



# ANNUAL REPORT 2015/2016

HOUSES | SECURITY | COMFORT



human settlements

Department:  
Human Settlements  
REPUBLIC OF SOUTH AFRICA







VOTE NO. 38      ANNUAL REPORT 2015/16  
RP NO: 324/2016  
ISBN: 978-0-621-44932-7

L N SISULU (MP)  
MINISTER OF  
HUMAN SETTLEMENTS

I have the honour of  
submitting the Annual Report  
of the Department of Human  
Settlements for the period  
1 April 2015 to 31 March 2016.



**Mr N Tshangana**  
Director-General  
31 August 2016





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# PART A

## GENERAL INFORMATION

### 1. DEPARTMENT GENERAL INFORMATION

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## 2. LIST OF ABBREVIATIONS/ ACRONYMS

APP	Annual Performance Plan	NHFC	National Housing Finance Corporation
BASA	Banking Association of South Africa	NUSP	National Upgrading Support Programme
BNG	Breaking New Ground	NURCHA	National Urban Reconstruction and Housing Agency
CFO	Chief Financial Officer	NMBMM	Nelson Mandela Bay Metropolitan Municipality
CRU	Community Residential Unit	OHS	Occupational Health and Safety
CSOS	Community Schemes Ombud Services	PHP	People's Housing Process
DANIDA	Danish International Development Agency	POA	Programme of Action
DHS	Department of Human Settlements	PSETA	Public Service Sector Education and Training Authority
DPSA	Department of Public Service and Administration	PFMA	Public Finance Management Act
DFI	Development Finance Institution	RCG	Restructuring Capital Grant
DORA	Division of Revenue Act	RHLF	Rural Housing Loan Fund
EHW	Employee health and wellness	SMS	Senior management services
EAH	Employer-assisted housing	SDIP	Service Delivery Improvement Plan
EAAB	Estate Agency Affairs Board	SMME	Small, medium and micro enterprise
ENE	Estimates of national expenditure	SHRA	Social Housing Regulatory Authority
FLISP	Finance-Linked Individual Subsidy Programme	SACN	South African Cities Network
FFC	Financial and Fiscal Commission	SCOPA	Standing Committee on Public Accounts
HCT	HIV counselling and testing	SITA	State Information Technology Agency
HLAMDA	Home Loan and Mortgage Disclosure Act	SONA	State of the Nation Address
HOA	Home Owners Allowance	SCM	Supply chain management
HDA	Housing Development Agency	ToR	Terms of Reference
HSDG	Human Settlements Development Grant	UNFCC	United Nations Framework Convention on Climate Change
MPAT	Management Performance Assessment Tool	UISP	Upgrading of Informal Settlements Programme
MSP	Master Spatial Plan	USDG	Urban Settlements Development Grant
MTEF	Medium Term Expenditure Framework		
MTSF	Medium Term Strategic Framework		
MINMEC	Minister and Members of Executive Committee		
MEIA	Monitoring, Evaluation and Impact Assessment		
MHSCG	Municipal Human Settlements Capacity Grant		
NDP	National Development Plan		
NHRBC	National Home Builders Registration Council		



### 3. FOREWORD BY THE MINISTER

It is with pleasure that I present to you the 2015/16 Annual Report of the Department of Human Settlements (DHS). In keeping with our responsibility to our citizens, based on the commitments we made when we achieved political freedom in 1994, we have set short-, medium- and long-term human settlements development goals in our transition towards breaking apartheid spatial patterns and retrofitting existing settlements with the objective of offering the majority of South Africans access to adequate housing, affordable services in better living environments and a more functionally equitable residential property market. Our global responsibilities extend to ensuring that housing is delivered in sustainable, habitable settlements and our country's approach is also focused on ensuring that we deliver adequate housing in integrated settlements while also supporting the entire housing property market and its functionality.

As committed in the 2014–2019 Medium Term Strategic Framework (MTSF), our programmes are more focused not only on delivering structures, but also on ensuring that there is integration and coordinated planning across all spheres. All these initiatives support optimal land use and stimulate private investment in human settlements. As a sector, our work is guided by Section 26 of the South African Constitution (Act No 108 of 1996), which states that “everyone has the right to have access to adequate housing”. In the year under review, we identified a number of interventions that seek to ensure that all citizens live in decent housing where they are able to bring up their families in comfort and security, while improving our rate of delivery. We made sizable efforts to provide affordable rental opportunities, upgrade informal settlements and deliver subsidy housing to the

poor including military veterans. All these initiatives have been achieved in collaboration with various partners in the industry, including communities.

We have also made progress in the transfer of title deeds for pre- and post-1994 properties and for the new subsidy houses built. Even though our priority as government is to regulate the sale of houses so that the transaction is legal, the transfer of title deeds is still slower than expected. In our quest to provide shelter for all South Africans, we also established partnerships with the private sector and we continue to improve our policies and programmes for the realisation of sustainable human settlements and improved quality of household life.

I am pleased to present the 2015/16 annual report which complies with all statutory reporting requirements, particularly section 40(1) of the Public Finance Management Act (PFMA), 1999, and paragraph 18 of the National Treasury Regulations.



**L N Sisulu, MP**

Minister of Human Settlements



**L N Sisulu, MP**

Minister:  
Human Settlements

#### 4. DEPUTY MINISTER'S STATEMENT



**Z Kota-Fredericks, MP**  
Deputy Minister:  
Department of Human Settlements

Providing access to affordable urban land and housing remains one of the government's priorities in fulfilling the Constitutional mandate of ensuring access to adequate housing. This noble effort finds resonance in the Housing Act (Act No 107 of 1997) and in Section 26 of the Constitution that all South Africans have a right to access to adequate housing. The 2015/16 financial year saw a considerable increase in our contribution as DHS towards the achievement of this Constitutional imperative. We continued to implement programmes and projects closely aligned with the provision of housing in quality living environments.

In the year under review, we engaged with the Department of Military Veterans and concluded a coordinated plan to deliver housing for military veterans. Our programmes on Youth and Women Empowerment are also starting to yield results. In this regard, we mobilised women and youth to undergo capacity-building programmes and also provided them with the opportunities to participate in construction in our programmes. We also strengthened the participation of cooperatives in our human settlements development programmes.

A handwritten signature in black ink, appearing to read 'Z Kota'.

**Z Kota-Fredericks, MP**

Deputy Minister:  
Department of Human Settlements



## 5. REPORT OF THE ACCOUNTING OFFICER

As guided by Chapter 8 of the National Development Plan (NDP) and the 2014–2019 MTSF, the focus of DHS is to work towards the realisation of the human settlements trajectory of transformed integrated human settlements by 2030. During 2015/16, we have been unwavering in keeping with the provisions of Section 26 of the Constitution that guarantees everyone the right to access to adequate housing. We initiated programmes and projects that act as catalysts for spatial, social and economic transformation and integration. In order to meet the Constitutional and policy mandate on the provision of adequate housing in quality living environments, we initiated the development of the Master Spatial Plan (MSP) for Human Settlements, which is a tool that directs human settlements investments along the priority precincts.

Due to a diminishing resource pool and prolonged economic hardship, our subsidy housing policy prioritised vulnerable groups, including the elderly and people with disabilities. We have provided housing opportunities to the poor targeting especially the elderly, women and child-headed households. Even though we have revised the finance-linked subsidy programme, over-indebtedness and unaffordability in the affordable housing market remain a challenge, thus impeding the achievement of our targets and human settlements outcomes. To mitigate and improve access to affordable homeownership, we are accelerating the consolidation of our development finance institutions (DFIs). In pursuit of the objective to deliver the vision of housing the nation in sustainable human settlements, we used our Urban Settlements Development Grant (USDG) to improve efficiencies and coordination, produce serviced land for poor households, fund bulk infrastructure and implement informal settlements upgrading projects. The implementation of programmes and

projects financed through the USDG has also contributed to the creation of job opportunities for the poor in our urban centres.

The Human Settlements Development Grant (HSDG) was used to deliver 153 000 housing opportunities during the year under review. We also took further steps to address issues relating to youth and women development and empowerment. Through the Youth Brigade Programme, youth and women in the sector have acquired skills on artisan development and real estate management. In addition, the Departmental Scholarship Programme afforded others training at various institutions of higher learning and they acquired critical skills such as Engineering and Town Planning. A significant number of these participants were placed in various provinces and municipalities to provide planning and implementation support.

There are 101 catalytic projects that will yield 1 482 993 housing opportunities over the medium to long term that were identified and appraised in the 2015/16 financial year. As part of our hands-on support to metropolitan municipalities, we initiated the Nelson Mandela Bay Metropolitan intervention to stabilise the human settlements environment and accelerate delivery. We are indeed painfully conscious of the harsh reality that confronts many of our military veterans who live in squalor and abject poverty. We have collaborated with the Department of Military Veterans and the Housing Development Agency (HDA) to accelerate housing delivery for military veterans. The reorganisation and re-alignment of the organisational structure will enable the department to deliver better; this includes the regionalisation of our operations that will make it possible for the Department to prioritise critical positions and provide hands-on support to our implementing provincial and municipal partners.



**M Tshangana**  
Accounting Officer:  
Department of Human Settlements

## Overview of the financial results of the Department

### Departmental receipts

Departmental receipts emanate from: payments received for administrative activities that relate to the commission earned on payroll withholdings, staff members' vehicle parking, telephone usage refunds and garnishee orders. The Department does not render any direct services to the public for payment; therefore there are no policies on tariffs that are applicable and there were no free services rendered by the Department. The bad debts were written off in terms of the Debtors Management Policy of the Department. During the year under review, debts amounting to R26 000 were written off.

*The following table presents a summary of the departmental receipts for the year under review:*

	2015/16			2014/15		
Departmental receipts	Estimated Amount	Actual Amount Collected	(Over)/Under Collection	Estimated Amount	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 licenses	-	-	-	-	-	-
Motor vehicle licenses	-	-	-	-	-	-
Sale of goods and services other than capital assets	211	202	9	211	204	7
Transfers received			-			-
Fines, penalties and forfeits			-			-
Interest, dividends and rent on land	430	166	264	430	286	144
Sale of capital assets			-			-
Transactions in financial assets and liabilities	500	869	(369)	500	524	(24)
<b>Total</b>	<b>1 141</b>	<b>1 237</b>	<b>(96)</b>	<b>1 141</b>	<b>1 014</b>	<b>127</b>

The higher than anticipated income received on financial transactions relates mainly to prior year expenditure recoveries R4 million was transferred to the South African Cities Network (SACN) for the purpose of executing an India Brazil South Africa

research proposal. The memorandum of understanding between SACN and DHS was revised thus changing the proposed scope of work; funds amounting to R440 000 were therefore returned by the SACN to DHS by April 2016.

### Programme expenditure

Programme Name		2015/16			2014/15		
		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	435 251	411 074	24 177	454 961	447 680	7 281
2	Human Settlements Policy, Strategy and Planning	77 493	75 738	1 755	80 079	78 703	1 376
3	Programme Delivery Support	166 690	120 796	45 894	168 974	119 112	49 862
4	Housing Development Finance	29 863 947	29 426 936	437 011	28 713 591	28 712 737	854
Total		30 543 381	30 034 544	508 837	29 417 605	29 358 232	59 373

The Department's total expenditure for the period ending 31 March 2016 was R30 billion, representing approximately 98% of the allocated funds. The amount of underspending valued at R508,8 million translates into 2% of the total allocation.



## Reason for underspending

### Programme 1: Administration

The Programme underspent by 4% or R24.1 million of the allocated funds. The underspending is attributed to:

- The delays by the State Information Technology Agency (SITA) in providing the Department with supporting documents for invoices submitted.
- Delays in finalising the procurement processes for Internal Audit projects and Special Investigations.
- Delays in procuring the switches for the new building.

### Programme 2: Human Settlements Policy, Strategy and Planning

The underspending of 2% or R1.7 million was as a result of the delayed procurement processes for the Access Evaluation Study as well as the budget reduction for the services on the review of the strategic plan as most of the strategic planning work was undertaken by officials in the department.

### Programme 3: Programme Delivery Support

The underspending of 28% or R45.8 million on Programme 3 is attributed to:

- The non-payment of Youth Brigade training coordinated by the Department of Rural Development. R7.5 million allocated for the training was not transferred due to delay in finalising the agreement with Rural Development.

- A payment of R7.5 million paid to Department of International Relations for the Leading Change Conference. The payment was reclassified to a prepayment from expenditure. The payment was made to DIRCO at the end of March 2016 to pay UNHabitat for travel and subsistence for poor African countries attending the conference.
- The National Upgrading Support Programme (NUSP), which constituted the biggest single allocation within the goods and services; the contracts for the appointment of the professional resource teams to develop informal settlements upgrade plans were delayed due to late responses by municipalities in approving the informal settlements upgrading plans. The Programme underspent by R1.7 million.

## Programme 4: Housing Development Finance

The Programme underspent by 1% or R43.7 million. The Programme consists mainly of conditional grants and transfer payments to institutions. The underspending is due to non-transfer of the Institutional Investment Grant and the Restructuring Capital Grant (RCG) to the Social Housing Regulatory Authority (SHRA), delays in approving project pipelines and non-transfer of funds to the HDA for NUSP, project management and support for Catalytic Projects.

### Virements and rollovers

No rollover or additional funding was approved for the Department in 2015/16.

### Virements during the adjustment estimate

From	To	Amount	Reason
Programme 1: Administration Programme 2: Human Settlements Policy, Strategy and Planning Programme 4: Housing Development Finance	Programme 3: Programme Delivery Support	R7.5 million	To fund the Youth Brigade Programme
Programme 3: Programme Delivery Support	Programme 1: Administration	R7.5 million	To fund programmes within the Ministry
Programme 3: Programme Delivery Support	Programme 1: Administration	R2.5 million	To fund Ministerial Rapid Response Task Team

### Virements after adjustment estimate

From	To	Amount	Reason
Programme 4: Housing Development Finance	Programme 3: Programme Delivery Support	R1.2 million	To fund the following: Impact evaluation of government's approach to affordable housing (1994–2013) The evaluation of the impact of Human Settlements Programmes on the environment during implementation of the 2nd edition of the Environmental Implementation Plan
Programme 1: Administration Programme 3: Programme Delivery Support	Programme 2: Human Settlements Policy, Strategy and Planning Programme 4: Housing Development Finance	R3.3 million	Funds were shifted between the four programmes for compensation of employees The virement was needed for filling critical positions, which resulted in funds from vacant posts being used to fund priority positions
Programme 1: Administration	Programme 2: Human Settlements Policy, Strategy and Planning	R2.1 million	To fund expenditure incurred on travel and subsistence, venues and facilities linked to the women and youth builds

The following table provides information on reasons for unauthorised, fruitless and wasteful expenditure, indicating the amounts involved and steps taken to address and prevent recurrence.

Fruitless and wasteful expenditure 2015/2016		
Description	Amount	Reasons
Interest on late payment to Telkom	R4 796.40	The approval of payment was delayed due to capacity challenges experienced in the unit

### Future plans of the Department

The Department plans to improve its standards and practices to achieve good governance. The Department also plans to enhance the existing partnerships with the public and private sector to improve planning and delivery. For the next Medium Term Expenditure Framework (MTEF), the Department will focus on utilising the available resources effectively working towards the achievement of the MTSF targets. More concerted effort will also focus in investing in human capital to increase productivity.

### Partnerships

To accelerate the delivery of 1 495 million housing opportunities, the Department is reviewing the social contract and strengthening the existing partnerships to improve delivery.

### Discontinued activities / activities to be discontinued

None

### New or proposed activities

None

### Supply chain management (SCM)

No unsolicited bids during the financial year 2015/16.

### Indicate whether 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 legislations.
- 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.

### Challenges experienced in SCM and how they were resolved:

- The quality of the bid specifications or terms of reference (ToR) not in acceptable standard.
- Poor planning of projects has resulted in some project plans not being incorporated in the procurement plan.

### The following actions were taken to resolve challenges:

- Demand management plans were developed to ensure proper planning and budgeting for projects.



- Improved and enhanced bid specification and ToR training was provided to end users.
- A cross-functional bid evaluation committee was established to evaluate bids in line with the evaluation criteria.
- A cross-functional committee (comprising of officials from various operational units) was appointed to minimise the possibility of collusion in the evaluation process.
- The evaluation of bids was undertaken in two stages: firstly on functionality and secondly on price and Broad-Based Black Economic Empowerment.
- An internal control unit is in place under the Chief Financial Officer (CFO), which continuously reviews departmental processes and policies to ensure the continued effectiveness of internal controls.

#### **Gifts and donations received in kind from non-related parties**

None.

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

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

#### **Events after the reporting date**

None.

#### **Other**

None.

#### **Acknowledgements or appreciation**

I wish to express my gratitude to the Minister and the Deputy Minister for their leadership and guidance in advancing the Department and the sector as a whole. The progress achieved is also as a result of the support of and constructive partnership with other key stakeholders within the sector and the broader society for which we are also grateful.

#### **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.



**M Tshangana**

Accounting Officer:

Department of Human Settlements

## 6. 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 and 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 the National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

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

Yours faithfully.



**M Tshangana**

Accounting Officer:

Department of Human Settlements

**Date: 31 May 2016**

## 7. STRATEGIC OVERVIEW

### 7.1 Vision

A nation housed in sustainable human settlements.

### 7.2 Mission

To facilitate the creation of sustainable human settlements and improved quality of household life.

### 7.3 Values

The core values guiding and regulating the Department are based on the Constitution of the Republic of South Africa and supporting legislations, and include:

- Accountability
- Fairness and equity
- Choice, quality and affordability
- Sustainability
- Innovation
- Batho Pele Principles

## 8. LEGISLATIVE AND OTHER MANDATES

The mandate and core business of the DHS is underpinned by the Constitution of the Republic of South Africa and all other relevant and applicable legislation and policies, including the Batho Pele White Paper. In working towards the achievement of sustainable human settlements, policies, legislation and

regulations were enacted for the realisation of the right to adequate housing. The Department affirms its commitment “to the full and progressive realisation of the right to adequate housing” and recognises in this context “an obligation to enable citizens to obtain quality housing and to protect and improve dwellings and neighbourhoods”.

### Legislative Mandates

#### The Housing Act (Act No. 107 of 1997)

The Department carries out its legislative mandate as set out in the Housing Act Section 2(1)(a) of the Act compels all three spheres of government to give priority to the needs of the poor in respect of housing development Section 2(1) of the Act provides for the general principles applicable to housing development.

The Act recognises the constitutional right to adequate housing and clarifies the State’s response to this right by setting out the legal plan for the development of sustainable human settlements. It lays down general principles that apply to the housing development and defines the national, provincial and local government functions with regard to housing development. The Act also promotes the following:

- That all Government spheres must prioritise housing development needs in consultation with poor individuals and communities, particularly recognising the needs of women and other marginalised groups.
- That all Housing developments must be affordable, sustainable, environmentally friendly and culturally diverse.
- That all Housing developments must be administered fairly according to the principles of good governance.

