Name of public corporation / private enterprise	Transfer allocation				Expenditure			2015/16	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000	Appropriation Act R'000
Public Corporations Ithala Development Corporation	100,000	-	-	100,000	100,000	100.0	-	-	-
Total	100,000	-	-	100,000	100,000	100.0	-	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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

Households	Transfer allocation				Expenditure		2015/16 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
Project Linked	614,974	-	-	614,974	626,472	101.9	634,438
Individuals	8,399	-	-	8,399	11,823	140.8	34,877
Institutional	166,490	-	-	166,490	166,414	100.0	159,036
Rural Support	859,873	-	-	859,873	1,184,068	137.7	1,617,153
Emergency Support	107,924	-	-	107,924	85,352	79.0	172,378
Informal Settlements	624,570	-	(22,219)	602,351	226,229	37.8	312,387
Peoples Housing Process	291,140	-	-	291,140	343,146	117.9	370,940
Other	1,596	-	1,499	3,095	3,937	127.0	1,605
Claims Against the State	-	-	-	-	2	100.0	3
Consolidation	-	-	-	-	30	100.0	1,008
Total	2,674,966	-	(20,720)	2,654,246	2,647,473	99.7	3,303,825

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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

Name of organisation	Nature of gift, donation or sponsorship	2016/17	2015/16
		R'000	R'000
Received in kind			
Data Centrix	Tablets / Key ring, torches and pens	15	3
Tree Cities, Riverside Hotel	Accommodation voucher	1	1
Holiday Inn	Dinner vouchers / Accommodation vouchers	2	4
Siyavaya Tours	Gift packs	-	4
NHBRC	Vouchers and laptop	22	33
Housing Development Agency	3 Mini iPad	10	15
First Metro Housing	Hard hats for assessment teams	-	1
DSL Consulting Engineering	Reflective jackets for assessment teams	-	2
KZN Ezemvelo Wildlife	Accommodation vouchers	4	4
KGJ Productions	Beaded S.A Flags	-	5
Sarkum Housing	Reflector and padded jackets	2	-
Nigvin Civils	Hard hats for assessment teams	1	-
Terraplan	Sun hats	1	-
Selio Construction	Laptops	36	-
LDM	Printers	7	-
Jikeleza Tours	Wine	10	-
Master Builders Association	Power Banks	70	-
Vodacom	T/shirts and cellular phones accessories	10	-
Tongaat Hullels	Gift bags	1	-
Born and Bred	Invites and programmes	1	-
Jozini Tiger Lodge	Accommodation voucher	1	-
liawa Hotel	Sleepers, towels, coasters and accommodation vouchers	15	-
Protea Hotel	Accommodation and breakfast vouchers	2	-
Tsogo Sun	accommodation vouchers	4	-
Europcar	Car rental vouchers	2	-
Premier Hotel	Accommodation vouchers	3	-
Splendid Inn the Bayshore	Accommodation vouchers	2	-
Fly Mango	Flight tickets	4	-
Tourvest	Juice bottles and lunch bags	4	-
Total		230	72

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

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**Annexure 1F
Statement of gifts, donations and sponsorships made**

Nature of gift, donation, sponsorship made and remissions, refunds and payments made as an act of grace	2016/17	2015/16
	R'000	R'000
Made in cash and kind		
Uniforms - 83 pupils - Hlazatshe Primary School at the Sukuma Sakhe house handover.	52	-
Donation to the Umzansi Youth in Construction (For young women).	50	-
Donation to Nelson Mandela Youth Centre "Youth careers and job expo"	5	-
Furniture for OSS beneficiaries	98	-
Payment of excess in respect of subsidised vehicles	2	-
School and boarding fees (Arthur Blaxall School for the Blind) - Siyabonga Mthembu - OSS beneficiary	-	11
Re-imbursment of purchase of food parcels - OSS - disaster intervention - Mtubatuba	-	1
Career Expo - rural schools - branded materials	-	49
Uniforms - 50 pupils - Amandawe Junior Primary	-	27
Uniforms - 44 pupils - Kwahluzingqondo High	-	25
Uniforms - 50 pupils - Shonkweni Combined Primary	-	30
Total	207	143

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**Annexure 2A
Statement of contingent liabilities as at 31 March 2017**

Nature of Liability	Opening Balance	Liabilities	Liabilities paid/ cancelled/reduced	Liabilities	Closing
	1 April 2016	incurred during	during the year	recoverable	Balance
	R'000	the year		(Provide details hereunder)	31 March 2017
		R'000	R'000	R'000	R'000
Claims against the department					
Breach of Contract	189,284	1,736	118,505	-	72,515
Services Rendered	148,545	-	113,209	-	35,336
Arbitration	85,334	-	80,263	-	5,071
Staff Grievance	-	268	-	-	268
Total	423,163	2,004	311,977	-	113,190