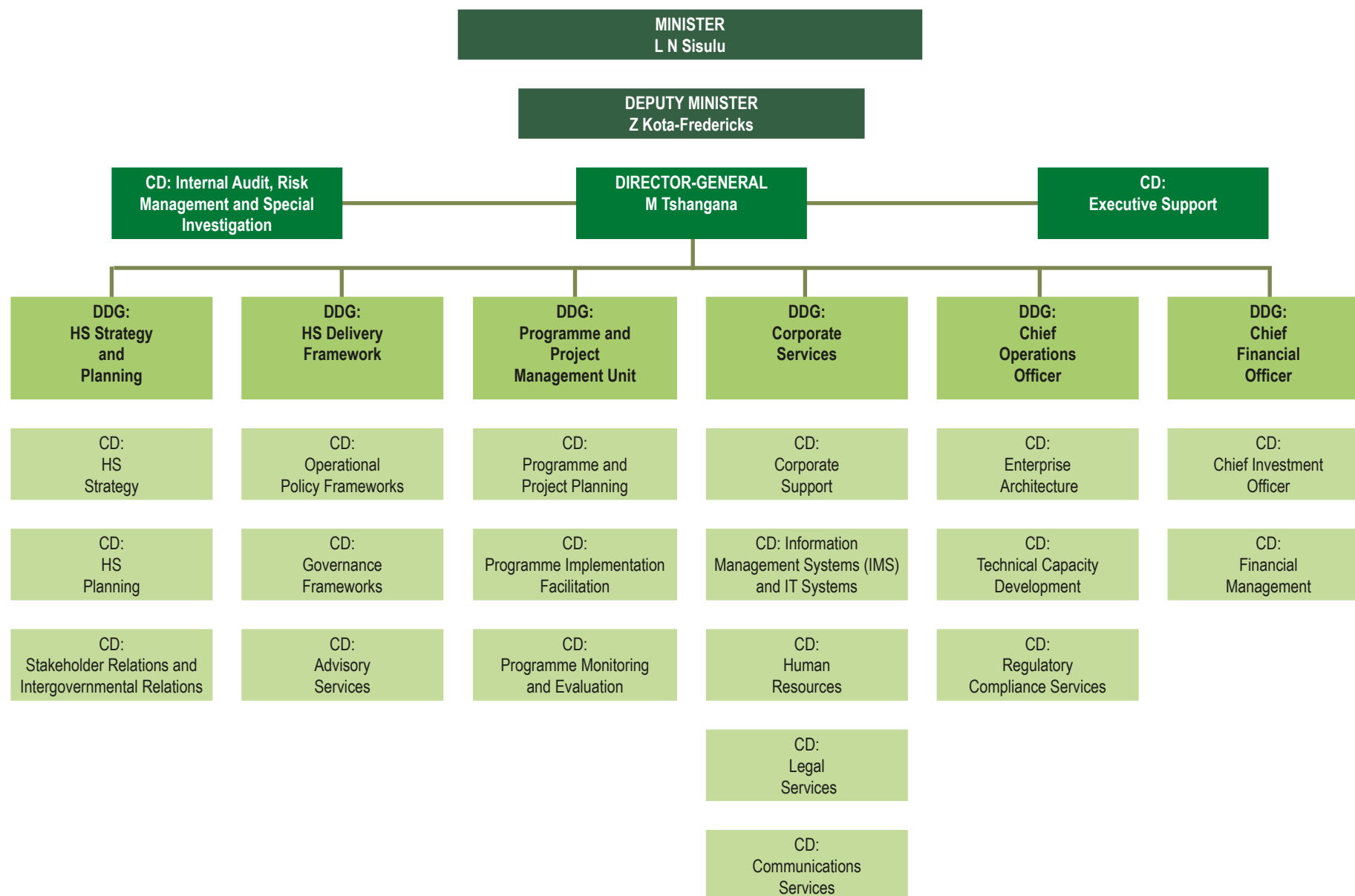
#### The Social Housing Act (Act No.. 16 of 2008)

The objectives of the Act was to establish and promote a sustainable social housing environment, to define the functions of national, provincial and local governments in respect of social housing, to provide for the establishment of the SHRA in order to regulate all social housing institutions obtaining or having obtained public funds, to allow for the undertaking of approved projects by other delivery agents with the benefit of public money, to give statutory recognition to social housing institutions and to provide for matters connected therewith. Other specific legislative and policy mandates of the Department (including government policy frameworks) are:









- White Paper: A New Housing Policy and Strategy for South Africa.
- Comprehensive Plan for the Creation of Sustainable Human Settlements.
- Breaking New Ground (BNG).
- Housing Consumer Protection Measures Act (Act No. 19 of 1998).
- Housing Development Agency Act (Act No. 23 of 2008).
- PFMA (Act No. 1 of 1999, as amended by Act No. 29).
- Division of Revenue Act (DORA; Act No. 6 of 2011).
- Rental Housing Act (Act No. 50 of 1999).
- Home Loan and Mortgage Disclosure Act (HLAMDA, Act No. 63 of 2000).
- Inclusionary Housing Bill.
- Sectional Titles Scheme Management Act (Act No. 8 of 2011).
- Community Scheme Ombud Service Act (Act No. 9 of 2011).
- Intergovernmental Relations Framework Act (Act No. 13 of 2005).
- NDP.
- Spatial Planning and Land Use Management Act (Act No. 16 of 2013).



## 9. ORGANISATIONAL STRUCTURE



## 10. ENTITIES REPORTING TO THE MINISTER

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
<b>Estate Agency Affairs Board (EAAB)</b> 	Regulate, maintain and promote the standard of conduct of estate agents, issue fidelity fund certificates to qualifying applicants, prescribe the standard of education and training of estate agents, investigate complaints lodged against estate agents and manage the Estate Agents Fidelity Fund.	The EAAB is empowered in terms of the enabling legislation to raise fees and levies from estate agents.	Regulator
<b>Community Schemes Ombud Services (CSOS)</b> 	To provide a dispute resolution service for community schemes, monitor and control the quality of all sectional title schemes governance documentation and to take custody of, preserve and provide public access to scheme governance documentation.	The Department provides operational grant funding. The CSOS is empowered through enabling legislation to generate funding from levies and fees for services rendered based on cost recovery as well as from interest derived from investments.	Regulator
<b>Housing Development Agency (HDA)</b> 	Acquire, hold, develop and release land and landed properties for human settlements development.	The Department provides operational funding to the HDA to defray overhead costs. The HDA charges fees for development services rendered to public sector clients on a cost recovery basis.	Development Implementing Agency
<b>National Housing Finance Corporation (NHFC)</b> 	Mobilise funding into the human settlements space in partnership with a broad range of institutions. It also provides wholesale finance and acts as a fund and risk manager.	The Department provides capital funding to the entity from time to time to expand its lending activities. The institution funds its operations from interest and fees derived from the lending activities.	DFI
<b>National Home Builders Registration Council (NHBC)</b> 	Provide housing consumers with warranty protection against defects in new homes and provide protection against any failure of builders to comply with their obligations in terms of the Housing Consumer Protection Measures Act (Act No. 95 of 1998).	The NHBC is empowered to raise registration and enrolment fees in terms of the enabling legislation.	Regulator
<b>National Urban Reconstruction and Housing Agency (NURCHA)</b> 	To ensure the availability of bridging finance to small, medium and established contractors building low- and moderate-income housing and related community facilities and infrastructure.	The Department provides capital funding to the institution from time to time to expand its lending activities. The institution funds its operations from interest and fees derived from the lending activities.	DFI
<b>Rural Housing Loan Fund (RHLF)</b> 	The RHLF is a DFI, established in August 1996 as an association not for gain. The company is mandated to empower low-income households in rural areas to access housing credit. It operates as a wholesale lender and thus attains its mandate by providing loans through retail intermediaries to its target market to be utilised for incremental housing purposes.	The Department provides capital funding to the institution from time to time to expand its lending activities. The institution funds its operations from interest derived from the lending activities.	DFI
<b>Social Housing Regulatory Authority (SHRA)</b> 	Regulate and support the social housing sector in order to accelerate the delivery of sustainable and financially viable social housing projects. It is responsible for the disbursement of institutional investment and capital grants to social housing institutions.	The Department provides the SHRA with operational grant funding, the Institutional Investment Grant and the RCG.	Regulator







# PART B:

## PERFORMANCE INFORMATION

### 1. REPORT OF THE AUDITOR- GENERAL PREDETERMINED OBJECTIVES

Refer to page 123.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service delivery environment

The delivery of adequate sustainable human settlements has become a matter to be expedited; this is despite the delivery of approximately 4.3 million housing opportunities since 1994 to date. The need for housing is influenced by rapid urbanisation, increasing migration and larger concentration of citizens in large cities and towns; this has led to the need to intensify the provision of housing infrastructure and homes in integrated and habitable settlements. Delivery in the sector is faced by a number of challenges including bulk and link infrastructure constraints, delays in township establishment processes, limited availability of affordable and well-located land and the high indebtedness in the gap market.

Even though the Department has taken steps to lessen the challenges by refocusing its strategies, programmes and projects to deliver adequate housing opportunities and in improving living standards for the poor, providing adequate housing remains a contentious issue due to the demand that outweighs the supply. The high costs of land have resulted in developments located on the periphery of towns and cities and the absence of a coherent and inclusive approach for acquisition; planning and developing land for human settlements continue to act as an impediment in addressing the housing needs.

Although there is an acknowledgement that the human settlements sector is reliant on good infrastructure, such as public transport, water, energy sources and public spaces, the shrinking of the public sector allocation is hampering the upscaling of delivery and not enabling the delivery of targets. The market

price shifts also act as barriers for those in the subsidy and the gap market to move up the property ladder and thus exclude their effective participation in the property market; the high unemployment rate contributes to over-reliance on government for assistance, including housing support, thereby increasing the housing demand. In addition, the current inflationary environment, which still finds resonance outside the target range, influences an increase in living costs, thus reducing the standard of living further for those who are already indebted and not able to afford a property.

The rise in building costs influences the cost of having a newly built subsidy house and has in the past year resulted in the increase of the subsidy housing cost, thus contributing to the decline in the number of houses delivered year after year. The delays in the transfer of properties both in the subsidy and the affordable markets have proven to be a challenge in the provision of adequate housing and in the transformation of the residential property market. The process of title deed registration is complicated and fraught with bureaucracy and the delays in the process include slow township establishment and proclamation processes compounded by delays in the approval of general plans.

Another key challenge in promoting household access to title deeds, particularly in rural areas, is that the land is held in trust by traditional leaders and reinforces the legal uncertainty around tribal land and security of tenure arrangements for households that reside on such land. In addition, there is an acute lack of capacity to effectively package projects at local and provincial level and this is demonstrated by the various hurdles and blockages that arise during the implementation of projects. Thus, the Department has taken steps to activate the relevant mandates available through the Housing Development Agency

Act to have the HDA take on the role of developer of choice for the subsidy-led human settlements sector.

As part of the government commitment to the achievement of the National Development Plan (NDP) 2030 vision of transforming human settlements and the spatial economy to create more functionally integrated, balanced and vibrant urban settlements, a greater effort has been made to ensure that the outputs of the Department are aligned to provincial, municipal and sector departments' plans and funding. In implementing the 2015/16 annual performance plan (APP), the Department commenced with the facilitation for the review of existing programmes, which influenced the delivery of various housing opportunities implemented by provinces, metropolitan municipalities and public entities.

Even though the delivery environment is still not favourable, significant investments have been made in providing basic services to households and in financing built environment programmes in metros through the Urban Settlements Development Grant (USDG). In collaboration with delivery partners, the Department established the framework to facilitate human settlements planning and implementation through the development of the Master Spatial Plan (MSP), which will guide human settlements investments across all spheres. It is envisaged that the initiative will promote efficient and accessible land markets that are responsive to demand.

To improve delivery, the Department commenced with the development of the Draft White Paper for Human Settlements, which signals the beginning of a discourse and an extensive consultative process that will culminate in the development of a Human Settlements Act in accordance with the government trajectory outlined in the NDP. The Department also focused on



the mobilisation and strengthening of partnerships to facilitate flows of private investment in the affordable market and in locations that contribute to sustainable land use patterns. This participatory approach encouraged an open and inclusive dialogue among all interested stakeholders, with special attention to the needs and priorities of women, older persons, youth and people with disabilities.

## 2.2 Service Delivery Improvement Plan (SDIP)

The goal of SDIPs is to provide a mechanism for continuous, incremental improvement in service delivery. The SDIP reflects commitments by the Department to the citizens regarding level of service provided by the Department and proposes improvement from the current service provided to an improved service, hence improvement plan. Although the Department did not have an approved SDIP during the 2015/16 financial year, the following can be reported under service delivery environment.

As part of departmental initiative to ensure that the Department reaches two million consumers in the affordable and subsidy housing market (to expose them to consumer education programmes), the Department reached more than 15 million consumers using different media platforms during the 2015/16 financial year.

### Main service for service delivery improvement and standards

Main services	Actual customers	Potential customers	Desired standard of service	Actual achievement against standards
Access to information	Walk-in beneficiaries	Walk-in beneficiaries	100% cases attended on presentation in the Department	99% beneficiaries attended to and queries resolved within prescribed timeframes
Value for money	Subsidy beneficiaries	Walk-in beneficiaries	100% cases attended on presentation in the Department	99% beneficiaries attended to and queries resolved within prescribed or promised timeframes

### Consultation arrangements for customers

Type of arrangement	Actual customer	Desired service	Actual achievements
Front desk consultant and functional call centre	Walk- and call-in beneficiaries	100% enquiries resolved	99% of queries were resolved: 659 queries were received and 650 were resolved

### Service delivery access strategy

Access strategy	Desired service	Actual achievements
Functional toll-free number	100% of calls received attended to	100% of calls received attended to by the Department
Functional fraud and corruptions number	100% of cases reported with preliminary investigation	60% of cases reported with preliminary investigation

### Service information tool

Type of information tool	Desired service	Actual achievements
Record of queries	100% fraud cases reported are investigated and concluded within the prescribed timeframes (90 days)	80% fraud cases reported were investigated and concluded within the prescribed timeframes (90 days)

### Complaint mechanism

Complaint mechanism	Desired service	Actual achievements
Mail and suggestion box	100% of suggestions and complaints reported with the manager and those in boxes reported anonymously attended to or referred to the law enforcement agencies where required	80% of suggestions and complaints reported with the manager and those in boxes reported anonymously attended to or referred to the law enforcement agencies where required



Regarding pillar 3 of the SDIP, the following activities took place in the year under review:

- Four (4) Batho Pele Change Management Engagement Programme sessions were conducted.
- All scheduled senior and middle management services members attended the compulsory project KHAEDU training.
- The Department participated in the Department of Public Service and Administration (DPSA)-initiated annual coal face Project KHAEDU deployment in September 2015, with two senior management services (SMS) members deployed to service points in the Mpumalanga and Eastern Cape provinces, respectively.

The Department will develop and formalise its SDIP during the MTSF period, which will be used to set service standards for the sector to ensure its contribution towards the attainment of its vision of “a nation housed in sustainable human settlements”.

## 2.3 Organisational environment

The Department is committed to good corporate governance, accountability and implementation of effective and best management practices. The strategic outcome-oriented goals expressed in the strategic plan ensure that we carry out our constitutional mandate in line with good corporate values and principles and that we maintain the confidence and trust of South Africans and all our stakeholders. The Department consistently improves the integrity and reliability of internal systems and processes on the basis of lessons learnt from the outcomes and findings of the Management Performance Assessment Tool (MPAT), as initiated by the Department of Performance Monitoring and Evaluation.

As part of improving the departmental business processes emanating from the previous audits, the Department took steps in documenting its business processes, improved planning processes while also ensuring that performance evidence is submitted. To address the gaps identified regarding the critical positions that have been vacant, the Department filled three critical positions at an executive level: the Director-General, Deputy Director-General Human Settlements Strategy and the CFO positions. Other vacant positions will be filled once the organisational realignment is concluded.

## 2.4 Key policy developments and legislative changes

The Department is working towards the finalisation of the White Paper for Human Settlements. During 2015/16, the Department completed the draft Property Practitioners Bill which will replace the Estate Agency Affairs Act (Act No. 112 of 1976). The objects of the Bill are to provide:

- For the regulation of property practitioners.
- For the continuation of the EAAB as the Property Practitioners Regulatory Authority.
- That the Authority acts through a Board known as the Board of the Authority.
- For the appointment of members of the Board and matters incidental thereto.
- For the appointment of the Chief Executive Officer and other staff members of the Authority.;
- For the establishment, appointment, powers and functions of the Property Practitioner's Ombud Office.

- For the continuation of the Estate Agents Fidelity Fund as the Property Practitioners Fidelity Fund;
- For consumer protection;
- For the repeal of the Estate Agency Affairs Act and to provide for matters connected therewith.

### 3. STRATEGIC OUTCOME-ORIENTED GOALS

The Department's Annual Performance Plan (APP) and Strategic Plan includes strategic outcome-oriented goals that are the drivers of change towards the achievement of sustainable human settlements. The Department is directly responsible for delivering on and coordinating priorities outlined in Outcome 8 (Human Settlements) while also contributing to other outcomes. The four strategic outcome-oriented goals of the Department are aligned to the long-term goal of transforming human settlements into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure. The goals as in the APP and Strategic Plan are:

1. Effective and efficient administration
2. An effective and enabling policy framework
3. Delivery of sustainable human settlements
4. Effective oversight of human settlements delivery

#### Summary of progress made in relation to the human settlements outcomes:

In pursuit to deliver on the 1,495 million housing opportunities and to achieve human settlements outcomes, the Department's focus has been on developing quality environments for low-income communities, supported by the necessary physical, social and environmental services. The USDG and the HSDG have been used as financial instruments to achieve these outcomes. During the year under review, attention has been paid to the registration and the transfer of title deeds in the subsidy market, the upgrading of informal settlements and to increasing rental accommodation across income bands.

The human settlements sector initiated the development of the MSP that serves as a guide for human settlements planning and delivery with an emphasis on directing development along the priority precincts.

Despite the budget cuts experienced during the year under review, the Department ring-fenced funding for the delivery and realisation of human settlements outcomes in mining towns. Furthermore, significant progress was made in consolidating the Development Finance Institutions (DFIs), which are the main contributors in the delivery of affordable housing.

In working towards the realisation of the MTSF outcomes, the Department reviewed its current programmes to better direct its housing and human settlement investments, fast-track delivery, ensure affordability and diversity of the products and finance options. By the end of the year under review, a draft policy foundation for the development of the Human Settlements White Paper was developed.

Monitoring mechanisms were enhanced and various systems were used to monitor performance of human settlements and grants outputs. Prior to the disbursement of funds, the Department engaged with provinces in the development of business plans aligned to provincial annual performance and strategic plans where delivery priorities are set and the grants are used as an instrument to achieve delivery.

In working towards the achievement of effective and efficient administration, a set of processes and procedures were put in place and specific attention was paid to issues emanating from the audit findings wherein an audit action plan was developed, implemented and progress was reported accordingly.

### 4. PERFORMANCE INFORMATION BY PROGRAMME

#### 4.1 PROGRAMME 1: ADMINISTRATION

According to the budget and operational structure, the purpose of the Programme is to provide strategic leadership and administrative support services to the Department. The Programme includes the following sub-programmes that contribute to the achievement of the departmental strategic goals and objectives:

- Executive Support, which includes Internal Audit, Risk Management and Special Investigation and Advisory Services.
- Office of the Chief of Operations .
- Corporate Services.
- Financial Management.

As per the APP 2015/16, the strategic objective for the Programme is to promote efficient and effective administrative processes in the Department. This Programme ensures that there are systems and processes in place to achieve good governance. Most targets achieved in the Programme are in response to the MTSF target of having a single DFI by 2019.

## STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

### Programme 1: Administration

Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 1: Administration</b>					
<b>Strategic Objective 1: Consolidation of the Development Finance INstitutions (DFIs)</b>					
1.1 Single DFI	Three DFIs	DFI consolidation process applied	The DFI consolidation project is currently in the process of being implemented and deliverables achieved include: A tax amendment that has been agreed to with National Treasury and will allow for the transfer of assets and liabilities of the RHLF and the NURCHA to the NHFC to be tax neutral, thus ensuring the operational integration of the current DFIs. The Department commenced with the programme for policy, legislative and operational integration of the DFIs.	DFI consolidation process not applied fully	The consolidation of DFIs is a multi-year project and the timeline for completion is 2018
1.2 Develop and implement a strategy to increase the supply of affordable housing (refer to Sub-Outcome 1)	No baseline	A strategy to increase the supply of affordable housing	<ol style="list-style-type: none"> <li>1. The Catalytic Projects Programme has been activated and is projected to deliver approximately 900 000 housing units.</li> <li>2. The SHRA has compiled an affordable rental pipeline which is being implemented.</li> <li>3. The working White Paper on human settlements will include a chapter on the strategy and policy to improve the rate of delivery in the sector.</li> <li>4. The Finance-Linked Individual Subsidy Programme (FLISP) implementation framework has been reworked to improve its effectiveness.</li> </ol>	None	Not applicable
<b>Strategic Objective 2: Intensify home ownership education programmes for the affordable housing market</b>					
2.1 Curriculum on the property market and homeownership for the subsidy housing market reviewed and improved	Research was conducted on curriculum content in consultation with sector stakeholders	Campaigns to increase awareness in homeowners' education programmes in the affordable market intensified	The Department implemented educational programmes by rolling out consumer education in collaboration with provinces and municipalities targeting beneficiaries and councillors.	None	Not applicable
<b>Strategic Objective 3: Establish transactional support for affordable housing market</b>					
3.1 Transactional support requirements and programmes in the affordable housing market developed	Development of support requirements and programmes is receiving attention	Requirements and programme for transactional support developed	A prototype of the Business Intelligence Dashboard, which supports individual transactions in the affordable housing market prioritised and accredited municipalities, was developed.	None	Not applicable



Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Strategic Objective 3: Establish transactional support for affordable housing market</b>					
3.2 Distribution of sales transactions in the affordable housing market monitored	A service level agreement with a research company signed by EAAB	Distribution of sales transactions in the affordable housing market monitored quarterly from 2015	The sales transactions in the affordable housing market were monitored and reports on the residential property market were published.	None	Not applicable
3.3 Estate agencies operating in the affordable housing market	1 150 estate agents operating in affordable housing market	% increase of estate agencies operating in the affordable housing market	There were 12.5% estate agents operating in the affordable housing market The percentage is based on 14 400 MTSF target (EAAB).	None	Not applicable
<b>Strategic Objective: 4 Monitor and reporting transactions in the secondary housing subsidy submarket</b>					
4.1 Transactions in the secondary housing subsidy submarket	The EAAB is tasked with assisting with the collation of information on trends within the property market	Four quarterly reports on transactions in the secondary housing subsidy submarket	The reports on transactions in the secondary housing subsidy market were published through EAAB.	None	Not applicable
<b>Strategic Objective: 5 Collect, analyse and disseminate information on property trends and values in the affordable housing market</b>					
5.1 Households in the affordable housing (particularly subsidy) market have access to biannual property valuation information	Framework and user specifications for monitoring system are being developed	Biannual reports on household property valuation information disseminated	Biannual reports on household property valuation information were not disseminated.	Target not achieved	The information will be collated from municipalities based on their property rates roll
<b>Strategic Objective: 6 Issuing of title deeds form part of housing development process</b>					
6.1 Title deeds issued to new homeowners in the subsidy submarket on occupation	32 750 title deeds were issued for new developments	113 181 title deeds issued to new home owners in the subsidy market	14 266 title deeds were issued to new home owners in the subsidy market.	98 915 were not issued as planned	The Department has developed a title deed eradication strategy to accelerate the registration and transfer process
6.2 New interim title deeds for informal settlements	No baseline	Mechanism for security of tenure record for informal settlement upgrading	Mechanisms for security of tenure in the informal settlement upgrading programme are in place.	None	Not applicable
6.3 Backlog on title deeds eradicated	26 279 for pre- and post-1994 properties	Scoping report to determine extent and funding methodology to eradicate backlog approved	A scoping report to determine the extent of the backlog on titling and the funding methodology to address the backlog was developed in collaboration with EAAB.	None	Not applicable
6.4 All new title deeds for subsidy submarket endorsed consistent with policy	No baseline	See 6.1 above	The Department is facilitating the transfer of title deeds in line with the policy A central intervention to fast-track the issuing of title deeds has been initiated.	None	Not applicable

Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Analysis of new housing units constructed in the entire residential property market</b>					
Trends in the residential building plans passed by municipalities and completed housing units reported	No baseline	Four quarterly reports on trends in the residential property market	Reports on trends were not published.	Reports on trends not published	Information will be collated on an annual basis in the coming years
	No baseline	Annual analysis report on trends in the residential property market published	Reports on trends were not published.	Reports on trends not published	Information will be collated on an annual basis in the coming years
Trends in new NHBRC enrolments	No baseline	Four quarterly reports on trends in new NHBRC enrolments	Four quarterly reports on trends in new NHBRC enrolments were published.	None	None
<b>Strategic Objective: 7 Fast-track release of well-located land for housing and human settlements targeting poor and lower middle-income households</b>					
7.1 Hectares of well-located land rezoned and released for new developments	A total of 26 351 hectares of land were released for human settlements development	10 000 hectares identified through sector departments	35 891 hectares of land were identified released for human settlements development.	The 10 000 hectares of land to be identified is the MTSF target not the annual target	The 10 000 hectares of land to be identified is the MTSF target not the annual target
<b>Strategic Objective: 8 Provide effective and efficient communication service to ensure the understanding of the MTSF</b>					
8.1 Develop and implement a communication strategy	No baseline	Communication strategy for the understanding of the MTSF implemented	A departmental communication strategy on the targets and outputs related to the MTSF was implemented using various media platforms including BNG series, engagement with communities and others.	None	Not applicable
<b>Strategic Objective: 9 Utilise various communication platforms to communicate about the strategic thrust of human settlements</b>					
9.1 2 million consumers reached between 2014 and 2019	No baseline	Various communication platforms utilised to communicate human settlement strategic thrust	A departmental communication strategy on the targets and outputs related to the MTSF was implemented using various media platforms including BNG series, engagement with communities and others.	Achieved	Not applicable

### Strategy to overcome areas of underperformance

The Department is collaborating with entities, provinces and municipalities in gathering information on trends in the residential property market and on property valuation.

### Changes to planned targets

There were no changes made to the planned targets during the year under review.

## Linking performance with budgets

1. Administration						
Sub-Programme Name	2015/16			2014/15		
	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
Ministry	81 067	78 568	2 499	69 285	66 437	2 848
Departmental Management	63 743	56 575	7 168	102 427	101 857	570
Corporate Services	202 030	188 384	13 646	205 691	205 134	557
Property Management	42 077	42 039	38	35 153	32 153	3 000
Financial Management	46 334	45 508	826	42 405	42 099	305
<b>Total</b>	<b>435 251</b>	<b>411 074</b>	<b>24 177</b>	<b>454 961</b>	<b>447 680</b>	<b>7 280</b>

## 4.2 PROGRAMME 2: HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING

Programme 2 includes human settlements strategy, planning and delivery frameworks. The purpose of the Programme is to manage the development of policies, ensure compliance with human settlements sector delivery frameworks and oversee integrated human settlements strategic and planning services. The sub-programmes include:

- Policy, Strategy and Planning.
- Human Settlements Policy Framework.
- Stakeholder and Intergovernmental Relations.

The overall strategic objective for the Programme is to manage the development of human settlements policies and establishment and strengthening of partnerships for human settlements development. The key achievements for the

Programme during the year under review included the following:

- A policy foundation for the development of human settlements legislation developed and consulted across the sector.
- The dashboard systems and administrative procedures to support the transactions in the residential property market developed and officials trained to use the system.
- A policy foundation on the consolidation of DFI developed.
- Multi-year human settlements development plans developed in consultation with provinces.
- Inter-sectoral, inter-sphere collaboration agreements signed and implemented.

- Partnerships with mining houses and Banking Association of South Africa (BASA) established.
- Coordinated preparations for the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) and championed the Leading Change in the City conference.
- Master Spatial Plan (MSP) developed.

Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 2: Human Settlements Policy Strategy and Planning</b>					
<b>Strategic Objective 10: Evaluate, review and improve the existing housing instruments and subsidy regime to better direct housing and human settlement investments, fast-track delivery and ensure affordability and diversity of the product and finance options</b>					
10.1 Current policies and programmes evaluated, reviewed and consolidated and new policies and programmes developed	Research reports to guide the development of the Green Paper approved	Green Paper on Human Settlements approved	<ul style="list-style-type: none"> <li>The BNG is the approved policy document for human settlements.</li> <li>A framework for the development of the Human Settlements White Paper was developed and approved by the minister and members of Executive Committee (MINMEC).</li> </ul>	None	Not applicable
10.2 Policy programmes reviewed and developed	Existing policies and programmes	Number of current policies and programmes reviewed Allocations policy reviewed	A number of current policies and programmes were reviewed, including: <ul style="list-style-type: none"> <li>The allocation policy was developed.</li> </ul>	None	Not applicable
	No baseline	Sales restriction policy foundation developed	<ul style="list-style-type: none"> <li>The sales restriction policy foundation was developed.</li> </ul>		
	Community Residential Units (CRU) policy	CRU policy reviewed	<ul style="list-style-type: none"> <li>CRU policy was reviewed.</li> </ul>		
	No baseline	Survey report on existing and new policy programmes	<ul style="list-style-type: none"> <li>The survey report on existing and new policy programmes was published.</li> </ul>		
		Number of new policy programmes developed Policy foundation on consolidation DFIs developed Capacity building policy programme developed USDG policy approved	<ul style="list-style-type: none"> <li>The policy foundation on the consolidation of DFI was developed.</li> <li>The capacity building programme has been developed.</li> </ul> The USDG policy was approved and submitted to the Social Cluster for concurrency requirements.	None	Not applicable
10.3 A coherent and inclusive approach to land for human settlements developed	No baseline	Policy for coherent and inclusive approach to land for human settlement developed and approved	The policy for coherent and inclusive approach to land for human settlements was developed.	Policy for coherent and inclusive approach to land for human settlements not approved	Policy under consultation
		Regulations and incentives for housing and land use management revised	Regulations for land use management will be finalised upon approval of the policy for coherent and inclusive approach to land.	Regulations not revised	Pending the finalisation of the policy for coherent and inclusive approach to land



Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 2: Human Settlements Policy Strategy and Planning</b>					
<b>Strategic Objective 10: Evaluate, review and improve the existing housing instruments and subsidy regime to better direct housing and human settlement investments, fast-track delivery and ensure affordability and diversity of the product and finance options</b>					
10.4 Evaluation of key human settlements strategic thrusts	2 evaluation reports on human settlements strategic areas completed	Evaluations for improved human settlements conducted: Access and Social Housing	<ul style="list-style-type: none"> <li>The Inception Report, Final Report and Summary Report for Social Housing have been completed.</li> <li>The Access evaluation has been delayed.</li> </ul>	Access evaluation only commenced in December 2015	The Access evaluation project is in the 2016/17 plan
10.5 Housing finance regime revised	Housing finance regime	Revisions on human settlements and housing finance frameworks	The revision of the finance regime was undertaken	None	Not applicable
10.6 Housing Act amended and human settlements legislation approved reviewed (ie current clause 8 etc)	Housing Act	Consultation on rational for amending the Housing Act and draft Housing Act	<ul style="list-style-type: none"> <li>The Housing Act and related regulations will be amended and replaced with a Human Settlements Act upon approval of the Human Settlements White Paper</li> <li>This includes consultation on the rationale for amending the Housing Act and crafting a human settlement legislation.</li> </ul>	None	Not applicable
10.7 Mining towns (a special strategy for mine worker housing)	No baseline	Operationalisation of mine worker strategy implemented	The mineworker strategy is under implementation through the human settlements interventions.	None	Not applicable
10.8 Rental strategy (backyard rental strategy)	No baseline	Backyard policy programme referred for approval	The Backyard Policy is being referred for approval to relevant structures.	None	Not applicable
<b>Strategic Objective 11: Develop policy and administrative systems that support individual transactions in the affordable secondary housing market</b>					
11.1 Policy and administrative systems that support individual transactions in the affordable secondary housing market developed	No baseline	Policy and administrative systems that support individual transactions in the affordable secondary housing market developed	Policy and administrative systems that support individual transactions in the affordable secondary housing market were developed.	None	Not applicable
<b>Strategic objective 12: Strengthen programme for the accreditation of municipalities</b>					
12.1 Municipalities assessed and recommended for various levels of accreditation and assignment	A capacity support programme for assignment and accreditation was developed	Six municipalities assessed for accreditation	Three municipalities were pre-assessed for accreditation during the financial period.	Three municipalities were not assessed	Weaknesses were identified regarding previous accreditations and this warranted a new strategy for accreditation

Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 2: Human Settlements Policy Strategy and Planning</b>					
<b>Strategic Objective 13: Develop a monitoring and support programme for municipalities that have been accredited</b>					
13.1 Post-assignment and post-accreditation monitoring and support programme implemented	Four monitoring and evaluation exercises were conducted and four reports were approved	Monitoring of the support programme for accredited municipalities implemented	Support on accredited municipalities was implemented, including the focused intervention in Nelson Mandela Bay Metropolitan Municipality (NMBMM).	None	Not applicable
<b>Strategic Objective 14: Increase the supply of housing opportunities using different tenure types to ensure the diversity necessary to address social, economic and cultural needs</b>					
14.2 Institutional capacity for People's Housing Process (PHP) to support informal settlement upgrading and rural housing enhance Implementation strategy to increase the supply of housing opportunities for affordable housing market developed	Five provinces were able to deliver a total of 12 553 PHP units	Consolidation of the institutional capacity for PHP and all informal settlement upgrading support programmes completed  Implementation strategy to increase the supply of affordable housing	<ul style="list-style-type: none"> <li>Consolidation of the institutional capacity for PHP is in progress Various provinces have been supported in the implementation of PHP and the support has yielded 8 498 PHP units .</li> <li>The strategy to increase the supply of affordable housing is developed through the White Paper process.</li> </ul>	None  The chapter on finance in the draft White Paper for Human Settlements addresses the target	Not applicable  The chapter on finance in the draft White Paper for Human Settlements addresses the target
14.3 Programme to support community-based, cooperatives, non-profit rental and self-built housing developed	Cooperative housing policy finalised	Programme to support community-based, cooperative, non-profit rental and self-built housing developed	<ul style="list-style-type: none"> <li>Programme to support community-based, cooperative, non-profit rental and self-built housing is under implementation</li> <li>In partnership with the Department of Small Business Development cooperatives have been established to participate in the PHP .</li> </ul>	None	Not applicable

Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 2: Human Settlements Policy Strategy and Planning</b>					
<b>Strategic Objective 15: Increase participation of stakeholders in housing development</b>					
15.1 50 Community-based organisation, civil society organisations and other forms of non-governmental entities participating in human settlement development	128 Organisations were participating in human settlements developments	Annually review progress on the signed Social Contract for Human Settlements with community-based organisations, civil society organisations and other forms of non-governmental entities participating in human settlements developments	<p>The Social Contract for Human Settlements has been reviewed by:</p> <ul style="list-style-type: none"> <li>Engaging and developing a package of support for the Nelson Mandela small medium and micro enterprise (SMME) contractors.</li> <li>The package of support developed includes the new database for the SMMEs.</li> <li>Training support and incubation programme for youth and women.</li> <li>Placing of youth and women in SMMEs by the HDA.</li> <li>BASA agreement signed with the Department on how the banks will support human settlements development.</li> <li>Hosted a developers' workshop on catalytic projects</li> <li>Solicited about R1 million from the private and public stakeholders to assist vulnerable groups with housing opportunities; these housing opportunities were delivered through different human settlements builds.</li> </ul>	None	Not applicable
<b>Strategic Objective 16: Strengthen current mechanism to mobilise private sector to contribute to human settlements development</b>					
16.1 Mechanism and incentives to mobilise and increase private sector participation is developed	No baseline	Apply approved plan to mobilise private sector to contribute to human settlements	<ul style="list-style-type: none"> <li>The plan to mobilise the private sector was developed, approved and applied and it includes the BASA agreement.</li> </ul>	None	Not applicable
16.2 Develop mechanism to track employer-assisted housing (EAH) both in the public sector and private sector, including commitments in the SLPs as per the Mining Charter	No baseline	EAH both in public and private sector, including commitments in the Mining Charter, applied	<ul style="list-style-type: none"> <li>The implementation of the EAH programme in the public sector is in progress; this includes the government EAH scheme.</li> <li>Agreements entered into with the private sector including mining companies in areas where human settlements interventions are implemented.</li> </ul>	None	Not applicable

Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 2: Human Settlements Policy Strategy and Planning</b>					
<b>Strategic Objective 17: Develop horizontal and vertical consultative mechanisms among spheres of government</b>					
17.1 Multi-year human settlements development plans aligned with other sectoral spheres of government to increase coordination and collaboration	Annual provincial business plans for 2015/16 conditionally approved	Multi-year human settlements development plans aligned with other sectoral spheres of government to increase coordination and collaboration	The multi-year human settlements plans have been developed. These include business plans for the HSDG and built environment performance plans for metropolitan municipalities (USDG).	None	Not applicable
17.2 Inter-sectoral collaboration agreements signed and implemented	4 reports on inter-sectoral, inter-sphere collaboration agreements signed and implemented	Progress report on the implementation of inter-sectoral collaboration agreements	<p>The Department entered into agreements with the following inter-sectoral partners:</p> <ul style="list-style-type: none"> <li>• Department of Science and Technology</li> <li>• Transnet</li> <li>• BASA</li> <li>• Department of Rural Development and Land Reform</li> </ul> <p>The progress report on the implementation of inter-sectoral collaboration agreements has been submitted.</p>	None	Not applicable
<b>Strategic objective 18: Review planning system to achieve better spatial targeting</b>					
18.1 Set of overarching principles and norms for housing and human settlements spatial development completed	Spatial Planning Investment Framework developed	Set of overarching principles and norms for human settlements (Red Book) updated	<ul style="list-style-type: none"> <li>• The framework for the revision of the Red Book has been developed</li> <li>• Consultations with the identified stakeholders have commenced.</li> </ul>	The Red Book has not been updated as it is a multi-year process	The revision of the Red Book is a multi-year process
18.2 Housing programme and related Human Settlements Spatial Investment Framework to guide coordination of spatial investments developed	No baseline	Housing and related Human Settlements Spatial Investment Framework, to guide wider coordination of spatial investment, approved	Housing and related Human Settlements Spatial Investment Framework, to guide wider coordination of spatial investment, have been developed and approved.	None	Not applicable
18.3 Integrated housing and related human settlements planning system developed (incorporating environment, human settlement, transport and related human settlement development functions, drawing on existing National Treasury and Department of Cooperative Governance settlement investments)	Land and property spatial information system developed	Housing and related human settlement	Housing and related human settlement planning system has been developed and approved.	None	Not applicable



Performance indicator	planning system	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 2: Human Settlements Policy Strategy and Planning developed and approved</b>					
<b>Strategic objective 18: Review planning system to achieve better spatial targeting</b>					
18.4 Housing and related human settlements component contributing to a national spatial mechanism to coordinate existing grants for targeted spatial interventions developed	2015 DORA bill approved	Housing and Human Settlements Grant framework restructured	The Housing and Human Settlements Grant framework was restructured.	None	Not applicable

### Strategy to overcome areas of underperformance

- Areas that have not been achieved have been considered in the 2016/17 APP.
- There were no changes made to the planned targets during the year under review.
- Linking performance with budgets.

<b>2. Human Settlements Policy, Strategy and Planning</b>						
Sub- Programme Name	2015/16			2014/15		
	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
Management Human Settlements Policy, Strategy and Planning	7 979	7 420	558	4 134	3 902	232
Human Settlements Policy Frameworks	29 336	29 177	159	30 178	29 731	447
Human Settlements Strategy and Planning	40 179	39 141	1 038	45 767	45 070	697
<b>Total</b>	<b>77 493</b>	<b>75 738</b>	<b>1 755</b>	<b>80 079</b>	<b>78 703</b>	<b>1 376</b>

### 4.3 PROGRAMME 3: PROGRAMME DELIVERY SUPPORT

Purpose: To oversee and support the execution of human settlements programmes and projects.