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**Annexure 3
Claims recoverable**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
COGTA - KZN	-	125	-	-	-	125	-	-
Public Works - KZN	-	19	-	-	-	19	-	-
Total	-	144	-	-	-	144	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**Annexure 4
Inter-government payables**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Current								
Transport - KZN	40	39	-	6	40	45	-	-
Justice and Constitutional Development	347	138	-	-	347	138	-	-
Public Works - KZN	27,917	4,235	20,956	25,299	48,873	29,534	-	-
Government Printing Works	4	111	-	-	4	111	-	-
Agriculture and Rural Development - KZN	-	21	-	-	-	21	-	-
Human Settlements - Western Cape	-	1	-	-	-	1	-	-
Arts and Culture - KZN	-	22	-	-	-	22	-	-
COGHSTA - Limpopo	-	31	-	-	-	31	-	-
Treasury - KZN	154	-	-	-	154	-	-	-
GEPF	641	-	-	-	641	-	-	-
Total	29,103	4,598	20,956	25,305	50,059	29,903	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**Annexure 5
Inventories**

Inventory	2016/17	2015/16
	R'000	R'000
Opening balance	299,385	211,202
Add: Purchases - Cash	2,382,918	2,781,496
(Less): Issues	(2,438,723)	(2,693,313)
Closing balance	243,580	299,385

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**Annexure 6
Movement in capital work in progress**

Movement in capital work in progress for the year ended 31 March 2017

Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
R'000	R'000	R'000	R'000

Buildings and other fixed structures

Dwellings	8,651	-	-	8,651
Non-residential buildings	-	-	-	-
Other fixed structures	237,272	1,711	-	238,983

Total	245,923	1,711	-	247,634
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Movement in capital work in progress for the year ended 31 March 2016

Opening balance	Prior period error	Current Year Capital WIP	Completed Assets	Closing balance
R'000	R'000	R'000	R'000	R'000

Buildings and other fixed structures

Dwellings	8,651	-	-	-	8,651
Non-residential buildings	-	-	-	-	-
Other fixed structures	231,102	-	6,170	-	237,272

Total	239,753	-	6,170	-	245,923
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

Annexure 7
Inter-entity advances received (note 15)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
National departments						
Current						
Military Veterans	-	11,286	-	-	-	11,286
Total	-	11,286	-	-	-	11,286



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 Housing Fund set out on pages 225 to 251, which comprise, the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes 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 KwaZulu-Natal Housing Fund as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

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 fund in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below.

Restatement of corresponding figures

7. As disclosed in note 16 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the KwaZulu-Natal Housing Fund at, and for the year ended, 31 March 2017.

Material impairments

8. As disclosed in note 4.1 to the financial statements, material losses of R18,41 million (2016: R53,35 million) were incurred as a result of the write-off of irrecoverable receivables in terms of the enhanced extended discount benefit scheme policy.

Responsibilities of accounting authority for the financial statements

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

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

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

Report on the audit of the annual performance report

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 reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the fund. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be

included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the housing assets management and property management programme presented in the annual performance report of the fund for the year ended 31 March 2017.
16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the housing assets management and property management programme.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report on pages 220 to 222 includes information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a significant number of targets.

Adjustment of material misstatements

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

Report on audit of compliance with legislation

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the fund with specific matter in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. The material finding in respect of the compliance criteria for the applicable subject matter is as follows:

Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. Material misstatements of liabilities identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

24. The accounting authority of the housing fund is responsible for the other information. The other information comprises the information included in the annual report, which includes the accounting authority's report and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and the selected programme presented in the annual performance report that have been specifically reported on in the auditor's report.
25. 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 thereon.
26. 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact
27. I have not received the annual report. When I do receive this information, 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 re-issue my auditor's report amended as appropriate.

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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

29. Leadership did not exercise adequate oversight of the preparation of the financial statements as material misstatements were identified which were subsequently corrected.

Financial management

30. Management did not implement adequate controls to ensure that the financial statements were prepared in accordance with the applicable financial reporting framework and were supported by regular, accurate and complete financial reports.

Governance

31. The financial review process performed by internal audit did not adequately address the accuracy and completeness of the financial statements resulting in material misstatements and non-compliance with legislation.



Pietermaritzburg

31 July 2017



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 Housing Fund’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the 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 Housing Fund’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Housing Fund’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause the Housing Fund to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

GENERAL INFORMATION
for the year ended 31 March 2017

Name	KwaZulu-Natal Housing Fund
Physical Address	Old Mutual Building 203 Church Street Pietermaritzburg 3201
Postal Address	Private Bag X9157 Pietermaritzburg 3201
Legal Form	The KwaZulu-Natal Housing Fund is an unlisted public entity in terms of Section 47 (2) of the Public Finance management Act, 1999, (Act No. 1 of 1999)
Jurisdiction	Province of KwaZulu-Natal
Entities Operations and Principal Activities	<ul style="list-style-type: none"> • Is to maintain the properties that are owned by the KwaZulu-Natal Housing Fund; • Is to dispose of its properties, by: <ul style="list-style-type: none"> ➢ Promoting home ownership in term of the Enhanced Extended Discount Benefit scheme (EEDBS); and ➢ Devolving properties in terms of the Housing Act, 1997 (Act, 107 of 1997).
Legislation Governing the Entity's Operations	<ul style="list-style-type: none"> • Constitution of the Republic of South Africa, 1996, (Act, No 108 of 1996); • Housing Act, 1997 (Act, 107 of 1997); • KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as Amended); and • Public Finance Management Act, 1999 (Act No. 1 of 1999).
Controlling Entity	The KwaZulu-Natal Housing Fund is administered by the KwaZulu-Natal Department of Human Settlements (Vote 8).