#### Sub-programmes

- Programme and Project Planning Support.
- Programme Implementation Facilitation.

- Programme Monitoring and Evaluation.
- Programme Regulatory Compliance.
- Technical Capacity Development.

#### Strategic objectives

- To manage the conceptualisation and planning of human settlements strategic programmes and projects.
- To oversee and facilitate the implementation and facilitation of human settlements projects.

- To manage the monitoring, evaluation and assessment of the impact of human settlements projects, policies and programmes.
- To manage the development of technical capacity in the human settlements sector.
- To manage regulatory compliance services within the human settlements sector and provide oversight management over the Department's entities.

## Strategic objectives, performance indicators, planned targets and actual achievements

The overall programme focused in achieving the following deliverables during the 2015/16 financial year:

- Implementation of the Guideline Framework and Project Readiness Matrix to determine the state of readiness of projects for implementation.
- Assisted municipalities and provinces with the facilitation of multi-year planning in packaging of human settlements projects.
- Coordinated the initiation of catalytic projects.
- Provided institutional and planning support to mining towns that yielded a number of housing opportunities.
- Facilitated planning of 256 656 housing opportunities.
- Conducted 463 feasibilities in various municipalities.
- Developed 76 informal settlement upgrading plans.
- Published the Monitoring, Evaluation and Impact Assessment (MEIA) policy and implementation framework.
- Continuous monitoring of performance at project level and data analysis.
- Consumer education rolled out in collaboration with provinces and municipalities.
- Continued submission of the MTSF performance reports.

### Programme 3: Programme Management Unit

Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 3: Programme Management Unit</b>					
<b>Strategic Objective 19: Build and ensure institutional capabilities and capacity for execution and delivery of transformed human settlements and better spatial targeting</b>					
19.1 Number (2 200) of informal settlement upgrading assessed	No baseline	460 informal settlement upgrading assessed	463 informal settlements were assessed and categorised.	Positive variance of three informal settlements assessed and categorised	Three additional informal settlements were assessed and categorised
19.2 Number (2 200) of informal settlement upgrading plans developed	336 informal settlement upgrading plans developed	460 informal settlement upgrading plans developed	76 informal settlement upgrading plans were developed.	384 informal settlement upgrading plans not developed	A strategy to improve performance in this area has been developed
19.3 Number (750 000) of households benefitting from informal	74 017 households	150 000 households upgraded to Phase 2 of the Upgrading of Informal Settlements Programme (UISP)	52 349 households were upgraded to Phase 2 of the UISP programme.	97 651 households not upgraded to Phase 2 of the UISP programme as planned	A strategy to improve performance in this area has been developed
Informal settlement capacity building programme	Development of content material completed by the service provider but documentation and report were only submitted in April 2015	Implementations of the capacity building programme in 10 municipalities	Capacity building programme in 10 municipalities not implemented.	Capacity building programme in 10 municipalities not implemented	Target reprioritised

Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 3: Programme Management Unit</b>					
<b>Strategic Objective 19: Build and ensure institutional capabilities and capacity for execution and delivery of transformed human settlements and better spatial targeting</b>					
19.4 Number of housing units for subsidy housing submarket provided	95 210 BNG houses	28 000 housing units delivered	99 904 housing units were delivered.	The 28 000 housing units delivered is a quarterly target; the annual target was 112 000 housing units delivered	Not applicable
19.5 Number of affordable rental housing opportunities	11 407 affordable rental housing opportunities delivered in well-located land (8 994 community residential units and 2 053 social housing units)	14 400 affordable rental housing opportunities	12 097 affordable rental housing opportunities were provided, comprised of: <ul style="list-style-type: none"> <li>• Social housing: 3 480 opportunities</li> <li>• CRU: 2 152 opportunities</li> <li>• NHFC: 6 465 opportunities.</li> </ul>	2 303 opportunities not delivered	Pipeline developed to address the gap
19.6 Number of restructuring zones approved for the development of social housing projects	51 restructuring zones identified	55 restructuring zones approved for the development of social housing projects	The restructuring zones were approved .	None	Not applicable
<b>Strategic Objective 20: Implement projects that ensure spatial, social and economic integration</b>					
20.1 Framework to ensure spatial, social and economic integration (spatial targeting) of human settlements developed	Draft guideline framework for the testing of project readiness developed	Implementation of the guideline framework for testing the project readiness	The project readiness matrix was implemented to test project readiness in the provincial business plans.	None	Not applicable
20.2 Number of planned catalytic projects that addresses spatial, social and economic integration	15 planned catalytic projects that address spatial, social and economic integration	10 planned catalytic projects that addresses spatial, social and economic integration	13 catalytic projects that address spatial, social and economic integration were planned.	The target was over achieved by three additional catalytic projects planned	Not applicable
20.3 Number of housing opportunities planned and assessed	170 338 housing opportunities planned	250 000 housing opportunities planned and assessed	256 656 housing opportunities were planned and assessed.	6 656 housing opportunities is a positive variance	Not applicable
20.4 Number of planned mining towns interventions	No baseline	22 planned mining towns interventions	23 mining towns interventions planned.	1 planned mining towns intervention is a positive variance	Not applicable



Performance indicator	Baseline (actual achievement 2014/2015)	Planned target 2015/2016	Actual performance 2015/2016	Deviation from planned target for 2015/2016	Comments on deviation
<b>Programme 3: Programme Management Unit</b>					
<b>Strategic Objective 21: Monitor and evaluate the execution and delivery of human settlement projects and programmes to assess and report on the extent of access to adequate housing in improved living environments for all</b>					
21.1 Revised monitoring and evaluation framework	Revised monitoring and evaluation framework for 2014/15	Status report on the implementation of the approved revised monitoring and evaluation framework	The MEIA framework was published during quarter two.	No status report produced due to late publishing of the framework	No status report produced due to late publishing of the framework
21.2 Percentage of projects financed from the HSDG and USDG conditionally verified in terms of performance and status	57% of running projects monitored through physical site visits and other verification methodologies Four quarterly reports on progress with the implementation of the Human Settlements Programme of Action (POA) Delivery Agreement	75% of running projects monitored through physical site visits and other verification methodologies Four quarterly reports on the progress with the implementation of the Human Settlements POA Delivery Agreement	100% of running projects monitored through physical site visits and other verification methodologies.  Four quarterly reports on the progress with the implementation of the Human Settlements POA Delivery Agreement were published.	The target exceeded by 25%  None	Not applicable  Not applicable
21.3 Number of studies on the impact of selected human settlements programmes on the quality of living environment	One impact assessment study completed: Rapid Appraisal of Outcome 8	Two reports on the impact of human settlements programmes on the quality of living environments	One report on the impact of human settlements programmes on the quality of living environments (UISP baseline) was published.	One impact assessment study (affordable housing) not completed	The evaluation is part of the 2016/17 priorities
21.4 Number of data and relevant analysis reports on human settlements projects (delivery performance) funded from the HSDG	16 data analysis reports (covering 12 data extracts) on human settlements project data	Four data analysis reports of human settlements projects funded from the HSDG	12 data analysis reports of human settlements projects funded from the HSDG were produced.	Eight additional reports of human settlements projects funded from the HSDG produced	Not applicable

### Strategy to overcome areas of underperformance

Strategies to overcome areas that were not achieved, were developed and are being implemented.

### Changes to planned targets

There were no changes made to the planned targets during the year under review.

### Linking performance with budgets

<b>3. Programme Management Unit</b>						
Sub-Programme Name	2015/16			2014/15		
	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
Management for Programme Delivery Support	8 623	7 533	1 090	7 710	7 019	691
Programme Management Unit	103 771	70 587	33 184	101 986	54 998	46 989
Chief of Operations	54 296	42 676	11 620	59 278	57 095	2 183
<b>Total</b>	<b>166 690</b>	<b>120 796</b>	<b>45 894</b>	<b>168 974</b>	<b>119 112</b>	<b>49 862</b>

## 4.4 PROGRAMME 4: HOUSING DEVELOPMENT FINANCE

### Programme purpose

Fund the delivery of all housing and human settlements programmes, manage all matters related to improving access to housing finance and develop partnerships with the financial sector.

### Sub-programmes

- Chief Investment Officer

### Strategic Objective

To manage and provide overall grants management services, administer the HLAMDA and promote investments for sustainable human settlements.

Over the past year the programme achieved the following deliverables:

- The grant allocation processes for the 2015/16 financial year budget were finalised and approved. THE HSDG had voted funds of R18.2 billion during the beginning of the 2015/16 financial year; during the mid-term budget adjustment an additional R100 million was allocated to the HSDG making the total to be R18.3 billion.
- There was an approved rollover from the 2014/15 financial year of R378 million and the total available to be spent by provinces was R18.6 billion. R18.3 billion was transferred to provinces and spending was R18.1 billion, representing 97% of the total available funds. During the year, R908 million was taken from Gauteng and reallocated to other provinces.

- The USDG to metropolitan municipalities had voted funds of R10.6 billion plus an approved rollover of R806 million, making total available funds of R11.3 billion. As at 31 March 2016, R10.6 billion was transferred. Municipalities spent a total of R5.9 billion, which represents 52.7% of the total available funds.
- The Municipal Human Settlements Capacity Grant (MHSCG) had an allocation of R100 million during the 2015/16 financial year. There was an approved rollover of R222 million from the 2014/15 financial year, making the total available funds of R322 million. As at 31 March 2016, R100 million was transferred to eight metropolitan municipalities. Out of the total available funds of R322 million, only R52 million was spent, which represents 16.1%. The MHSCG was introduced in the 2014/15 financial year. National Treasury has discontinued this grant and, instead, up to 3% of the USDG may be used to fund municipal capacity in the built environment.
- The performance of the state finance products such as FLISP was monitored. As a result, discrepancies were noted from the reported performance information by the three different institutions and corrective measures were taken to address the gap with the aim of improving the reporting processes while ensuring the reliability of data reported.
- Extensive engagements were held with provinces, NHFC, banks, National Treasury and the DPSA (Government Employee Housing Scheme [GEHS] section) to assess the performance of FLISP. Challenges in the implementation of the Implementation Protocol signed between provinces and NHFC were identified. A recommendation to revise FLISP was made to incorporate the GEHS to improve its performance.
- Analysis of the credit market trends was conducted using data from NCR. It was noticed that, consumers classified in good standing had increased from 692 000 to 13.53 million consumers. The unsecured credit book decreased by R8.04 billion (4.73%) on a year-on-year basis. The mortgages book grew by R27.86 billion (3.34%) on a year-on-year basis. In brief, the analysis shows an increasing trend in the number of creditors for this financial year.
- Mechanism to track EAH both in the public sector and in the private sector, including commitments in the SLPs, as per the Mining Charter were developed.
- The HLAMDA and its supporting tools were implemented. Information from financial institutions was collated and analysed in terms of provisions of the Act. An annual report on the lending patterns and practices by financial institutions was prepared and submitted to the Minister in terms of the requirements of the Act. The quarterly reports on the performance of financial institutions and their lending patterns on home loans were submitted to the Minister. The HLAMDA Amendment Bill was presented to the Forum of South Africa Directors-General for approval and was approved; it is awaiting gazetting for public comments to finalise the amendment in terms of legislative requirements.

#### Programme 4: Housing Development Finance

Programme performance indicator	Baseline (audited actual achievement)	Target for 2015/16 as per APP	Actual performance 2015/2016	Deviation from planned target 2015/2016	Comments on deviation
<b>Programme 4: Housing Development Finance</b>					
<b>Strategic Objective 22: Develop minimum standards and finance options for investment in public space</b>					
22.1 Guidelines on minimum standards and finance options for investment in public spaces	No baseline	Guidelines on minimum standards and finance options for investment in public spaces developed	Guidelines on minimum standards and finance options for investment in public spaces already in volume 3 of the Housing Code.	None	Not applicable
22.2 Yearly allocation invested in public spaces targeting poor and lower middle income	No baseline	Annual budget allocation for investment in public spaces targeting poor and lower middle income	R172.6 million of the HSDG was allocated for investment in public spaces targeting poor and lower middle income.  R260.5 million of the USDG, which accounts for until end March 2016 as the municipal financial year ends in June, was allocated for investment in public spaces targeting poor and lower middle income.	None	Important to note that the reported expenditure for the USDG is up until end March 2016 as the municipal financial year ends in June
<b>Strategic Objective 23: Diversify finance options and products for the affordable gap market in particular</b>					
23.1 Review current finance products (such as, existing DFI products, FLISP, MDI, etc.) for the affordable housing market	No baseline	Strategy for developing diversified finance products for the affordable market approved	The chapter on financing human settlements programmes is part of the White Paper development process.	The review of the finance products is part of the White Paper development process	The review of the finance products is part of the White Paper development process
23.2 Increase in volume of home loans granted (over and above that which produce new houses) by private sector and DFIs to households in the affordable housing market	62 952 home loans were issued by the DFIs	Monitor contribution of DFIs to increase volume of home loans granted	The department is monitoring the DFIs' contribution to housing finance.	None	Not applicable
<b>Strategic Objective 24: To manage and provide overall grants management services, administer the HLAMDA and promote investments for sustainable human settlements</b>					
24.1 Housing and related human settlement component contributing to the national spatial mechanism to coordinate existing grants for targeted spatial interventions developed	No baseline	Housing and Human Settlements Grants Framework restructured by October 2015	The grant framework was approved by December 2015, which is within the financial year period.	None	Not applicable



Programme performance indicator	Baseline (audited actual achievement)	Target for 2015/16 as per APP	Actual performance 2015/2016	Deviation from planned target 2015/2016	Comments on deviation
<b>Programme 4: Housing Development Finance</b>					
<b>Strategic Objective 24: To manage and provide overall grants management services, administer the HLAMDA and promote investments for sustainable human settlements</b>					
24.2 Monitor and analyse the financial performance of provinces and municipalities	Four approved quarterly reports on (HSDG, USDG and MHSCG) performance  Annual report on the monitoring of performance of the HSDG approved	Annual performance report of the grants	Annual reports on HSDG, USDG and MHSCG were produced and submitted.	None	Not applicable
24.3 Monitor and analyse the performance of financial institutions and their lending patterns on home loans	Two reports on home loan lending patterns and practices by financial institutions submitted	Annual report on the performance of financial institutions and their lending patterns on home loans	Annual report on the performance of financial institutions and their lending patterns on home loans produced.	None	Not applicable
24.4 Monitor the performance of state finance products for the gap submarket	No baseline	Four performance reports on state finance products for the gap submarket	Four performance reports analysis on the state finance products for the gap submarket were produced.	None	Not applicable
24.5 Monitor and analyse EAH	No baseline	Two reports on the performance of EAH	Two reports on the performance of EAH were produced.	None	Not applicable

### Strategy to overcome areas of underperformance

The review of current finance products is in progress.

### Changes to planned targets

There were no changes made to the planned targets during the year under review.

### Linking performance with budgets

4. Housing Development Finance						
Sub-Programme Name	Final Appropriation	2015/16 Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	2014/15 Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management Housing Development Finance	1 187	1 036	151	359	357	2
Chief Investment Officer	20 233	19 974	259	17 249	16 488	761
HSDG	18 302 675	18 302 675	-	17 084 369	17 084 369	-
USDG	10 554 345	10 554 345	-	10 284 684	10 284 684	-
MHSCG	100 000	100 000	-	300 000	300 000	-
Contributions	885 507	448 906	436 601	1 026 930	1 026 839	91
<b>Total</b>	<b>29 863 947</b>	<b>29 426 936</b>	<b>437 011</b>	<b>28 713 591</b>	<b>28 712 737</b>	<b>854</b>

## Strategy to overcome areas on underperformance

Under-performance in critical areas of performance has been identified and mitigation measures have been developed and are currently being implemented.

### Specific Key Performance Indicators as per Estimates of National Expenditure (ENE)

Programme performance indicator	Baseline (audited actual achievement)	Target for 2015/16 as per ENE	Actual performance 2015/2016	Deviation from planned target 2015/2016	Comments on deviation
<b>Programme 2: Human Settlements Policy, Strategy and Planning</b>					
Number of municipalities assessed for accreditation per year	0	6	No municipalities were assessed.	There were engagements with municipalities in this regard	In order to meet the municipal expectations, the approach is being revised and is to be rolled out in 2016/17
<b>Programme 3: Programme Management Unit</b>					
Total number of municipalities provided with technical assistance for informal settlement upgrading	62	53	91 municipalities provided with technical assistance, 21 of which fall under the Mining Towns in Distress Programme.	38 municipalities provided with technical assistance, 21 of which fall under the Mining Towns in Distress Programme	The target was overachieved
Number of informal settlements with settlement upgrading plans per year	148	400	76 informal settlement upgrading plans developed.	324 informal settlement upgrading plans not developed	324 informal settlements upgrading plans were not completed but are prioritised for 2016/17
Number of additional PHP subsidies allocated to approved beneficiaries per year	No baseline	6 500	8 498 PHP units delivered.	None	Not applicable
<b>Programme 4: Housing Development Finance</b>					
Number of additional units in the housing subsidy submarket completed per year	No baseline	103 983	99 904 additional units in the subsidy market delivered.	Variance of 4 079	Variance will be incorporated in the plan for the coming years
Number of additional affordable rental housing units completed per year	No baseline	4 987	12 097 affordable housing opportunities provided.	No variance	Not applicable

Programme performance indicator	Baseline (audited actual achievement)	Target for 2015/16 as per APP	Actual performance 2015/2016	Deviation from planned target 2015/2016	Comments on deviation
<b>Programme 4: Housing Development Finance</b>					
Number of additional households living in informal settlements upgraded to level 2 in terms of the Informal Settlements Programme per year	No baseline	138 521	52 349 households living in informal settlements upgraded to level 2 in terms of the Informal Settlements Programme.	The information is only for the HSDG. Information on households upgraded through the USDG is still pending as the municipal financial year has just ended	The information is only for the HSDG. Information on households upgraded through the USDG is still pending as the municipal financial year has just ended
Number of FLISP subsidies allocated to approved beneficiaries per year	No baseline	12 929	2 253 FLISP subsidies allocated to approved beneficiaries.	Target not achieved	Review of the FLISP by the Department will contribute to the improved performance
Total value of FLISP subsidies allocated to approved beneficiaries per year	No baseline	R34 million	R107 311		
Number of catalytic projects initiated per year	No baseline	10	13 projects catalytic projects initiated.	None	Not applicable