PERFORMANCE INFORMATION
for the year ended 31 March 2017

Programme 4: Housing Asset Management, Property Management

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

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

Strategic objectives

Programme 4: Housing Asset Management, Property Management					
Strategic objectives	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
To fast-track the transfer of title deeds to promote home ownership Number of transfers finalized	655	2,559	525	(2,034)	Most of the instructions for transfers of the municipal stock delayed at the Municipalities as the Municipal Managers fail to prioritise signing of the sale agreements and other transfer documents. For the Department municipal stock the issue of settlement of the rates and service charges before issuance of the exemption certificates still a delaying factor Municipalities are being engaged on this issue, and some have shown relaxation of the hold on issuing of these but most still need further engagement.

PERFORMANCE INFORMATION
for the year ended 31 March 2017

Performance indicators

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Rectification of pre-1994 old housing stock Number of units rectified and /or upgraded	60	2,082	2,094	1,205	993	(212)	The Department adhered to the ministerial directive to reduce expenditure on rectification projects.
Sale and transfer of housing properties Number of rental units transferred	787	639	655	2,559	525	(2,034)	Most of the instructions for transfers of the municipal stock delayed at the municipalities as the Municipal Managers fail to prioritise signing of the sale agreements and other transfer documents. For the Department municipal stock the issue of settlement of the rates and service charges before issuance of the exemption certificates still a delaying factor Municipalities are being engaged on this issue, and some have shown relaxation of the hold on issuing of these but most still need further engagement.
Sale and transfer of housing properties Number of rental units devolved to municipalities in terms of section 15 of the Housing Act, 1997	-	-	-	739	-	(739)	KZN does not devolve rental units. Target was erroneously placed in the APP.
Sale and transfer of housing properties Number of land parcels devolved to municipalities in terms of section 15 of the Housing Act, 1997	-	-	-	478	-	(478)	The Department is currently challenged with the delays experiencing at the State Attorney's Office as a number of properties were sent to the State Attorney to effect endorsements in the name of the Provincial Government of KwaZulu-Natal and thereafter transfer to Municipalities.

PERFORMANCE INFORMATION
for the year ended 31 March 2017

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2013/2014	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Housing properties maintenance Number of units maintained	3,289	3,529	3,025	1,500	1,985	485	A breakdown in building facilities is unpredictable. The over-performance is due to there being more maintenance repairs than projected due to storm damage and infrastructure collapse (sewer, water and electrical).
Number of rental units sold to beneficiaries	787	-	-	-	-	-	Not targeted for the current financial year.
Number of debtors reduced per financial year	787	-	-	-	-	-	Not targeted for the current financial year.

Strategy to overcome areas of under performance

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

**REPORT OF THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND KWAZULU-NATAL PROVINCIAL LEGISLATURE
for the year ended 31 March 2017**

1. General review of the state of financial affairs

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

2. General

The Housing Act, Act no.107 of 1997 that governs the Housing Fund is currently in the process of being amended at a national level in order to dis-establish the National Housing Fund. Once the said act has been amended the KwaZulu-Natal Department of Housing will be in a position to amend the KwaZulu-Natal Housing Act 12 of 1998, to allow for the de-establishment (target date 31 March 2019) of the KwaZulu-Natal Housing Fund and to transfer all its assets and liabilities to the KwaZulu-Natal Department of Human Settlements.

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

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

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

Scopa resolutions

The following resolutions are applicable to KwaZulu-Natal Housing Fund:

Resolution No.	Subject	Response by the Department
106/2016	<p>Housing Fund: Irregular expenditure</p> <p>An explanation for the deviations from the competitive bidding process resulting in the irregular expenditure in 2015/16 and prior financial year(s) amounting to R22.187 million in total, as well as details of control measures put in place to address the audit findings and to prevent a recurrence (the Committee wants assurance that effective steps are in place) and steps taken against any officials responsible for the irregular expenditure, including recovery.</p> <p>In order to assess the effectiveness of control measures to prevent recurring irregular expenditure the report must, as a minimum demonstrate functionality in terms of the areas listed below:</p> <ul style="list-style-type: none"> • The risk register and the impact of the risk management The deviations register • Demand management • A procurement plan • The contracts register • Contract management • Performance management within the SCM environment 	<ul style="list-style-type: none"> ➢ The housing fund's irregular expenditure of R22, 187 million is included in the irregular expenditure of the Department (R418, 093 million) noted in resolution 102/2016; ➢ R17, 687 million of this irregular expenditure arose as a result of a contract issued to a consortium of firms of chartered accountants to clean-up the housing fund, the senior official who signed the contract did not have authority to sign the said contract: <ul style="list-style-type: none"> • The Housing Fund is satisfied that the work was done as per the contract; • The Housing Fund received value for money; • The Housing Fund's audit opinion changed from adverse to unqualified opinions in the last two audits; and • The Housing Fund employed two consultants who were instrumental in the clean-up exercise. ➢ The balance of the R4, 500 million arose as a result of the land invasion noted in resolution 102/2016 (2) above. ➢ The Housing Fund does not have its own SCM procurement system or process. All procurements are done by the Department of Human Settlements under Programme 4 – Housing Asset Management, Property Management; and ➢ As noted in resolution 101/2016, the Department has all these processes, systems and procedures in place. ➢ The Risk register and impact of Risk management: The Auditor General's findings in respect of irregular expenditure are captured into the 2016/2017 Risk Management Register. The management plans to mitigate this risk are in place. These risks are managed on a regular basis and reports are presented to the Departmental Audit and Risk Management Committee and also reported to the oversight structures (i.e. CARC) on a quarterly basis.

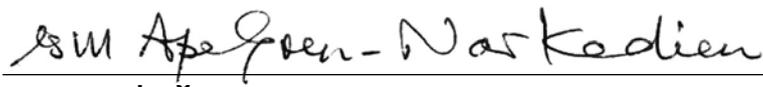
REPORT OF THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND KWAZULU-NATAL PROVINCIAL LEGISLATURE
for the year ended 31 March 2017

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 on pages 225 to 251 have been approved by the Accounting Officer.



Accounting Officer
KwaZulu-Natal Housing Fund
Date: 31 July 2017

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000 Restated
REVENUE	2	3,720	3,242
OTHER REVENUE	3	215,496	305,642
TOTAL REVENUE		219,216	308,884
EXPENDITURE	4	441,968	334,060
NET DEFICIT FOR THE YEAR		(222,752)	(25,176)
TRANSFERRED TO ACCUMULATED FUNDS		222,752	25,176
		-	-

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000 Restated
ASSETS			
Current assets		14,545	16,021
Inventory	4.6 / 18	2,748	3,016
Receivables from Exchange Transactions	6	6,458	6,977
Department of Human Settlements	9 / 17.2	-	689
Provincial Revenue Fund	7	5,339	5,339
Non current assets		889,547	1,161,773
Land and Buildings	5 / 10	889,547	1,161,773
TOTAL ASSETS		904,092	1,177,794
LIABILITIES			
Current liability		546	7,002
Accounts Payable	8	405	7,002
Department of Human Settlements	9 / 17.2	141	-
TOTAL LIABILITY		546	7,002
NET ASSETS		903,546	1,170,792
Represented by:		903,546	1,170,792
Accumulated Funds		63,397	61,516
Non - Distributable Reserve	13	840,149	1,109,276
TOTAL		903,546	1,170,792

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2017**

	Note	Revaluation Reserve R'000	Accumulated Surplus R'000	Total Net Assets R'000
Accumulated Funds				
Balance at 31 March 2015		816,487	50,601	867,088
Fundamental error		(1,088)	(18)	(1,106)
Prior year adjustment		5,652	(91)	5,561
Restated balance at 31 March 2015		821,051	50,492	871,543
Transfer of receipts from closed accounts		-	5	5
Net deficit for the year transferred from statement of financial performance		-	(25,176)	(25,176)
Revaluation adjustment	13	288,225	36,195	324,420
Current year revaluation		354,022	-	354,022
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(22,641)	22,641	-
Current year impairments		(29,602)	-	(29,602)
Transfer of revaluation reserve realised on sale of properties		(13,554)	13,554	-
Restated balance at 31 March 2016		1,109,276	61,516	1,170,792
Transfer of receipts from closed accounts		-	1	1
Net deficit for the year transferred from statement of financial performance		-	(222,752)	(222,752)
Revaluation adjustment	13	(269,127)	224,632	(44,495)
Current year revaluation		279	-	279
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(17,332)	17,332	-
Current year impairments		(44,774)	-	(44,774)
Transfer of revaluation reserve realised on sale of properties		(207,300)	207,300	-
Balance at 31 March 2017		840,149	63,397	903,546

CASH FLOW STATEMENT
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
CASH FLOW UTILISED FOR OPERATING ACTIVITIES			
Receipts			
Debtors:			
- Sold		532	1,260
- Rental		1,013	1,077
- Individual Loan		37	28
- Transfers received from Department of Human Settlements		194,114	241,644
Expenditure			
Payments:			
- Clean up of Housing Fund		(-)	(1,743)
- Commission on post office receipts		(65)	(62)
- Funded by Department of Human Settlements		(194,114)	(241,644)
- Rates written off - (EEDBS)		(301)	(612)
- Recoverable rates		(2,041)	(1,703)
- Recoverable maintenance		(-)	(2)
- Refunds		(-)	(25)
Net cash flows from operating activities	11	(825)	(1,782)
NET CASH FLOW FROM INVESTING ACTIVITIES			
Increase in Accumulated Funds		1	5
NET CASH FLOW FROM FINANCING ACTIVITIES			
(increase)/Decrease in clearing accounts	6.1	(7)	40
Decrease in Provincial Treasury		-	5,000
Increase/(Decrease) in Department of Human Settlements	9	831	(3,263)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2017**

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

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Revenue

1.5.1 Net Revenue

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

1.5.2 Revenue recognition

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

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

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

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

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2017

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 date of payment

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 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.

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 date of payment.

1.7 Going concern assumption

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

1.8 Impairment of financial assets

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

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

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

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

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

1.9 Financial transactions in assets and liabilities

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

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

1.10 Fruitless and wasteful expenditure

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

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2017**

1.11 Irregular expenditure

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

Assets**1.12 Property, plant and equipment**

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

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

Initial recognition

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

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

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

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

Subsequent measurement – Revaluation model

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

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

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

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2017**

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

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

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

Depreciation

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

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

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

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

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

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

De-recognition

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

1.13 Prepayments and advances

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

1.14 Receivables and prepayments

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

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

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2017**

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

Liabilities

1.15 Accruals and payables

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

Accruals and payables recognized, are measured at cost.

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

1.16 Contingent liabilities

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

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

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

Contingent liabilities are included in the notes.

1.17 Commitments

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

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

1.18 Employee benefits

Short term employee benefits

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

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

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

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2017**

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.

1.19 Inventory

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

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

1.20 Leases

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

Operating leases – lessor

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

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

Any contingent rent is recognised separately as revenue in the period in which they are received. Income for leases is disclosed under revenue in the statement of financial performance.

Finance leases – lessor

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

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

Net Assets

1.21 Accumulated Funds

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

1.22 Non-Distributable Reserve

Non-distributable reserves comprise revaluations to immovable property.

1.23 Related party transactions

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
2 Revenue			
Admin fees received - individual loan debtors		2	3
- finance leases (suspensive sale debtors)		25	44
Rent received from rental debtors		3,693	3,195
Total		3,720	3,242
3 Other Revenue			
Interest received - individual loan debtors		367	508
- finance leases (suspensive sale debtors)		11,400	30,609
Transfers received from Department of Human settlements		194,114	241,644
Decrease in provision for doubtful debts		9,615	32,881
Total		215,496	305,642
4 Expenditure			
4.1 Funded by the KwaZulu-Natal Housing Fund:		254,167	99,965
Clean up of Housing Fund		-	1,743
Commissions paid on post office receipts		65	62
Depreciation - buildings	5	18,368	14,855
Devolution - properties (2016 - debtors)		206,261	141
EEDBS - capital adjustments / rebates / writeoffs		18,412	53,353
Induplum interest write back		8,106	17,324
Loss on sale of land and Buildings		2,924	12,441
Subsidies given to debtors on receipt of instalments		31	46

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
4.2 Funded by the Department of Human settlements and accruals:		187,801	234,095
Compensation of employees			
Salaries and wages			
Basic salary		24,398	31,108
Performance awards		74	354
Service Based		146	239
Compensative / circumstantial		50	56
Other non-pensionable allowances		4,516	5,470
Total		29,184	37,227
Social Contributions			
Employer contributions			
Pension		5,629	3,877
Medical		1,916	2,516
Bargaining council		8	11
Total		7,553	6,404
Total compensation of employees		36,737	43,631
Goods and services			
Advertising		14	46
Audit fees		1,209	2,072
Assets less than R5,000	4.3	27	62
Catering		-	3
Communication		419	329
Computer services	4.4	276	278
Consultants, contractors and agency/outsourced services	4.5	7,969	6,299
Inventory	4.6	493	1,648
Operating leases		-	1,088
Property payments	4.7	34,493	44,199
Travel and subsistence		258	837
Other operating expenditure		407	479
Total		45,565	57,340

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
Payment for financial assets		<u>50</u>	<u>9</u>
Transfers and subsidies			
Provinces and municipalities	4.8	49,213	116,121
Households	4.9	56,236	16,994
Total		<u>105,449</u>	<u>133,115</u>
Total expenditure		<u>441,968</u>	<u>334,060</u>
4.3 Assets less than R5,000			
Tangible assets			
Machinery and equipment		-	11
Office furniture and other		27	51
Total		<u>27</u>	<u>62</u>
4.4 Computer services			
External computer service providers		<u>276</u>	<u>278</u>
4.5 Consultants, contractors and agency/outsourced services			
Legal costs		216	67
Contractors		7,753	6,232
Total		<u>7,969</u>	<u>6,299</u>
4.6 Inventory			
Opening balance		3,016	3,229
Other consumables		-	3
Materials and supplies		225	1,432
Closing balance		(2,748)	(3,016)
Total		<u>493</u>	<u>1,648</u>
4.7 Property payments			
Municipal services and levies		30,487	30,775
Property maintenance and repairs		4,006	13,424
Total		<u>34,493</u>	<u>44,199</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
4.8 Provinces and municipalities			
Property maintenance and rectification		34,104	102,975
Rates and taxes		15,109	13,146
Total		49,213	116,121
4.9 Households			
Employee benefits		18,202	87
Rectification		38,034	16,907
Total		56,236	16,994