## 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
<b>EAAB</b>	<ol style="list-style-type: none"> <li>1. Regulate, maintain and promote the standard of conduct of estate agents having due regard to the public interest.</li> <li>2. Issue fidelity fund certificates to qualifying applicants.</li> <li>3. Prescribe the standard of education and training of estate agents.</li> <li>4. Investigate complaints against estate agents and institute disciplinary proceedings against offending estate agents where required.</li> <li>5. Manage and control the Estate Agents Fidelity Fund</li> </ol>	EAAB does not receive financial assistance from DHS		<ul style="list-style-type: none"> <li>• 2 109 youth placed on the 'One Learner – One Estate Agency' Programme.</li> <li>• Increased stakeholder awareness of the EAAB and its role and services by 9 811 000.</li> <li>• Title deeds backlog addressed by delivering 48 497 title deeds during 2015/16.</li> </ul>
<b>CSOS</b>	<ol style="list-style-type: none"> <li>1. Provides a dispute resolution service for community schemes.</li> <li>2. Keeps custody of the governance documentation for community schemes to facilitate good governance, as well as to provide client access to documentation of schemes in order to improve awareness of community schemes as an alternative tenure option for citizens.</li> <li>3. Educates the public about rights and responsibilities of living in a community.</li> <li>4. Manages the Sectional Titles Management Act.</li> </ol>	R39.5 million	R39.5 million	<ul style="list-style-type: none"> <li>• Approved regulations by the Minister.</li> <li>• New board established operating approaches with full structures.</li> <li>• Increased dispute resolution model at the conciliation level with good turnaround times</li> <li>• Skype for business.</li> <li>• Public road-show rolled out nationally of stakeholder consultations to support the public consultation process for the CSOS regulations.</li> </ul>
<b>HDA</b>	<ol style="list-style-type: none"> <li>1. Land assembly and land acquisition or release.</li> <li>2. Land holding and land holding support.</li> <li>3. Land geo-spatial services.</li> <li>4. Programme and project portfolio planning and management.</li> <li>5. Informal settlement upgrading.</li> <li>6. Support to national programmes (catalytic projects, mining towns and NUSP).</li> <li>7. Section 29 mandated projects, N2 Gateway and Zanemvula.</li> <li>8. Project technical implementation support.</li> </ol>	R104.6 million	R104.6 million	<ul style="list-style-type: none"> <li>• 3 559.17 hectares of land released for human settlement development.</li> <li>• HDA support provided in all nine provinces with provincial offices in Eastern Cape, Western Cape, KwaZulu-Natal, Limpopo, Northern Cape and Free State and head office in Gauteng.</li> <li>• 351 national priority programmes and 22 projects in mining towns provided with technical support.</li> <li>• Framework for Spatial Investment for Human Settlements based on the MSP promoted.</li> </ul>
<b>NHFC</b>	<ol style="list-style-type: none"> <li>1. To broaden and deepen access to affordable housing finance for low- and middle-income households.</li> <li>2. To facilitate the increased and sustained lending by financial institutions to the affordable housing market and mobilise funding into the human settlement space, on a sustainable basis, in partnership with the broadest range of financial institutions.</li> <li>3. Additionally, it was assigned by the Department in September 2011 to implement FLISP with provincial Human Settlements Departments.</li> </ol>	R100 million	R99 million in loans advanced for social housing and private rental housing	<ul style="list-style-type: none"> <li>• A total of 578 units were facilitated: 500 social housing and 78 private rental housing units.</li> <li>• A total of 845 affordable housing units were facilitated.</li> <li>• 5 407 households have benefitted.</li> <li>• 9 157 temporary and permanent jobs were created.</li> </ul>



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
<b>NHBRC</b>	<ol style="list-style-type: none"> <li>1. Inspection of homes.</li> <li>2. Registration of homebuilders.</li> <li>3. Enrolment of homes.</li> <li>4. Training of homebuilders and youth.</li> </ol>	NHBRC does not receive financial assistance from DHS	-	<ul style="list-style-type: none"> <li>• Conducted a total of 258 446 inspections in the non-subsidy sector.</li> <li>• Conducted a total of 230 103 inspections in the subsidy sector.</li> <li>• Registered a total of 4 384 homebuilders.</li> <li>• Renewed registration of 12 602 homebuilders.</li> <li>• Enrolled a total 49 640 homes in the non-subsidy sector.</li> <li>• Enrolled a total of 7 437 homes in the subsidy sector.</li> <li>• Trained a total of 747 youths, 20 military veterans and 34 people with disabilities.</li> </ul>
<b>NURCHA</b>	<ol style="list-style-type: none"> <li>1. NURCHA is an innovative development finance company providing bridging and development finance to contractors and developers involved in the development of subsidy and affordable housing.</li> </ol>	R61 million	The NURCHA repaid the capital amount of R56 million to the Soros Economic Development Fund in relation to the loan agreement after the agreed deductible losses were accounted for.	<ul style="list-style-type: none"> <li>• 15 contracts signed for affordable housing projects with a value of R432.9 million.</li> <li>• 2 261 houses built and sites serviced.</li> <li>• 32 contracts signed for subsidy housing projects with a value of R149.5 million.</li> <li>• 3 984 houses built and sites serviced.</li> <li>• Four contracts signed for infrastructure and community facilities with a value of R8.4 million.</li> </ul>
<b>RHLF</b>	<ol style="list-style-type: none"> <li>1. To provide access to housing credit to low-income rural households in order to enable them to improve their housing and living conditions.</li> <li>2. Providing loans through retail intermediaries to its target market to be utilised for incremental housing purposes.</li> <li>3. Use loans for fixed improvements: new houses, extensions, utilities connections, fencing, water harvesting and land purchases.</li> <li>4. To support the implementation of the Comprehensive Rural Development Programme</li> </ol>	RHLF did not receive financial assistance from DHS in the period under review	-	<ul style="list-style-type: none"> <li>• 39 790 loans granted</li> </ul>
<b>SHRA</b>	<ol style="list-style-type: none"> <li>1. To regulate the social housing sector.</li> <li>2. To support the restructuring of urban spaces through social housing investments.</li> <li>3. To promote the development and awareness of social housing.</li> <li>4. To ensure accreditation and compliance of social housing institutions.</li> <li>5. To ensure sustainable and regulated disbursements of the RCGs to accredited social housing institutions (capital and investment grants)</li> </ol>	R185.6 million (Operational Grant: R34.6 million; RCG: R109.1 million; Institutional Investment Grant: R41.9 million)	R185.6 million	<ul style="list-style-type: none"> <li>• 18 580 social housing units under regulation</li> <li>• 61 social housing institutions accredited</li> </ul>

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

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

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Department comply with s 38 (1) (j) of the PFMA?	Amount transferred (R'000)	Amount spent by the entity	Reasons for funds unspent by the entity
Subscription fees: UN membership fees	International organisation	The budget allocation for membership fees supports the work of the United Nations Human Settlements Programme through annual contributions to the Habitat Foundation. This is a contribution on behalf of the country.	Yes	1 300	1 300	

## 6. CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds paid

#### **Conditional Grant 1: HSDG**

Department/municipality to whom the grant has been transferred	Nine provinces
Purpose of the grant	To provide funding for the creation of sustainable and integrated human settlements
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Number of residential units delivered in each housing programme</li> <li>• Number of serviced sites delivered in each housing programme</li> <li>• Number of finance-linked subsidies approved and disbursed</li> <li>• Number of households in informal settlements provided with access to services or upgraded services</li> <li>• Number of women and youth service providers contracted and employed in programmes and projects</li> <li>• Number of properties transferred or title deeds issued (pre-1994 and post-1994 backlogs and new developments)</li> <li>• Number of hectares of well-located land acquired or released</li> <li>• Number of work opportunities created through related programmes</li> </ul>

Actual outputs achieved											
Province	Annual delivery targets			Delivery performance as at 31 March 2016			Variance delivery sites	Variance delivery top structures	Total variance delivery	% performance sites	% of performance units
	Service sites	Top structure	Total delivery targets	Serviced sites	Top structure	Total delivery performance					
Eastern Cape	10 040	13 768	23 808	10 388	13 198	23 586	-348	570	222	103	96
Free State	3 686	4 819	8 505	4 106	4 781	8 887	-420	38	-382	111	99
Gauteng	14 901	25 205	40 106	10 048	14 968	25 016	4 853	10 237	15 090	67	59
KwaZulu-Natal	8 885	21 066	29 951	6 879	26 552	33 431	2 006	-5 486	-3 480	77	126
Limpopo	6 085	7 760	13 845	1 437	8 443	9 880	4 648	-683	3 965	24	109
Mpumalanga	8 260	9 215	17 475	5 987	9 220	15 207	2 273	-5	2 268	72	100
Northern Cape	1 325	1 404	2 729	660	1 337	1 997	665	67	732	50	95
North West	4 407	10 342	14 749	6 564	10 988	17 552	-2 157	-646	-2 803	149	106
Western Cape	6 277	10 401	16 678	6 342	10 852	17 194	-65	-451	-516	101	104
<b>Total</b>	<b>63 866</b>	<b>103 980</b>	<b>167 846</b>	<b>52 411</b>	<b>100 339</b>	<b>152 750</b>	<b>11 455</b>	<b>3 641</b>	<b>15 096</b>	<b>82</b>	<b>96</b>

#### Report as at 31 March 2016

Deliver variables/milestones	Annual targets		Delivery performance	
	Sites	Units	Sites	Units
FLISP	-	2 732	-	2 252
EEDBS	-	2 762	-	6 395
Rectification	-	5 785	-	8 251
OPSCAP	-	0	-	0
Land hectares	-	513	-	483
Mining towns	-	11 841	-	9 182
Disaster Relief Fund	-	-	-	3 413
<b>Total</b>	<b>-</b>	<b>9 060</b>	<b>-</b>	<b>15 129</b>

Department/municipality to whom the grant has been transferred	Nine provinces
Amount per amended DORA (R'000)	R18 681 067
Amount transferred (R'000)	R18 681 067
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/municipality (R'000)	R18 183 033
Section 15(2)(a) Reasons for stopping an allocation	National Treasury approved a request by the national DHS to stop and reallocate a portion of the HSDG of Gauteng province due to persistent underspending. An amount of R908 million was taken from Gauteng and reallocated to other provinces.
Section 15(2)(b) The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis. Regular visits are performed by the national Department to provinces.
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	On a monthly and quarterly basis, reports are analysed on the spending patterns of provinces and that the outputs are as per the Grant Framework. Quarterly performance reviews are being held in which provinces have to do presentations on what the grant has been spent on. Provinces are also requested to submit non-financial information. This information is analysed to verify if the grant is achieving its objectives and outputs.
Section 15(2)(d) Any non-compliance with this Act, and the steps taken to address the non-compliance	The national Department on a monthly and quarterly basis performs compliance checks and in the case of non-compliance, compliance letters are sent to Accounting Officers of provinces and municipalities that do not comply with the requirements of DORA.
Reasons for funds unspent by the entity	<ul style="list-style-type: none"> <li>• Slow procurement processes.</li> <li>• Cash flow management.</li> <li>• Non-availability of land.</li> <li>• Lack of proper beneficiary management systems and processes.</li> <li>• Unavailability of project management systems.</li> <li>• Late of approval of project plans.</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>• Analysing financial reports and providing feedback.</li> <li>• Conducting quarterly reviews sessions and CFO forums to discuss performance matters.</li> <li>• The performance reported to Executive Authority and MINMEC for way forward.</li> <li>• Provinces were monitored as outlined in DORA and HSDG Framework.</li> <li>• Provincial visits conducted.</li> <li>• One-on-one performance engagements with provinces.</li> </ul>

### **Conditional Grant 2: USDG**

Department/municipality to whom the grant has been transferred	Eight metropolitan municipalities
Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Increase in bulk infrastructure capacity.</li> <li>• Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>• Increase in land provision for informal settlement upgrading, subsidy housing or mixed use development in support of catalytic projects.</li> <li>• Increase in access to socio-economic amenities.</li> <li>• Improved dwelling unit densities within an improved spatial integration framework</li> </ul>



Actual outputs achieved	
Indicator	31 March 2016
<b>Spatial development and the built environment:</b>	
Number of hectares of land procured for Greenfields development	209
Number of hectares of land proclaimed (township establishment completed)	
The number of dwelling units developed per hectare	1 611
Number of informal settlements targeted for upgrading	10
The number of households living in informal settlements targeted for upgrading	11 051
The number of informal settlements upgraded (services provided): In situ	654
Number of sites serviced	3 241
The number of title deeds transferred to eligible beneficiaries	5 432
<b>Roads and storm water:</b>	
KMs of new paved roads to be built	67
KMs of new gravelled roads to be built	1 005
KMs of roads resurfaced/rehabilitated/resealed	483
KMs of new storm water drainage installed in addition to current ones	54
<b>Transport:</b>	
KMs of pedestrian walkways to be constructed	24
Number of bus terminals or taxi ranks to be constructed	4
Number of bus/taxi stops to be constructed	8
<b>Water:</b>	
Number of water service points installed for informal settlement dwellers within a 200 m radius	2 110
The number of additional households provided with water connections	6 283
<b>Sewerage:</b>	
The number of sanitation service points (toilets) installed for informal settlement dwellers	6 438
The number of additional households provided with sewer connections	14 184
<b>Solid waste management</b>	
Number of additional households provided with access to weekly refuse removal	81 715
Number of households living in informal areas with solid waste removal services	1 058 849
The number of waste minimisation projects initiated/upgraded	95

Actual outputs achieved	
Indicator	31 March 2016
Number of additional households living in formal areas provided with electricity connections	26 597
Number of additional high mast lights installed	38
Number of additional street lights installed	2 735
<b>Socio-economic amenities</b>	
Number of community halls to be developed/upgraded	10
Number of sports fields and stadia to be developed/upgraded	2
Number of parks/leisure facilities to be developed/upgraded	4
Number of clinics to be developed/upgraded	1
Number of pre-schools/ECD centres to be developed/upgraded	1
Number of community swimming pools to be developed/upgraded	9
Number of libraries to be developed/upgraded	10
Number of cemeteries to be developed/upgraded	13
Number of fire safety and emergency facilities to be developed/upgraded	18
<b>Local development and job creation:</b>	
Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	114 669

Department/municipality to whom the grant has been transferred	Eight metropolitan municipalities
Amount per amended DORA (R'000)	R10 554 345
Amount transferred (R'000)	R10 554 345
Reasons if amount as per DORA was withheld	An amount of R774 million and R764 million which was due to Ekurhuleni Metropolitan Municipality and City of Cape Town on 24 February 2016 were withheld due poor performance. The funds were subsequently transferred to the municipalities on 24 and 31 March 2016, respectively.
Amount spent by the department/municipality (R'000)	R5 981 658
Reasons for funds unspent by the entity	<ul style="list-style-type: none"> <li>• Slow procurements processes.</li> <li>• Lack of relevant skills to oversee projects.</li> <li>• Contractual challenges relating to tender processes.</li> <li>• Labour disputes in respect of wages.</li> <li>• Gang violence resulting in halting of projects.</li> <li>• Non-performance by contractors resulting in project delays and/or stoppages.</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>• Conduct quarterly reviews with the municipalities.</li> <li>• Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> <li>• Hold CFO forums.</li> <li>• One-on-one engagement with metropolitan municipalities</li> </ul>

Department/municipality to whom the grant has been transferred	Buffalo City Metropolitan Municipality
Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Increase in bulk infrastructure capacity.</li> <li>• Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>• Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects.</li> <li>• Increase in access to socio-economic amenities.</li> <li>• Improved dwelling unit densities within an improved spatial integration framework.</li> </ul>
Actual outputs achieved	
Indicator	31 March 2016
<b>Spatial development and the built environment:</b>	
Number of dwelling units developed per hectare	251
Number of informal settlements upgraded (services provided): In situ	648
Number of informal settlement households targeted for formalisation (services provided): Relocated	477
<b>Roads and storm water:</b>	
KMs of new paved roads to be built	
KMs of new gravelled roads to be built	151
KMs of roads resurfaced/rehabilitated/ resealed	112
KMs of new storm water drainage installed in addition to current ones	8
<b>Transport:</b>	
KMs of pedestrian walkways to be constructed	2
Number of bus terminals or taxi ranks to be constructed	3
Number of bus/taxi stops to be constructed	3
<b>Water:</b>	
Number of additional households provided with water connections	109
Number of water service points installed for informal settlement dwellers within a 200 m radius	4
<b>Sewerage:</b>	
Number of sanitation service points (toilets) installed for informal settlement dwellers	1 490
<b>Solid waste management:</b>	
Number of additional households provided with access to weekly refuse removal	23 areas
Number of households living in informal areas with solid waste removal services	5 areas
The number of waste minimisation projects initiated/upgraded	

**Electricity:**

Number of additional households living in formal areas provided with electricity connections	1 104
Number of additional street lights installed	142

**Socio-economic amenities:**

Number of community halls to be developed/upgraded	4
Number of cemeteries to be developed/upgraded	5

**Local development and job creation:**

Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	600
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Department/municipality to whom the grant has been transferred	Buffalo City Metropolitan Municipality
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Amount per amended DORA (R'000)	R713 132
Amount transferred (R'000)	R713 132
Reasons if amount as per DORA was withheld	None
Amount spent by the department/municipality (R'000)	R488 267
Reasons for funds unspent by the entity	<ul style="list-style-type: none"> <li>• Slow procurements processes.</li> <li>• Expired tenders to be re-advertised.</li> <li>• Finalisation of contractor disputes.</li> <li>• Lack of relevant skills to oversee projects</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>• Conduct quarterly reviews with the municipalities.</li> <li>• Undertake oversight visits in order to assess and, where possible, address challenges with municipalities</li> </ul>

Department/municipality to whom the grant has been transferred	Nelson Mandela Bay Municipality
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Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the national Human Settlements Development Programme, focusing on poor households
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Increase in bulk infrastructure capacity.</li> <li>• Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>• Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects.</li> <li>• Increase in access to socio-economic amenities.</li> <li>• Improved dwelling unit densities within an improved spatial integration framework.</li> </ul>



Actual outputs achieved	
Indicator	31 March 2016
<b>Spatial development and the built environment:</b>	
Number of informal settlements targeted for upgrading	3
Number of households living in informal settlements targeted for upgrading	2 026
Number of informal settlements upgraded (services provided): In situ	3
Number of informal settlement households targeted for formalisation (services provided): Relocated	498
Number of sites serviced	2 026
The number of title deeds transferred to eligible beneficiaries	303
<b>Roads and storm water:</b>	
KMs of new paved roads to be built	3.23
KMs of new gravelled roads to be built	3.23
KMs of roads resurfaced/rehabilitated/resealed	0.45
KMs of new storm water drainage installed in addition to current ones	
<b>Transport:</b>	
KMs of pedestrian walkways to be constructed	2
<b>Water:</b>	
Number of additional households provided with water connections	350
<b>Sewerage</b>	
Number of additional households provided with sewer connections	350
<b>Solid waste management</b>	
Number of additional households provided with access to weekly refuse removal	55 456
Number of households living in informal areas with solid waste removal services	60 912
<b>Electricity</b>	
Number of additional households living in formal areas provided with electricity connections	706
Number of additional street lights installed	29
<b>Socio-economic amenities</b>	
Number of community halls to be developed/upgraded	4
Number of cemeteries to be developed/upgraded	8
Number of fire safety and emergency facilities to be developed/upgraded	3
<b>Local development and job creation</b>	
Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	3 462

Department/municipality to whom the grant has been transferred	Nelson Mandela Bay Municipality
Department/municipality to whom the grant has been transferred	R846 480
Amount per amended DORA (R'000)	R846 480
Amount transferred (R'000)	None
Reasons if amount as per DORA was withheld	R537 912
Amount spent by the department/municipality (R'000)	<ul style="list-style-type: none"> <li>• Delays in SCM processes in the appointment of service providers.</li> <li>• SMME disruption that resulted in stoppage.</li> <li>• Financial challenges experienced by contractors resulting in project suspension.</li> <li>• Slow procurement processes.</li> <li>• Non-performance by contractors resulting in contract cancellation.</li> <li>• Community protests.</li> </ul>
Reasons for funds unspent by the entity/municipality	<ul style="list-style-type: none"> <li>• Conduct quarterly reviews with the municipalities.</li> <li>• Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>• Conduct quarterly reviews with the municipalities.</li> <li>• Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> </ul>
Department/municipality to whom the grant has been transferred	Mangaung Municipality
Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Increase in bulk infrastructure capacity.</li> <li>• Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>• Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects.</li> <li>• Increase in access to socio-economic amenities.</li> <li>• Improved dwelling unit densities within an improved spatial integration framework.</li> </ul>