5 Property, plant and equipment

	Cost / Valuation R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying Value R'000
2017				
Land	525,630	-	-	525,630
Buildings	552,167	(89,103)	(99,147)	363,917
	1,077,797	(89,103)	(99,147)	889,547

	Cost / Valuation R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying Value R'000
2016				
Land	600,554	-	-	600,554
Buildings	704,524	(88,806)	(54,499)	561,219
	1,305,078	(88,806)	(54,499)	1,161,773

Reconciliation of property, plant and equipment

	Opening Balance	Additions	Disposal
2017			
Land	600,554	81	(75,005)
Buildings	561,219	244	(134,404)
	1,161,773	325	(209,409)

	Impairments	Revaluations	Depreciation	Total
2017				
Land	-	-	-	525,630
Buildings	(44,774)	-	(18,368)	363,917
	(44,774)	-	(18,368)	889,547

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

2016	Opening Balance	Additions	Disposal
Land	506,463	301	(4,800)
Buildings	360,106	-	(9,844)
	866,569	301	(14,644)

2016	Impairments	Revaluations	Depreciation	Total
Land	-	98,590	-	600,554
Buildings	(29,602)	255,414	(14,855)	561,219
	(29,602)	354,004	(14,855)	1,161,773

Properties comprise vacant land, residential (serviced and unserviced) and commercial land and buildings.

Properties are stated at market valued.

Revaluations

The effective date of the revaluations was 01 April 2015. Land and buildings are revalued at municipal values and where applicable an independent valuer was used.

The method used by the independent valuer in estimating the market value of the properties was a comparative market analysis, also known as direct comparison method. Adjustments were made to the sale price of the comparable properties for inevitable differences between the comparable properties and the subject properties.

	Note	2016/17 R'000	2015/16 R'000
6 Receivables and prepayments			
Clearing accounts	6.1	3	16
Rental debtors	6.2	48,847	46,214
Suspensive sale debtors	6.3	80,261	93,016
Less: provision for doubtful debts	3	(122,653)	(132,269)
		6,458	6,977
6.1 Clearing Accounts			
LI Suspense		(146)	(131)
Rental deposit		-	21
Post Office		149	126
		3	16

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
6.2 Rental debtors	20.2	48,847	46,214
<p>These debtors are in respect of rentals owing by individuals on properties rented.</p>			
6.3 Suspensive sale debtors	20.2	80,261	93,016
Individual loans		2,813	2,922
Sold properties		77,448	90,094
6.3.1	<p>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.</p>		
6.3.2	<p>Induplum interest was written back during the current financial year - R 8, 106 m.</p>		
6.3.3	<p>Enhanced Extended Discount Benefit Scheme (EEDBS)</p> <p>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.</p>		
6.3.4	<p>Reconciliation between the total gross investment in the lease and present value of the minimum lease payments:</p>		
Gross investment in finance lease			
Not later than 1 year		3,967	7,076
Later than 1 year and not later than 5 years		15,867	28,306
Later than 5 years		2,982	16,820
		22,816	52,202
Unearned future finance income		15,622	35,334
Net investment in finance leases		7,194	16,868

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
6.4 Financial assets by category			
Financial instrument at amortised cost			
Rental debtors		2,442	2,311
Suspensive sale debtors		4,012	4,650
		<u>6,454</u>	<u>6,961</u>
7 Provincial Revenue Fund			
Balance at beginning of the year		5,339	10,339
Receipts from Provincial Treasury		-	(5,000)
Balance at beginning of the year		<u>5,339</u>	<u>5,339</u>
8 Accounts Payable			
Trade Creditors		232	6,813
Debtors' Credit Balances		173	189
	10	<u>405</u>	<u>7,002</u>
9 Department of Human Settlements	10	<u>141</u>	<u>(689)</u>
<p>The KwaZulu-Natal Housing Fund does not have its own bank account. All its cash transactions are done via the Department of Human Settlements bank account.</p>			
10 Financial Liability by category			
Financial instrument at amoritised cost			
Trade creditors	8	232	6,813
Debtors' with credit balances	8	173	189
Department of Human Settlements	9	141	-
	20.4	<u>546</u>	<u>7,002</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2016/17	2015/16
	R'000	R'000
11 Reconciliation of net cash flows from operating activities:		
Deficit	(222,752)	(25,176)
Non - cash movements		
Revenue		
admin fees received	(27)	(47)
rent received from rental debtors	(3,693)	(3,195)
Interest received on suspensive sale and individual loan debtors	(11,767)	(31,117)
Decrease in provision for doubtful debts	(9,615)	(32,881)
	(247,854)	(92,416)
Expenditure		
Increase/(Decrease) in trade accruals	(6,580)	(7,741)
Depreciation	18,368	14,855
Devolution - debtors	206,261	141
EEDBS - capital adjustments / rebates / writeoffs	18,111	52,742
Induplum interest write back	8,106	17,324
Loss on sale of land and buildings	2,924	12,440
Decrease in inventory	268	212
Subsidies given to debtors on receipt of instalments	31	46
	(365)	(2,397)
Cash receipts and expenditure		
Receipts from debtors	1,582	2,367
Recoverable expenditure relating to debtors	(2,042)	(1,752)
Net cash flows from operating activities	(825)	(1,782)
12 Accumulated Funds	1	5
12.1 Correction of transactions that did not interface from the LI suspense account.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2016/17	2015/16
Note	R'000	R'000
13 Non-Distributable Reserve		
Revaluation of land and buildings		
Restated balance	1,109,276	821,051
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve	(17,332)	(22,641)
Add current year revaluation	279	354,022
transfer of revaluation reserve realised on sale of properties	(207,300)	(13,554)
less accumulated impairments on revalued portion of buildings	(44,774)	(29,602)
	<u>840,149</u>	<u>1,109,276</u>
13.1 The non-distributable reserve arose as a result of revaluing of the land and buildings to market value.		
14 Prior Year Adjustment	16	
- induplum interest write back	<u>(341)</u>	<u>(12,649)</u>
The prior year adjustment arose as a result of the induplum write back.		
15 Commitment		
Current expenditure		
Approved and contracted for	2,496	5,841
Approved and not contracted for	2,438	2,534
	<u>4,934</u>	<u>8,375</u>
Capital expenditure		
Approved and contracted for	3,831,804	3,646,709
Approved and not contracted for	41,062	214,471
	<u>3,872,866</u>	<u>3,861,180</u>
Total commitments	<u>3,877,800</u>	<u>3,869,555</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2016/17 R'000	2015/16 R'000
16 Correction of Prior Period Error		
Accumulated Funds		
Balance as previously reported		61,642
Fundamental error:-		
- decrease - induplum interest write back - previous year		(341)
- prior year		(1,824)
- increase - adj to provision for doubtful debts - previous year		324
- prior year		1,733
- depreciation - transfer revaluation portion trf to revaluation reserve - properties added		377
- depreciation - revaluation portion - properties added		(377)
- write-off of properties - deleted		(18)
Balance as currently reported		<u><u>61,516</u></u>
Receivables from Exchange Transactions		
Balance as previously reported		7,085
Fundamental error - decrease - induplum interest addback		(2,165)
- increase - adj to provision for doubtful debts		2,057
Balance as currently reported		<u><u>6,977</u></u>
Provision for doubtful debts		
Balance as previously reported		134,326
- decrease - adj to provision for doubtful debts		
- previous year		(325)
- prior year		(1,732)
Balance as currently reported		<u><u>132,269</u></u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2016/17	2015/16
Note	R'000	R'000
Revaluation reserve		
Balance as previously reported		1,104,737
- take on of additional properties		5,966
- reversal of revaluation on deleted properties		(1,106)
- reversal of depreciation applicable revaluation on deleted properties		18
- depreciation - revaluation portion trf to statement of financial performance - take on of new properties		(63)
- depreciation - revaluation portion trf from statement of financial performance - take on new properties		(314)
- depreciation - revaluation portion trf to statement of financial performance - reversed on properties deleted		38
Balance as currently reported		<u><u>1,109,276</u></u>
PPE - Land and Buildings		
Balance as previously reported		1,157,252
- take on of additional properties		5,589
- deleted properties		(1,068)
Balance as currently reported		<u><u>1,161,773</u></u>

Fundamental Error**Suspensive Sale**

The fundamental error arose as a result of the split of the induplum interest addback between previous and prior. years.Which resulted in the decrease in the provision for doubtful debts.

PPE and Revaluation reserve

The fundamental error arose as a result take on of new and deletion of properties.

17 Related party transactions

The following related parties were identified

17.1 Value of the Transactions	3	<u><u>194,114</u></u>	<u><u>241,644</u></u>
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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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
17.2 Department of Human Settlements	9	141	(689)
<p>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.</p>			
17.3 Commitments	15	3,877,800	3,869,555
<p>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.</p>			
17.4 Guarantees			
<p>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.</p>			
17.5 Shared Services			
Class of management	No. of individuals		
- Programmes 1,2 & 3 - level 15 to 16	3	694	640
- level 14	5	584	196
- other	92	4,448	5,353
		5,726	6,189
<p>The Department of Human Settlements provides administrative and management services to the KwaZulu-Natal Housing Fund. The cost of R 6,189 m (2015 - R 5,702 m), is not included in the compensation to employees figure in note - 4.2. This figure comprises of actual time spent of basic salary and performance bonuses where applicable.</p>			
17.6 Leases			
Not later than 1 year		-	661
Later than 1 year and not later than 5 years		-	-
Later than 5 years		-	-
Total lease commitments		-	661