Actual outputs achieved	31 March 2016
Indicator	
<b>Spatial development and the built environment:</b>	
Number of informal settlements targeted for upgrading	5
Number of households living in informal settlements targeted for upgrading	1 511
Number of informal settlements upgraded (services provided): In situ	3
Number of title deeds transferred to eligible beneficiaries	1 608
<b>Roads and storm water:</b>	
KMs of new paved roads to be built	6
KMs of roads resurfaced/rehabilitated/resealed	10
KMs of new storm water drainage installed in addition to current ones	2
<b>Water:</b>	
Number of water service points installed for informal settlement dwellers within a 200 m radius	2
Number of additional households provided with water connections	480
<b>Sewerage</b>	
Number of additional households provided with sewer connections	2 183
<b>Solid waste management</b>	
Number of additional households provided with access to weekly refuse removal	4 775
Number of households living in informal areas with solid waste removal services	27 735
Number of waste minimisation projects initiated/upgraded	1
<b>Electricity</b>	
Number of additional households living in formal areas provided with electricity connections	1 154
<b>Socio-economic amenities</b>	
Number of sports fields and stadia to be developed/upgraded	1
Number of community swimming pools to be developed/upgraded	1
<b>Local development and job creation</b>	
Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	234

Department/municipality to whom the grant has been transferred		Mangaung Municipality
Amount per amended DORA (R'000)		R693 847
Amount transferred (R'000)		R693 847
Reasons if amount as per DORA was withheld		None
Amount spent by the department/municipality (R'000)		R425 730
Reasons for funds unspent by the entity/municipality	<ul style="list-style-type: none"> <li>Contractors' cash flow problems resulting in project delays.</li> <li>Delays in funding commitments.</li> <li>Delays in finalising SCM processes.</li> <li>Legal processes to be concluded.</li> <li>Bid committee dissolved; new committee to be established.</li> </ul>	
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>Conduct quarterly reviews with the municipalities.</li> <li>Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> <li>One-on-one engagement with the municipality.</li> </ul>	

Department/municipality to whom the grant has been transferred		Ekurhuleni Metropolitan Municipality
Purpose of the grant	<ul style="list-style-type: none"> <li>The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households</li> </ul>	
Expected outputs of the grant	<ul style="list-style-type: none"> <li>Increase in bulk infrastructure capacity.</li> <li>Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects.</li> <li>Increase in access to socio-economic amenities.</li> <li>Improved dwelling unit densities within an improved spatial integration framework.</li> </ul>	



Actual outputs achieved	
Indicator	31 March 2016
<b>Spatial development and the built environment:</b>	
Number of hectares of land proclaimed (township establishment completed)	2
Number of informal settlements targeted for upgrading	2
Number of households living in informal settlements targeted for upgrading	2 619
The number of title deeds transferred to eligible beneficiaries	229
Number of Title Deeds transferred to eligible beneficiaries	2 034
<b>Roads and storm water:</b>	
KMs of new paved roads to be built	34
KMs of new gravel roads to be built	851
KMs of new storm water drainage installed in addition to current ones	43
<b>Transport:</b>	
KMs of pedestrian walkways to be constructed	6
Number of bus terminals or taxi ranks to be constructed	1
Number of bus/taxi stops to be constructed	5
<b>Water:</b>	
Number of water service points installed for informal settlement dwellers within a 200 m radius	107
Number of additional households provided with water connections	1 037
<b>Sewerage</b>	
Number of sanitation service points (toilets) installed for informal settlement dwellers	1 475
Number of additional households provided with sewer connections	437
<b>Electricity</b>	
Number of additional households living in formal areas provided with electricity connections	3 428
Number of additional high mast lights installed	19
Number of additional street lights installed	805
<b>Socio-economic amenities</b>	
Number of clinics to be developed/upgraded	1
Number of fire safety and emergency facilities to be developed/upgraded	1
<b>Local development and job creation</b>	
Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	7 888

Department/municipality to whom the grant has been transferred	
Amount per amended DORA (R'000)	R1 842 887
Amount transferred (R'000)	R1 842 887
Reasons if amount as per DORA was withheld	The third and last tranche payment of R774 million, which was due to the municipality on 24 February 2016, was withheld due to poor performance but the funds were subsequently transferred on 31 March 2016.
Amount spent by the department/municipality (R'000)	R1 000 322
Reasons for funds unspent by the entity/municipality	<ul style="list-style-type: none"> <li>• Lack of relevant skills to oversee projects.</li> <li>• Contractors progressing slower than expected.</li> <li>• Slow procurement processes (tender stage for appointment of contractors).</li> <li>• Non-performance by contractors resulting in contract cancellation. Contractual challenges relating to tender processes.</li> <li>• Unsuitable land for commencing certain projects. Suitable land has to be sourced and acquired</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>• Conduct quarterly reviews with the municipalities.</li> <li>• Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> <li>• Hold CFO forums.</li> <li>• One-on-one engagement with the municipality.</li> </ul>
Department/municipality to whom the grant has been transferred	
Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Increase in bulk infrastructure capacity.</li> <li>• Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>• Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects.</li> <li>• Increase in access to socio-economic amenities.</li> <li>• Improved dwelling unit densities within an improved spatial integration framework.</li> </ul>

Actual outputs achieved	
Indicator	31 March 2016
<b>Spatial development and the built environment:</b>	
Number of dwelling units developed per hectare	1 315
Number of households living in informal settlements targeted for upgrading	1 235
Number of informal settlement households upgraded (services provided): In situ	1 235
Number of informal settlement households targeted for formalisation (services provided): Relocated	65
<b>Title Deeds Transferred:</b>	
Number of Title Deeds transferred to eligible beneficiaries	2 034
<b>Roads and storm water:</b>	
KMs of roads resurfaced/rehabilitated/resealed	228
KMs of new storm water drainage installed in addition to current ones	1
<b>Water:</b>	
The number of water service points installed for informal settlement dwellers within a 200 m radius	
The number of additional households provided with water connections	
<b>Sewerage:</b>	
Number of sanitation service points (toilets) installed for informal settlement dwellers	2 041
<b>Solid waste management:</b>	
Number of additional households provided with access to weekly refuse removal	21 484
Number of households living in informal areas with solid waste removal services	183 895
<b>Electricity:</b>	
Number of additional households living in formal areas provided with electricity connections	2 137
Number of additional street lights installed	971
<b>Socio-economic amenities:</b>	
Number of community halls to be developed/upgraded	2
Number of sports fields and stadia to be developed/upgraded	1
Number of community swimming pools to be developed/upgraded	5
Number of libraries to be developed/upgraded	10
Number of fire safety and emergency facilities to be developed/upgraded	14
<b>Local development and job creation:</b>	
Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	34 938

Department/municipality to whom the grant has been transferred	City of Johannesburg Municipality
Amount per amended DORA (R'000)	R1 731 220
Amount transferred (R'000)	R1 731 220
Reasons if amount as per DORA was withheld	None
Amount spent by the department/municipality (R'000)	R1 097 710
Reasons for funds unspent by the entity/municipality	<ul style="list-style-type: none"> <li>• Labour disputes in respect of wages.</li> <li>• Challenges with SCM processes (slow procurement processes).</li> <li>• Lack of financial management by contractors resulting in project suspension and/or stoppages.</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>• Conduct quarterly reviews with the municipalities.</li> <li>• Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> <li>• Hold CFO forums.</li> <li>• One-on-one engagement with the municipality.</li> </ul>
Department/municipality to whom the grant has been transferred	City of Tshwane Municipality
Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Increase in bulk infrastructure capacity.</li> <li>• Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>• Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects.</li> <li>• Increase in access to socio-economic amenities.</li> <li>• Improved dwelling unit densities within an improved spatial integration framework.</li> </ul>



Actual outputs achieved	
Indicator	31 March 2016
<b>Spatial development and the built environment:</b>	
Number of hectares of land procured for Greenfields development	2
<b>Transport:</b>	
KMs of pedestrian walkways to be constructed	2
<b>Water:</b>	
Number of water service points installed for informal settlement dwellers within a 200 m radius	1 254
<b>Sewerage:</b>	
Number of additional households provided with sewer connections	9 867
<b>Electricity:</b>	
Number of additional households living in formal areas provided with electricity connections	1 478
Number of additional high mast lights installed	19
Number of additional street lights installed	788
<b>Local development and job creation:</b>	
Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	-
<b>Department/municipality to whom the grant has been transferred</b>	<b>City of Tshwane Municipality</b>
Amount per amended DORA (R'000)	R1 500 683
Amount transferred (R'000)	R1 500 683
Reasons if amount as per DORA was withheld	None
Amount spent by the department/municipality (R'000)	R890 416
Reasons for funds unspent by the entity/municipality	<ul style="list-style-type: none"> <li>• Construction of projects is still in process.</li> <li>• Late processing of invoices</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>• Conduct quarterly reviews with the municipalities.</li> <li>• Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> <li>• Hold CFO forums.</li> </ul>
<b>Department/municipality to whom the grant has been transferred</b>	<b>eThekwin Municipality</b>
Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Increase in bulk infrastructure capacity.</li> <li>• Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>• Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects.</li> <li>• Increase in access to socio-economic amenities.</li> <li>• Improved dwelling unit densities within an improved spatial integration framework</li> </ul>

Actual outputs achieved	
Indicator	31 March 2016
<b>Spatial development and the built environment:</b>	
Number of hectares of land procured for Greenfields development	173
Number of households living in informal settlements targeted for upgrading	2 252
Number of title deeds transferred to eligible beneficiaries	359
<b>Roads and storm water:</b>	
KMs of new paved roads to be built	27
<b>Transport:</b>	
KMs of pedestrian walkways to be constructed	12
<b>Water:</b>	
Number of water service points installed for informal settlement dwellers within a 200 m radius	15
Number of additional households provided with water connections	4 307
<b>Sewerage:</b>	
Number of sanitation service points (toilets) installed for informal settlement dwellers	15
Number of additional households provided with sewer connections	1 347
<b>Solid waste management:</b>	
Number of households living in informal areas with solid waste removal services	786 307
The number of waste minimisation projects initiated/upgraded	88
<b>Electricity</b>	
Number of additional households living in formal areas provided with electricity connections	14 713
<b>Socio-economic amenities</b>	
Number of parks/leisure facilities to be developed/upgraded	4
Number of community swimming pools to be developed/upgraded	2
<b>Local development and job creation:</b>	
Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	9 822

Department/municipality to whom the grant has been transferred		eThekweni Municipality
Amount per amended DORA (R'000)		R1 838 336
Amount transferred (R'000)		R1 838 336
Reasons if amount as per DORA was withheld		None
Amount spent by the department/municipality (R'000)		R871 279
Reasons for funds unspent by the entity/municipality		<ul style="list-style-type: none"> <li>Challenges with the SCM processes (i.e. late tender approval).</li> <li>Project delays.</li> </ul>
Monitoring mechanism by the transferring department		<ul style="list-style-type: none"> <li>Conduct quarterly reviews with the municipalities.</li> <li>Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> <li>Hold CFO forums.</li> <li>One-on-one engagement with the municipality.</li> </ul>

Department/municipality to whom the grant has been transferred		City of Cape Town Municipality
Purpose of the grant		The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households
Expected outputs of the grant		<ul style="list-style-type: none"> <li>Increase in bulk infrastructure capacity.</li> <li>Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access.</li> <li>Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects.</li> <li>Increase in access to socio-economic amenities.</li> <li>Improved dwelling unit densities within an improved spatial integration framework.</li> </ul>

Actual outputs achieved	
Indicator	31 March 2016
<b>Spatial development and the built environment:</b>	
Number of hectares of land procured for Greenfields development	34
Number of dwelling units developed per hectare	45
Number of households living in informal settlements targeted for upgrading	1 408
Number of sites serviced	1 215
The number of title deeds transferred to eligible beneficiaries	899

<b>Roads and storm water:</b>	
KMs of roads resurfaced/rehabilitated/resealed	1 298
<b>Water:</b>	
Number of water service points installed for informal settlement dwellers within a 200 m radius	728
<b>Sewerage:</b>	
Number of sanitation service points (toilets) installed for informal settlement dwellers	1 417
<b>Electricity</b>	
Number of additional households living in formal areas provided with electricity connections	1 877
Number of additional high mast lights installed	
Number of additional street lights installed	
<b>Socio-economic amenities</b>	
Number of pre-schools/ECD centres to be developed/upgraded	1
Number of community swimming pools to be developed/upgraded	1
<b>Local development and job creation:</b>	
Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	57 769

Department/municipality to whom the grant has been transferred	City of Cape Town Municipality
Amount per amended DORA (R'000)	R1 387 760
Amount transferred (R'000)	R1 387 760
Reasons if amount as per DORA was withheld	The third and last tranche payment of R765 million, which was due to the municipality on 24 February 2016, was withheld due to poor performance but the funds were subsequently transferred on 24 March 2016.
Amount spent by the department/municipality (R'000)	R670 022
Reasons for funds unspent by the entity/municipality	<ul style="list-style-type: none"> <li>• Slow awarding of tender due to legal and audit concerns.</li> <li>• The impact of numerous contractor liquidation/insolvency.</li> <li>• Incidence of gang violence resulting in site shutdowns.</li> <li>• Protest actions resulting in delays.</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>• Conduct quarterly reviews with the municipalities.</li> <li>• Undertake oversight visits in order to assess and, where possible, address challenges with municipalities.</li> <li>• Hold CFO forums.</li> <li>• One-on-one engagement with the municipality.</li> </ul>



### Conditional Grant 3: MHSCG

Department/municipality to whom the grant has been transferred	Eight metropolitan municipalities
Purpose of the grant	To build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes
Expected outputs of the grant	<ul style="list-style-type: none"> <li>Capacity built in municipalities to deal with beneficiary management, feasibility studies, pre-planning, project management and monitoring.</li> <li>Capacity building plan in place and linked to identified and packaged projects as per provincial and national priorities.</li> </ul>
Actual outputs achieved	
Amount per amended DORA	R100 million
Amount transferred	R100 million
Reasons if amount as per DORA was withheld	An amount of R100 million, which was due to the eight municipalities on 17 August 2015, was withheld but the funds were subsequently transferred on 26 October 2015. The Department had approached National Treasury indicating an intention to request a virement of a portion of this allocation.
Amount spent by the department/municipality	R52 million
Reasons for funds unspent by the entity	<ul style="list-style-type: none"> <li>Late transfer of funds to the municipalities.</li> <li>Late appointment of staff personnel.</li> <li>Late procurement of goods and services.</li> </ul>
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> <li>Conduct quarterly reviews with the municipalities.</li> <li>One-on-one engagement with metropolitan municipalities.</li> <li>Undertake audit to verify expenditure and utilisation of the grant.</li> </ul>

## 6.2 Conditional grants and earmarked funds received

None

## 7. DONOR FUNDS

### 7.1 Donor funds received

*The table below details the donor funds received for the period 1 April 2015 to 31 March 2016.*

Name of donor	Danish International Development Agency (DANIDA)
Full amount of the funding	R1 239 689.00
Period of the commitment	2010 – until funds are exhausted
Purpose of the funding	For professional project management fees for the installation of energy efficiency measures on the N2 Gateway Project in Cape Town
Expected outputs	Advice on the urban and architectural roof design for the implementation of energy efficiency measures, the installation of solar water heaters, the documentation of lessons learnt and dissemination of lessons learnt to provincial and municipal governments
Actual outputs achieved	1 044 housing units fitted with solar water heaters, lessons learnt documented, lessons learnt document published and disseminated by way of a pilot in the entire Western Cape
Amount received in current period	R640 000
Amount spent by the Department	R410 000
Reasons for funds unspent	The unspent funds of R230 000 are to be utilised in project management fees and dissemination of the lessons learnt in the forthcoming period until the completion of the agreement between the Danish Embassy and the NDHS
Monitoring mechanism by the donor	Site visits by DANIDA staff and international visits by members of the Danish government, progress meetings by DANIDA with the NDHS, written quarterly reports and NDHS Annual Reports

## 8. CAPITAL INVESTMENT

### 8.1 Capital investment, Maintenance and Asset Management Plan

The Department is not directly involved in infrastructure projects, but implemented the following as part of its Capital Investment, Maintenance and Asset Management Plan:

- The Department has an Asset Acquisition Plan in terms of which assets are procured.
- An Asset Management unit is in place.
- A disposal board is functional to handle the disposal of assets.
- The Department has an asset register, which is updated regularly with additions and disposals.
- Physical asset verifications and spot-checks are conducted.



# PART C:

## GOVERNANCE

### 1. INTRODUCTION

The Department is committed to maintaining the highest standards of governance as this is fundamental to the management of public finances and resources. As required in terms of the provisions of the PFMA, the Department developed and implemented effective, efficient and transparent systems of financial and risk management and internal control and maintains a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with relevant regulations and instructions.

### 2. RISK MANAGEMENT

The Department follows an integrated approach towards risk management. During the planning process strategic and operational risks are identified. The Department adopted the National Treasury regulation framework in developing strategies and has an approved risk management strategy. Risks are monitored continuously to determine among other things the emerging risks for the Department. Risk management surveys are conducted bi-annually to determine the progress and understanding of risk management in the organisation. Risk progress is monitored quarterly by the Risk Management Unit.



The analysis and status of the risks are presented to the Risk Management Committee, Audit Committee and senior managers of the Department. The Risk Management Committee provides assurance to the Accounting Officer and Audit Committee that risks are managed effectively.

### 3. FRAUD AND CORRUPTION

The Department has an approved fraud prevention policy which is implemented effectively through awareness campaigns. The National Anti-Fraud and Corruption Hotline (NACH), which is administered by the Public Service Commission, is used to report allegations of fraud and corruption. The Hotline, which is administered by the Department, is used to report allegations of crimes related to housing delivery. Extensive awareness drives to communicate the various mechanisms to report allegations of fraud and corruption have been communicated to employees and other stakeholders, for example posters at strategic entry points to the Department display the whistle-blowing process and the NACH number is displayed on SCM order form.

### 4. MINIMISING CONFLICT OF INTEREST

The Department facilitates the submission of financial disclosures annually, which are analysed by the Public Service Commission. In addition, in the Bid Evaluation Committee proceedings members of the committee are required to sign disclosures of interest. As part of the human resource management practice during the recruitment and selection process, members of the selection panel are also required to declare their relationship or

any potential conflict of interest, which may arise from knowledge or previous association with candidates. Furthermore, the Department established standards and practices that require officials performing work outside the public service to declare and obtain authorisation where it can be granted.

### 5. CODE OF CONDUCT

Newly recruited employees in the Department are made aware of the code of conduct during their induction sessions with the aim of enhancing awareness and compliance by all employees. Normal disciplinary measures and procedures are followed in accordance with the disciplinary code to address any contravention with the code of conduct and with any other policy. Labour Relations conducts awareness sessions, which include information on the Code of Conduct on a quarterly basis. Employees are informed that breaches of the Code of Conduct constitute misconduct. During the year in question, no breaches of the Code of Conduct were reported to Labour Relations or Human Resources.

### 6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety (OHS) Act (Act No. 85 of 1993) charges the Department with a responsibility to reasonably and practically provide and maintain a safe and risk-free working environment for its employees.

In compliance with provisions of the Act, the Department continued to monitor consistent implementation of prescribed

measures to ensure a conducive, habitable working environment through monthly inspections conducted at all departmental sites to identify risks and challenges with recommendations to address the challenges.

The OHS risks and challenges identified previously, which resulted in non-compliance, were corrected and eliminated. These include but are not limited to overloading of power and electricity supplies and gadgets, absence of windows, poor ventilation, unauthorised partitioning, loose electric cables and cords in passageways, acquisition of anti-slip threads for staircases, fire drills, as well as alignment of building layout plans to configured offices.