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2016/17	2015/16
Note	R'000	R'000
18 Inventory		
Opening balance	3,016	3,229
Add: purchases	225	1,435
less: issues	(493)	(1,648)
Closing balance	<u>2,748</u>	<u>3,016</u>
Inventory comprises of building and maintenance materials.		
19 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening balance	22,187	15,943
Add: irregular expenditure - relating to the current year	-	6,244
Less: condoned	-	-
Irregular expenditure awaiting condonation	<u>22,187</u>	<u>22,187</u>
Details of irregular expenditure - current year		
Incident		
Deviation from calling of bids	<u>22,187</u>	<u>22,187</u>

20 Risk Management**20.1 Financial Risk Management**

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

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

20.2 Credit Risk

Credit risk is the risk of the financial loss to the Fund if a customer to a financial instrument fails to meet its contractual obligations, and arises primarily from the Fund's receivables from customers.

Trade and Loans Receivables

The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The demographics of the Fund's customer base have less of an influence on credit risk. Geographically, there is no concentration of risk.

The Fund establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables and loans receivable. The collective loss allowance is determined, based on historical data payment statistics for similar financial assets.

The carrying amount of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Credit Rating	2016/17 R'000	2015/16 R'000
Trade receivables from exchange transactions - rentals	Low	48,847	46,214
Suspensive sale debtors	Low	80,261	93,016
Receivables from exchange transactions	6	129,108	139,230

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	8,708	20,173
- Due later than 1 year and not later than 3 years	12,223	37,062
- Due later than 3 years	108,177	81,995
	129,108	139,230

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

Note	2016/17 R'000	2015/16 R'000
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20.3 Interest Rate Risk

The Fund's interest rate risk arises from suspensive sale debtors. credit issued at variable rates exposes the Fund to cash flow interest rate risk.

Credit issued at fixed rates expose the Fund to fair value interest rate risk.

	Less than 1 year R'000	Between 1 and 2 years R'000	Total R'000
2017			
Trade and other payables	405	-	405
2016			
Trade and other payables	7,002	-	7,002

20.4 Liquidity Risk

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

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end and to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year R'000	Between 1 and 2 years R'000	Total R'000
2017			
Trade and other payables	405	-	405
2016			
Trade and other payables	7,002	-	7,002

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

21 Going Concern

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

The Fund aims to finalise the sensitization of the properties meaning to transfer, delete and devolve the properties and phasing out of the debtor book by promoting ownership by March 2019, at which stage, subjected to the expected amendments to the housing legislation, the Fund will be closed and the remaining assets of the Fund will be transferred to the books of the Department or devolved to municipalities/local authorities.

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

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

22 Budget vs Actual**22.1 Comparison of Budget to Actuals**

Economic classification	2016/17				2015/16	
	Final Appropriation	Actual expenditure on cash basis	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure on cash basis
	R'000	R'000	R'000	%	R'000	R'000
Current	56,207	88,615	(32,408)	3	93,433	99,452
Compensation of employees	36,738	36,737	1	-	45,812	43,631
Goods and services	19,469	51,878	(32,409)	266,5	47,621	55,821
Transfers & subsidies	137,977	105,449	32,528	76,4	145,702	142,183
Provinces & municipalities	119,828	49 213	70 615	41,1	125,279	125,189
Households	18,149	56 236	(38 087)	309,9	20,423	16,994
Payment for financial assets	-	50	(50)	-	10	9
Financial transactions in assets and liabilities	-	50	(50)	-	10	9
Total	194,184	194,114	70	-	239,145	241,644

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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

Economic classification	2016/17			2015/16		
	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis
Current	88,615	(6,313)	82,302	99,452	1,519	100,971
Compensation of employees	36,737	-	36,737	43,631	-	43,631
Goods and services	51,878	(6,313)	45,565	55,821	1,519	57,340
						-
Transfers & subsidies	105,449	-	105 449	142,183	(9,068)	133,115
Provinces & municipalities	49 213	-	49 213	125,189	(9,068)	116,121
Households	56 236	-	56 236	16,994	-	16,994
						-
Payment for financial assets	50	-	50	9	-	9
Financial transactions in assets and liabilities	50	-	50	9	-	9
Total	194,114	(6,313)	187,801	241,644	(7,549)	234,095

22.3 Budget information

1. The KwaZulu-Natal Housing Fund is subject to budgetary limits in the form of appropriations, which is given effect through authorising legislation.
2. The KwaZulu-Natal's Housing Fund's source of funding is its appropriation from the Department of Human Settlements and receipts from its debtors.
3. The approved budget and the expenditure is presented by economic classification.
4. The approved budget covers the fiscal period from 01 April 2016 to 31 March 2017.
5. The Annual Financial Statements are presented on the accrual basis whereas the budget is stated on the cash basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.





human settlements

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PR No.: 62/2017
ISBN: 978-0-621-45248-8