## 7. PORTFOLIO COMMITTEES

### INTERFACE OF DHS WITH PARLIAMENTARY COMMITTEES - FROM 1 APRIL 2015 TO 31 MARCH 2016

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
14 April 2015	<b>Meeting of Portfolio Committee on Human Settlements:</b> Briefing by Office of Auditor-General of South Africa on audit outcomes and findings for 2014/15 and 2015/16 APPs and budget of Department.	The Committee resolved that a comprehensive report on SMART criteria and findings as well as inconsistencies on targets be furnished to the Committee and that in future the Office of Auditor-General SA should be invited to meetings dealing with budget, strategic and APPs.	Office of the Auditor-General undertook to furnish a comprehensive document detailing SMART criteria as well as findings and inconsistencies on targets. To ensure that the Department follows normal procedure, APPs must be submitted to Office of Auditor-General prior to being tabled in Parliament. This has since been done and the recommendations factored in before the strategic plans and APPs were submitted for tabling in Parliament.
21 April 2015	<b>Meeting of Portfolio Committee on Human Settlements: Briefing by Department on:</b>  (a) Business plans of Human Settlements departments.  (b) Issues raised by Office of Auditor-General on 2015/2016 APPs of DHS.  The following provincial departments were also in attendance: KwaZulu-Natal, Limpopo, Gauteng, North West, Western Cape and Mpumalanga.	Clarity was sought on readiness matrix presented. Need for provincial departments to set title deeds targets. Need for adequate capacity both at national and provincial levels in order to ensure the attainment of MTSF targets. Nature and extent of assistance provided by the national department to provincial departments. Need for the sector to swiftly implement the FLISP. Concern that provincial departments were spending a substantial amount of their budgets on the Rectification Programme. Non-compliance with the subsidy quantum of the Housing Code a matter of concern. Misalignment in grants such as the USDG and HSDG. Need to plan and budget for disaster management by provinces. Need to set targets for the upgrading of CRUs.	It was explained that the readiness matrix offered the most accurate approach as it uses tangible indicators that assisted the national department in deciding whether a project was viable or not. The national department was in the process of conceptualising a capacity development model that would assist provincial departments and municipalities. Both the national department and the provinces in attendance undertook to monitor contractors involved in project development in order to ensure payments were made after completion of specific milestones. Awareness campaigns to be rolled out on the FLISP by the both the national provincial departments. In relation to issuing of title deeds, the Gauteng provincial department indicated that it had established a central office to administer the issuing of title deeds. As part of a strategy to enhance capacity, the human settlements sector was to encourage participation of the private sector in housing delivery.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
12 May 2015	<b>Meeting of Portfolio Committee on Human Settlements: Briefing on targets and plans for 2015/16 by:</b> (a) Free State DHS and Mangaung Municipality. (b) Northern Cape DHS.	<p>On Free State province: Concern that the USDG was not being utilised for its intended purpose, which was installation of bulk services and infrastructure.</p> <p>Overspending on development of CRUs.</p> <p>Clarity sought on the Rectification Programme.</p> <p>Slow pace in land acquisition was also raised as a matter of concern.</p> <p>Lack of plans for the delivery of title deeds.</p> <p>No projects set aside for the involvement and participation of both women and the youth.</p> <p>No presentation of a plan for provision of housing assistance to military veterans.</p> <p>In relation to the Northern Cape: Concern was expressed on the absence of the 2014/15 financial performance and delivery report.</p>	<p>The Free State Provincial Head of Department stated that the Department was spending more funds on the Mining Towns Programme and that the Rectification Programme included the demolition of existing structures and the relocation of beneficiaries to temporal structures.</p> <p>A provincial steering committee had been set up to deal with the issue of the title deeds backlog in addition to collaboration with the EAAB.</p> <p>It was also reported that 54% of the provincial budget was spent on women housing projects however conceded to difficulty in finding youth contractors.</p> <p>In relation to military veterans, a total of 320 units were set aside for this category and 30 of these were to be constructed in Mangaung's Lorry Park.</p> <p>Both the province and the metro undertook to ensure that the USDG was used for its intended purpose.</p> <p>It was further reported that some parts of the province had dolomite and the provincial department was engaging geotechnical engineers from the local university to assist with land surveying for new projects.</p>
8 May 2015	<b>Meeting of Select Committee on Social Services:</b> Briefing by Department on its strategic plan and budget vote 2015/2016.	<p>Under key strategic objectives, an outline of indicators and amounts to be spent should have been furnished.</p>	<p>The tabled strategic plan and APP were exactly in the format suggested and the Auditor-General had commented on both the strategic plan and the APP prior to tabling in Parliament.</p> <p>Recommendations by the Auditor-General with regard to correcting, amending and revising the strategic plan and APP in line with SMART criteria.</p>

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
15 May 2015	<b>Meeting of Standing Committee on Appropriations:</b> Briefing by Department on Appropriations Bill [B6-2015].	Clarity on the impact of reduction in budget allocation. Strategy to deal with underspending and improve performance.	<p>The Department reported that the operational budget had to be reduced as a result of the baseline reductions and thus constitutes only 2% of the Department's total allocation, which is lower than the norm of 3%. It was highlighted that conditional grants constitute 93% and transfers to entities constitute 5% of the total allocation, which thus highlights the need for the Department to enhance monitoring, oversight and evaluation. However, due to the reduced operational budget the Department's internal capacity was constrained. In this regard, the Department has submitted a request to the National Treasury for a redirection of funds amounting to R100 million within the current human settlements and housing envelope to enable the Department to meet its operational and administrative responsibilities.</p> <p>The Department highlighted the following challenges with regard to ensuring that all conditional grants are spent for the 2015/16 financial year and that performance targets are met:</p> <ul style="list-style-type: none"> <li>• Slow procurement processes and poor cash flow management with provinces and municipalities.</li> <li>• Poor programme and project planning and alignment between provinces and municipalities as well as lack of municipal medium and long-term planning for bulk and link services.</li> <li>• Lack of clear and decisive action within provinces and municipalities to proactively respond to effects and impact of urban migration.</li> <li>• No approval of beneficiaries by banks due to credit records and affordability.</li> <li>• Poor or slow performance by contractors.</li> <li>• Slow delivery due to protracted community consultation and inclement and adverse weather conditions.</li> </ul> <p>The Department's mitigating measures in addressing challenges highlighted above include the appointment of appropriate built environment professionals and technical expertise to assist and improve provincial and municipal project performance. A project facilitation task team has also been established to fast-track planning issues as well as to ensure project readiness assessments and programme and project pipeline planning over the medium to long term. The Department is also strengthening its oversight and intervention in planning, programme and project planning.</p>

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
2 June 2015	<p>(a) Briefing by South African Local Government Association on proposed backyard rental strategy.</p> <p>(b) Briefing by Department and University of Stellenbosch on executive leadership and management course.</p>	<p>There was an urgent need for a policy framework to regulate and assist backyard dwellers; therefore, the envisaged policy would also respond to the plight of informal settlements residents.</p> <p>Need to learn from international best practice.</p> <p>Provision of basic services and requisite bulk infrastructure while also ensuring prevention of hazards such as those related to fire and health.</p> <p>The paper would serve as a basis to encourage further debate on the urbanisation challenge as well as influence the agenda of the forthcoming world conference of the United Nations Habitat III to take place in Ecuador in 2016. Further, the paper should also serve to address issues of human settlements in accordance with the requirements of the NDP Vision 2030.</p> <p>On the executive leadership and management course: the Committee would commit the week of 13–17 July 2015 as well as the first week of the Constituency Period to attend classes at the University of Stellenbosch.</p>	<p>To consider formalisation and regulation of backyard structures as proposed by the Committee.</p> <p>Stressed the need to regulate and forecast possible migration patterns to urban centres so as to be able to effectively deal with housing demand in cities and towns.</p> <p>Supported the call for a joint oversight visit by the Portfolio Committee on Human Settlements and Portfolio Committee on Cooperative Governance and Traditional Affairs.</p> <p>On the executive leadership and management course: The course was co-structured by the DHS and the University of Stellenbosch and was to be funded by the Department. It was stressed that all participants were expected to complete the programme.</p>
21 July 2015	Portfolio Committee on Water and Sanitation: Briefing on Progress and implementation of the United Nations Framework Convention on Climate Change (UNFCCC) and resultant policy revisions to accommodate the implementation of the UNFCCC as they relate to housing; climate change mitigation and adaptation strategies as well as involvement in the development of sustainable development goals for the 2015 development agenda.	<p>How water impacts on the day-to-day work of DHS.</p> <p>Current challenges in water and sanitation.</p> <p>Possible solutions envisaged in working with the Department of Water and Sanitation.</p>	<p>Exploring possible areas of collaboration.</p> <p>Development of institutional capacity and capabilities.</p> <p>Continue to work on necessary policy review and legislative reforms.</p>
4 August 2015	Portfolio Committee on Human Settlements: Briefing on land identification and acquisition policy framework for human settlements; an update on provincial and municipal land identification plans for human settlements; progress on NUSP.	<p>On land identification and acquisition policy framework for human settlements: it was prudent that key departments in land identification be part of the task team.</p> <p>The details and the composition of the envisaged task team was questioned and whether it would have powers to deal with land that has been claimed.</p> <p>Concerned about several systems used by provinces and municipalities in the land acquisition process.</p> <p>Role and involvement of the Valuer-General in the land acquisition process.</p> <p>Illegal occupation of land resulting in the mushrooming of informal settlements.</p> <p>The framework seemed to be focusing solely on municipal land, losing sight of land owned by other sister departments and state-owned companies.</p>	<p>Reported that there were land parcels that had been identified for human settlements development. However, the list was not going to be made public in order to obviate any possible illegal occupation or invasion. It was reported, for instance, that Denel Ltd had offered a land parcel in Swartklip, which could assist with the housing backlog at Khayelitsha and Mitchell's Plain.</p> <p>It was prudent that the task team include key departments such as Rural Development and Land Reform, Public Works, Public Enterprises as well as Environmental Affairs and Tourism.</p> <p>The Department appealed for support of the framework to ensure its swift implementation.</p> <p>It was stated that the Valuer-General plays a role in the pricing of land.</p>



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
11 August 2015	Portfolio Committee on Human Settlements: Briefing on preparations for UN Habitat Conference to be held in Quito, Ecuador, in October 2015.	<p>On update on provincial and municipal land identification and acquisition plan for human settlements: the land identification process seemed to be slow in some provinces and municipalities. Lack of capital funding for land identification and acquisition.</p> <p>On progress report on NUSP: The Committee commended the programme as it focused on in situ upgrading which was said to adopt community-based housing solutions as it also empowers local communities.</p> <p>Clarity was sought on how the Department was monitoring capacity building of staff at municipal level and whether there were any tangible results.</p> <p>Budget allocation for the programme was rather small and may be the reason for slow progress.</p> <p>Clarity on the process followed to determine informal settlements to be upgraded.</p> <p>Process in dealing with the issue of relocating some residents.</p> <p>Concern at the 20-year interval between each conference as a number human settlements-related issues may arise during the interval.</p> <p>Wanted to know of the role of Southern African Development Community (SADC) and the African Union Parliament in influencing the UN Habitat agenda.</p> <p>Involvement of the South African civil society in the UN Habitat processes.</p> <p>UN Habitat agenda perceived as biased towards urban development, at the expense of rural areas.</p> <p>The Committee also expressed interest in getting involved in the preparatory process towards UN Habitat III as well as access to concept papers.</p>	<p>However, the Department indicated that the Valuer-General was more in favour of prices based on market value, hence the decision to consult the Valuer-General when land prices were deemed excessive.</p> <p>The HDA expressed concern about the capital fund for land identification and acquisition.</p> <p>The entity reported that it was in the process of reviewing its mandate, and the issue of capital funding was to be addressed. Furthermore, it was indicated that most of the strategic land in South Africa was privately owned which made it expensive to acquire.</p> <p>The land identification and acquisition process was explained as being two-fold: first, the entity negotiates with a land owner. Second, expropriation was an option in instances where negotiations failed.</p> <p>With regard to the NUSP: it was reported and confirmed that there were visible results on the capacity efforts and training offered to some of the municipalities.</p> <p>The Department conceded it was behind in terms of spending on the programme; this was due to inadequate capacity within the unit. With regard to the budget, it was reported that approximately R57 million of a budget of R72.11 million was committed.</p> <p>Relocation of communities was done at municipal level; however, the Department would assist with identification of areas for relocation if a need arises.</p> <p>Even though the conference is convened every 20 years, housing and human settlements challenges that may emerge were being monitored by the World Urban Forum.</p> <p>Presence of an African ministers' forum that was responsible for engaging and taking up issues related to housing and human settlements challenges as well formulate solutions.</p> <p>The Department acknowledged the importance of as well as the critical role played by civil society in human settlements. As a result, civil society was to be engaged through outreach initiatives during the Habitat month.</p> <p>The South African Housing Policy, through the Housing Code, encourages development in rural areas as well and development of secondary cities was also part of the country's policy direction to stem the tide of urbanisation to established major cities. It was also stated that the Department was partnering the Department of Rural Development and Land Reform in addressing the plight of the rural populace. An undertaking was made to invite the Committee to be part of the preparatory conference to be held in 2016 and that concept papers were to be availed to the Committee.</p>

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
8 September 2015	<p>Portfolio Committee on Human Settlements: Briefing on fourth quarter report 2014/15 and first quarter report 2015/16.</p> <p>Presentation on special presidential package for distressed mining areas.</p>	<p>Need to address the issue of vacancies especially of critical senior posts.</p> <p>Issue of underperformance by some of the provinces was of concern and a need for a strategy to deal with the issue.</p> <p>The issue of fruitless and wasteful expenditure was also of concern.</p> <p>Lack of adequate capacity and lack of monitoring was a contributing factor to poor performance and delivery in provinces.</p> <p>Non-performance on the FLISP.</p> <p>Excessive spending on the Rectification Programme in violation of policy guidelines.</p> <p>On the special presidential package for distressed mining areas, of concern was that the intervention was only targeting only those whose income was R0–R1 500 per month, yet there was a serious need for housing assistance by mineworkers whose income fell outside this income bracket. For the Committee this was an issue of concern as it was definitely going to cause resentment and unrest, especially around Marikana.</p>	<p>With regard to poor performance by provinces such as the Eastern Cape, Free State, Limpopo and Gauteng, it was reported that intervention teams had been assigned to assist with strategic planning and budgeting.</p> <p>It was also stated that the Department was monitoring spending patterns of provinces very closely in order to intervene timeously.</p> <p>With regard to the special presidential package for mining areas, it was pointed out that in terms of the Housing Code there were several programmes in place that were designed to accommodate several income categories.</p>
9 September 2015	<p>Standing Committee on Appropriations: Briefing on the Department's first quarter expenditure for the 2015/16 financial year.</p>	<p>Clarity sought on MHSCG.</p> <p>Update on accreditation process of municipalities.</p> <p>Unresolved housing issue in Mpumalanga.</p> <p>Clarity on the USDG.</p>	<p>MHSCG was a grant allocated to assist metropolitan municipalities to enhance their capacity in order to be able to take on much bigger assignments.</p> <p>It was explained that municipalities were accredited after displaying the necessary capability, thus DORA transfers made directly from the national department to accredited municipalities.</p> <p>The USDG was a supplementary grant, a Schedule Four grant that was directly transferred to metropolitan municipalities and thus constitutes part of their capital budget used for bulk infrastructure development.</p>
13 October 2015 (Morning)	<p>Portfolio Committee on Human Settlements: Briefing by the following: Financial and Fiscal Commission (FFC) on audit outcomes of the Department for 2014/15,</p> <p>Public Service Commission on capacity of the Department,</p> <p>Office of the Auditor-General South Africa on audit outcomes of the Department for 2014/15 financial year.</p>	<p>The Committee resolved that the FFC should also present on accreditation of municipalities and related challenges as well as on MHSCG.</p> <p>The Committee requested that the Office of the Auditor-General in its reporting it should also include information pertaining to expenditure and delivery performance by provincial departments as the bulk of the Department's (national) budget was transferred to provincial departments</p>	<p>The Department noted the resolutions of the meeting, including presentations by the three institutions.</p>

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
13 October 2015 (Afternoon)	Portfolio Committee on Human Settlements: Briefing by Department on its Annual Report.	<p>The Department was asked to report back on a quarterly basis on progress being made to attend to outcomes as per the Office of the Auditor-General.</p> <p>The Department to review the policy on CRUs in order to ensure standardisation.</p> <p>The Department and the NHBRC to present the Rectification Programme.</p> <p>Filling of vacant posts should be prioritised, especially those related to critical senior positions.</p> <p>Advance implementation of catalytic projects in line with recommendations of the NDP.</p>	The Department undertook to adhere to all the Committee resolutions.
14 October 2015	Portfolio Committee on Human Settlements: Briefing by human settlements entities (NHBRC, SHRA, NHFC, HDA, NURCHA, EAAB, RHLF and CSOS).	<p>The Committee resolved:</p> <p>The NHBRC should present the full Rectification Programme, progress and future plans.</p> <p>The NHBRC to present a strategy on the transformation agenda for vulnerable groups.</p> <p>The SHRA should expedite consultation process on the review of policy that would take into account different income bands for social housing.</p> <p>The NHFC and the national department should present plans to accelerate the implementation of the FLISP.</p> <p>The national department to report on progress on the winding down of Thubelisha Homes, Servcon and Social Housing Fund.</p> <p>The national department to present progress on consolidation of DFIs.</p> <p>The EAAB to report back on issuing of title deeds on the pre- and post-1994 housing stock as well as the elimination of the backlog.</p> <p>The national department to assist the CSOS in fast-tracking its regulations and proposals for funding models so that it can start carrying out its mandated functions.</p> <p>Need for the national department to expedite the passage of the Property Practitioners Bill.</p>	The Department noted the Committee's comments and undertook to report back to the Committee.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
27 October 2015	Portfolio Committee on Human Settlements: Progress report on the 'One Learner – One Estate Agency' Programme (EAAB); progress report on issuing title deeds both pre- and post-1994 backlog; NHBRC's Transformation Committee's strategy, plans and impact on vulnerable groups.	<p>The Committee resolved: report back on progress made on the 'One Learner – One Estate Agency' on a quarterly basis.</p> <p>Report on challenges experienced during training of young prospective candidates.</p> <p>Need to re-look at and improve stipends for trainees.</p> <p>Fast-track the drafting of the Property Practitioners Bill in order to assist the EAAB execute its functions effectively.</p> <p>Provision of breakdown of the backlog on the issuing of title deeds per province per municipality.</p> <p>Provide the number of property firms participating in the programme.</p> <p>Provide action plans in dealing with mentoring programme targeting the youth, women and people with disability.</p> <p>Provision of training coordinators in each province and that empowerment be measurable in real terms.</p> <p>Need to set clear targets for regional offices of Youth Brigade Programme.</p>	<p>On the 'One Learner – One Estate Agency' programme: the CEO of EAAB welcomed the comments and contributions by the Committee, particularly the call for every estate agent to at least adopt one learner in the industry (one willing estate agent, one willing learner). Reference was also made to the proposed new piece of legislation, namely the Property Practitioners Bill, that was supposed to lay the ground for the transformation of the property sector. The Chairperson of the EAAB stated that there was a need for better monitoring and evaluation of the programme and the sector. An undertaking for quarterly reporting was made as well as a call for the replacement of archaic legislation dating back as far back as 1976. It was also pointed out that there was some resistance to transformation by some established estate agents who preferred self-regulation to legislative regulation. A call was also made for more funding for training.</p> <p>Issuing of title deeds: the issue of furnishing a detailed breakdown of information on the current status of title deeds per city and town or per province was something that was doable as it was readily available.</p> <p>Payment to contractors was done on the basis of specific milestones, for instance a P5 Milestone payment was for completion of construction of a house whereas a P4 Milestone payment was for registration of the house. On the issue of capacity, it was pointed that the challenge was around technical capacity as the exercise was of a specialised nature, as it entailed conveyancing, town planning, etc. If such technical expertise was not readily available internally, the Department, in terms of the PFMA, had to go out to the market to seek such expertise. Reference was made to a study by the Landmark and Finmark research groups on the state of conveyancing function in the country and the conclusion was that it was world class; however, the challenge was with low-cost housing. The Department agreed to the February 2016 timeframe progress report back as recommended.</p> <p>On Transformation Committee strategy for vulnerable groups: the NHBRC reported the presence of training coordinators in each province and that there were six regional offices countrywide for the Youth Brigade Programme</p>

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
3 November 2015	Portfolio Committee on Human Settlements: Intervention in NMBMM.	<p>Issue of beneficiary list management.</p> <p>Collaboration and cooperation of the Metropolitan Municipality with the HDA.</p> <p>Relationship between the Mayoral Committee and the forum that sits fortnightly.</p> <p>Resolution of the "toilet city" housing project.</p> <p>Non-payment of contractor fees by the HDA.</p> <p>Issue of rectification of housing units.</p>	<p>Challenge was the registration of multiple dependents and refusal to divulge true information about earnings. Measures being put in place included training of staff and personnel to be able to identify areas where there were gaps alongside the education and awareness campaign.</p> <p>Establishment of an Enhanced Housing Process Programme for the benefit of the community.</p> <p>An electrification programme reported as 99% completed.</p> <p>Cleaning of open public spaces.</p> <p>Rehabilitation of access roads.</p> <p>Establishment of a task team meeting fortnightly and was providing back to the community.</p> <p>It was stated that rectification was a major issue in the NMBMM and that the NHBRC should undertake a verification exercise as well as quantify the magnitude of the challenge.</p> <p>The Steering Committee that was meeting fortnightly was comprised of four implementing entities, namely the NMBMM, the HDA, the provincial DHS and the national intervention team. Among others, the Steering Committee was dealing with issues around rectification and the revolving fund which had also been used to offset money owed to contractors. Further, a new roster system has been designed to deal with the issue of payment to contractors and entail payment of invoices after they have been verified, signed and countersigned by the relevant authorities.</p>



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
10 November 2015	<b>Briefing on the Department's Annual Report 2014/15</b> Select Committee on Social Services: Progress report on intervention in NMBMM.	<p>Progress report on a regular basis.</p> <p>Request for the NHBRC to present on measures implemented against contractors responsible for shoddy workmanship in NMBMM.</p> <p>Intervention to ensure completed housing units are occupied immediately to prevent any possibility of illegal occupation.</p> <p>Contractors appointed to implement projects should also honour their social responsibility.</p> <p>Process of writing off debt on the Revolving Fund should be done in a manner that allows for the recovery of some of the funds where possible.</p> <p>Department to provide in writing progress made in establishing a community resource organisation to manage the implementation of housing assistance to military veterans.</p> <p>Report on consumer education programme implemented in collaboration with the EAAB.</p> <p>Metropolitan municipalities to be allowed to use at least 3% of the USDG allocation for capacity building following the National Treasury decision to discontinue the MHSCG.</p> <p>Explore possibility of extending the USDG to secondary cities.</p> <p>Provision of a consolidated report of both the metro and the province and that the province to be invited to attend at a future meeting on the issue.</p> <p>Briefing on Annual Report 2014/15: need for consumer education aimed at discouraging beneficiaries from the tendency to sell their houses.</p> <p>Non-performance of the FLISP.</p> <p>Wisdom behind the decision to discontinue the MHSCG.</p> <p>Explore possibility of extending the USDG to secondary cities.</p> <p>Slow progress in the rendering of housing assistance to military veterans.</p> <p>The need to scrutinise thoroughly reports submitted by both provinces and municipalities in order to ensure value for money.</p> <p>The issue of underspending in some areas remained a matter of concern.</p>	<p>The general manager responsible for Land and Acquisition Support Services at the HDA alluded to the close collaboration with the Department of Cooperative Governance and Traditional Affairs. Decision to centralise the Allocations Committee as it has not met in two years.</p> <p>The issue of the Revolving Fund was a priority; there were sessions held every Monday that entailed analysis of all claims. It was also reiterated that the aim of the claim analysis was to reduce the Revolving Fund and that the metro was also being supported by the province in dealing with the issue of the Revolving Fund.</p>

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
23 February 2016	Portfolio Committee on Human Settlements: Presentation of the Department's second quarter report (July–September 2015) and third quarter report (October–December 2015) for 2015/16 financial year (Section 32 reports).	<p>For the Committee, the issue of vacant positions at senior level in the Department, provincial departments and in some of the metropolitan municipalities was a concern.</p> <p>Underperformance related to the USDG was a worrying factor/ Issue of overspending on the Rectification Programme by the Eastern Cape province was of concern.</p> <p>Non-performance of the FLISP also a matter of concern.</p> <p>Need to provide capacity to municipalities.</p>	<p>The Committee was informed that the post of the Director-General was in the process of being filled as interviews had been conducted. It was further reported that the Department had assigned Deputy Director-Generals to provide and assist with requisite capacity, as part of departmental intervention, in non-performing provinces.</p> <p>On the issue of Rectification Programme, it was stated that policy stipulates that the cap for rectification had been set at 10% of the budget.</p> <p>With regard to FLISP, there were two major issues: one was the inability of some people to access finance due to low or lack of income as well as poor credit. The other issue was the available housing stock.</p> <p>The Department committed itself to intervene in order to improve performance in both metros and provinces that were currently underperforming.</p>
1 March 2016	Portfolio Committee on Human Settlements: Briefing on Constitutional Court judgment between the EAAB and Auction Alliance; Progress report on consolidation of DFIs; Progress report on catalytic projects; Rectification Programme.	<p>The Committee requested more detailed background information on the company Auction Alliance and its activities, in order to obtain an in-depth understanding of the issues involved. It also stressed the need to fast-track the passage of the Property Practitioners Bill.</p> <p>With regard to the process of consolidating DFIs, clarity was sought on the cost of the entire process and whether the process would not result in any job losses.</p> <p>With regard to catalytic projects, the issue for the Committee was to obtain a better understanding as to where the Department was in terms of planning. For the Committee, emphasis needed to be placed on economic impact of the projects.</p> <p>The Committee stressed the need to ensure that there was no favouritism in the allocation of work to only a few; instead, work had to be allocated in a manner that also ensures the participation of smaller and emerging companies. The Committee expressed a word of appreciation for the work the Department was doing; however, it bemoaned what it considered to be a lack of integrated planning at municipal level, hence the call for integrated planning which was in line with the NDP. It also stressed the need to be more aggressive in ensuring restructuring of spatial patterns.</p> <p>On rectification, the Committee requested that the proposed policy on remedial work should be fully presented to the Committee so that it can assist with amendments and that such a policy should be informed by an objective situational analysis, scientific and objective research.</p>	<p>The Department and the EAAB undertook to provide the Committee with more detailed background information on the issue. They also concurred with the view that the legislation pertaining to the Property Practitioners' Bill was among others seeking to address the issue of racism and related discriminatory practices within the property industry</p> <p>On the issue of consolidation of DFIs, the Committee was informed that the cost of the entire exercise, which covered various work streams, legislation, integration and so on, was R7 million and was covered by the Department. It was stated that no institution was to be marginalised in the process of consolidation and that there would be no job losses as a result of the exercise.</p> <p>The Committee was informed of just over 103 catalytic projects that had been identified and to date a total of 50 catalytic projects had been approved. It was stated that community empowerment was at the heart of catalytic projects.</p> <p>On the issue of rectification, the NHBRC stated that all houses, including those with asbestos roofing, were assessed for rectification. For instance, approximately 12 000 were in the process of being assessed and almost 600 had been assessed to date.</p>

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
8 March 2016	Portfolio Committee on Human Settlements: Briefing on issues raised during the State of the Nation Address (SONA); Progress report on distressed mining towns; Reviewed strategy on CRUs.	<p>The Committee raised the following issues with regard to SONA:</p> <ul style="list-style-type: none"> <li>- Rationale for continuing to budget for entities that were earmarked for consolidation.</li> <li>- What was being done to improve spending in Gauteng Province and whether there were any plans to assist the Ekurhuleni Metropolitan Municipality to improve its performance.</li> <li>- The issue of importation of building material vis-à-vis use of locally manufactured building material.</li> <li>- The need for better alignment of grants to be raised with the National Treasury.</li> </ul> <p>On progress report on distressed mining towns: it was resolved that the Department should prepare and present a full report on the Marikana Project at the next meeting, the Free State Province should provide a more detailed report on mining towns and such a report to reflect challenges and expenditure to date and the Department should furnish a more detailed report in respect of all mining towns and information on the involvement of the private sector, a more detailed report on projects in distressed mining towns and a report on progress report on what was being done to address the issue of bulk infrastructure in Moqhaka, Free State.</p>	<p>The Committee was informed that the Minister together with the Department as well as the HDA were seized with measures that were being implemented to assist the Gauteng Province and the Ekurhuleni Metropolitan Municipality on expenditure and service delivery.</p> <p>The issue of use of locally manufactured building material was part of a broad process driven by the Department of Trade and Industry with a view to growing the local economy and all government departments were obligated to adhere to regulations in this regard.</p> <p>The Department was mindful of the need for improved grant alignment and that the Minister in the Presidency responsible for monitoring and evaluation was instrumental in ensuring that there was better alignment.</p>
15 March 2016	Portfolio Committee on Human Settlements: Briefing on progress report on the African position towards the United Nations Habitat Conference 2016; Department's strategic plan and APPs for 2016/17.	<p>On progress made with regard to African position towards the UN Habitat Conference 2016, the Committee welcomed the update and the progress to date as reported. It also expressed a keen interest in participating at the forthcoming preparatory thematic conference for HABITAT III scheduled to take place 7–8 April 2016 at the CSIR Conference Centre in Pretoria. For the Committee, it was crucial for the SADC region to be able to offer input on the process as a collective.</p> <p>With regard to the Department's strategic plan, budget and APP 2016/17, the Committee expressed a wish for the Department to take on board Auditor-General's comments as well as to ensure that targets set were SMART and measurable. In this regard, the Committee undertook to continue to monitor the work of the Department.</p>	<p>It was reported that relevant SADC ministers were set to meet on the eve of the forthcoming preparatory meeting to be held in South Africa and that the Committee was invited to attend and participate at the forthcoming UN Habitat III thematic meeting.</p> <p>The Department reported that targets as reflected in the APP were both SMART (as required by the Auditor-General) and realistic in terms of the MTSF.</p>
16 March 2016	Department of Water and Sanitation: Department of Human Settlements and Portfolio Committee were invited to attend a meeting on progress regarding implementation of drought intervention measures.	<p>The joint meeting expressed the need to budget for plans to deal with climate change and effects of the ongoing drought as well as the need for a collaborative approach to be adopted by departments.</p>	<p>The critical importance of partnership and collaborative effort between government and the private sector to mitigate the effects of climate change and the ongoing drought.</p>

## OVERSIGHT VISITS DURING 2015/16 FINANCIAL YEAR

- Oversight visit by Portfolio Committee on Human Settlements (National Assembly) to Gauteng Province 19–24 July 2015. The objective of the visit was to conduct briefing sessions with the provincial department, the three metropolitan municipalities, as well as other stakeholders in relation to the implementation of human settlements strategic plans, projects and programmes.
- Oversight visit by Select Committee on Social Services (National Council of Provinces) to North West Province 17–19 August 2015 as part of the NCOP Oversight Week. Objective of the oversight visit was among others to assess progress with regard to the implementation of human settlements projects and programmes, as well as conduct site inspections of projects in mining areas and those for military veterans.
- Oversight visit by Portfolio Committee on Human Settlements to Eastern Cape Province (Buffalo City and Nelson Mandela Bay Metropolitan Municipalities) 13–17 September 2015. The objective was to conduct briefing sessions with the provincial DHS, the two metropolitan municipalities as well as other stakeholders in relation to the implementation of human settlements strategic plans, projects and programmes. Further, to undertake site visits to human settlements and housing projects within the two metropolitan municipalities and surrounds.

## 8. SCOPA RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
	Joint meeting of Standing Committee on Public Accounts (SCOPA) and Portfolio Committee on Human Settlements: SCOPA review of Auditor-General report on performance audit on Rural Household Infrastructure Grant.	<p>Several areas of concern were highlighted, such as:</p> <ul style="list-style-type: none"> <li>Discrepancies in the scores awarded by the Bid Evaluation Committee.</li> <li>Reasons for underspending of a budgeted amount of R1.2 billion between 2010 and 2013 to eradicate backlog of access to water and sanitation for all households by 2014, as only R501.4 million was spent over the three financial years.</li> <li>Clarity on why results of a background and security screening were ignored when appointing service providers.</li> <li>No clear reporting lines established between implementing agents and the management consultant.</li> <li>Ineffective management and monitoring systems manifesting themselves in payments that were not performance based.</li> <li>No attendance of project management meetings by members of the project management team.</li> <li>Shoddy workmanship in a number of instances such as pits that were dug and left open for three years. For the Committee the issue of consequences and accountability were critical in dealing with responsible contractors.</li> <li>No consumer education on the proper use of toilets.</li> </ul>	<p>Establishment of a Project Management Unit with the Department,</p> <p>improved monitoring and evaluation capacity, project pipeline planning in place.</p> <p>Screening of officials that participate in the Bid Evaluation Committee.</p> <p>Process of blacklisting contractors and owners of companies responsible for shoddy workmanship</p>	Yes

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department developed an action plan to address all issues on the audit report and on the management report. The action plan was managed by the internal control unit and updated on a monthly basis by the responsible managers. Internal auditors verified the progress reported by the managers and tabled a verification report for the Audit Committee and the executive management on the outcome of the verification conducted.

NON-COMPLIANCE	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING/RESOLVING THE MATTER
Annual financial statement not prepared in accordance with the reporting framework as required by section 40(1)(b) of the PFMA.	2013/14	An action plan has been developed to address issues affecting the completion of the specimen and to improve oversight to minimise errors in completion of the plan. Monthly financial statements are prepared to improve on the completion of the statements.
Effective, efficient and transparent systems of risk management and internal control with respect to performance information and management was not maintained as required by section 38(1)(a)(i) of the PFMA.	2009/10	A guide for the development of strategic plans and APP is being developed in line with the planning framework for planning and managing performance information. This will map out the planning process for the Department and also serve as a guide going forward.
A human resource plan was not in place as required by Public Service Regulation 1/III/B.2(d).	2013/14	A revised HR plan which was aligned to the MTEF has been approved by the executive management team. The HR plan is waiting the Minister's approval before forwarding to the Minister for Public Service and Administration.
Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1)(d) of the PFMA and Treasury Regulation 10.1.1(a).	2009/10	Asset management policy has been reviewed to include enhanced measures on how to safeguard assets. Quarterly awareness workshops are held with the staff sensitising them about the importance of compliance and safeguarding of assets.
Payroll reports not certified on date of payment.	2008/09	Nomination letters were issued to Chief Directors to nominate other Chief Directors that may sign in their absence. Reports are also compiled on outstanding payrolls and followed up. The managers are reminded by emails on a monthly basis to sign payrolls in their respective units.
Payments not made within 30 days.	2005/06	SCM issued SCM Circular No. 2 of 2015 reminding officials on measures put in place to ensure compliance with Treasury Regulation 8.2.3 and Instruction Note 34 informing officials that officials who fail to submit invoices on time resulting in invoices paid after 30 days will be named and shamed. Furthermore, written reasons are required from officials on the causes of delaying invoices.

## 10. INTERNAL CONTROL UNIT

Internal controls exist to benefit the Department. They are guidelines and procedures or a process put in place by management to ensure that departmental goals and objectives can be met. Internal controls are the steps the Department takes to make sure assets are safeguarded against waste, fraud and abuse, that records are accurate and that applicable laws and regulations are complied with. Furthermore, they also strengthen the management practices that govern administrative, financial and performance or pre-determined activities.

The Internal Control Unit in the Department has during the financial year under review achieved the following:

- Internal policies awareness workshops were conducted and are described as preventative and directive in nature. The main aim is to prevent undesirable events from occurring. Furthermore, all employees in the Department are informed with regard to the proper channels to follow in an effort to comply.
- Pre- and post-compliance testing of financial transactions was conducted and discrepancies were discussed with management for remedial actions to be put in place.
- An audit action plan has been developed to address the findings raised by the Auditor General. Monthly updates on the planned actions are made with responsible managers. The plan is presented to various stakeholders such as the Audit Committee and the executive management team for review and recommendations.
- The Internal Control Unit also reviews the effectiveness of internal policies and where necessary the policies are amended.



- Management of losses and claims is also based in the unit: reported losses are investigated and presented to the Loss Control Committee for decision-making. The unit acted as the secretariat in all the meetings. It also manages irregular expenditure and fruitless and wasteful expenditure: upon identification the expenditures are reported and recorded as per prescripts.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Department has an Internal Audit Unit, which operates in accordance with the PFMA, Treasury Regulations and the approved Internal Audit Charter which defined the purpose, authority and responsibility of the unit. The main objective of the unit is to provide the organisation with independent and objective assurance on the adequacy and effectiveness of the system of internal control, risk management and governance processes.

During the period under review the Internal Audit Unit successfully executed 29 out of 35 (83%) planned audits as per the approved operational plan. The unit also followed up on previous internal audit recommendations to ensure that management implements the recommendations to improve the control environment.

Some of the areas in which the Internal Audit Unit has assisted with the improvement of the control environment are with regard to the financial statements and performance information: the unit reviewed the departmental financial statements and performance information on a quarterly basis to ensure compliance thereof.

The unit also verified the implementation of management actions to address findings raised by the Auditor-General in the 2014/15 management report. Although there have been challenges in addressing certain exceptions, there has been a notable improvement in certain areas such as performance information, human resources management (HR planning), IT, etc. The Internal Audit Unit has also coordinated and facilitated Audit Committee activities. Eight meetings were held during the period under review for the committee to execute its oversight mandate as a key governance structure and this was successfully executed.

Below is a summary of some of the audits completed:

- Quarterly reviews of financial statements.
- Quarterly reviews of performance information.
- Reviews of the Department's strategic plan and APPs.
- Management of consultants.
- Budget management.
- Declaration of interest.
- Govan Mbeki awards.
- Quarterly performance reporting on grants and entities.
- MPAT process review.
- Provincial review.
- Management request (IT technical upgrade review, subsistence and travelling, fruitless and wasteful review).

### Audit Committee

The Department has an Audit Committee that operates in accordance with the requirements of the PFMA and Treasury Regulations. The Audit Committee comprises four members: three (3) new members were appointed in 2015/16, with one member's contract extended from the previous term for continuity. All the Audit Committee members are outside the public service. Currently there are two (2) vacancies in the Audit Committee, which the Department is in a process of filling.

The new members were taken on an induction workshop to acquaint them with the Department. The Accounting Officer and executive management were always represented at the Audit Committee meetings. The Committee has unrestricted access to both information and personnel of the Department.

*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
Mr N Monakedi	<ul style="list-style-type: none"> <li>Master's in Project Management</li> <li>BTech (Construction Management)</li> <li>National Diploma (Building)</li> <li>Diploma in Labour Intensive Management</li> </ul>	External	Not applicable	22 August 2011*	Not applicable	7
Mr S Faku	<ul style="list-style-type: none"> <li>Senior Teachers Diploma</li> <li>B Education Hons MSc</li> <li>Graduate Diploma (Company Direction)</li> </ul>	External	Not applicable	1 May 2015	Not applicable	8
Ms R Kalidass	<ul style="list-style-type: none"> <li>BCom Hons</li> <li>Certificate in the Theory of Accountancy (CTA)</li> <li>Bachelor of Accounting Sciences</li> <li>Qualification as a Chartered Accountant</li> </ul>	External	Not applicable	1 May 2015	Not applicable	5
Ms W Dukuza	<ul style="list-style-type: none"> <li>BProc degree</li> <li>Admission exams as an Attorney</li> <li>Diploma in Tax Practice</li> <li>Certificate in Labour Relations Management</li> </ul>	External	Not applicable	1 May 2015	Not applicable	8

*\*Re-appointed with effect from 01 May 2015*

## 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

### Audit Committee members and attendance

The Audit Committee of the Department of Human Settlements operates in terms of the adopted Terms of Reference (TOR) as stated in the Audit Committee Charter, which is reviewed and approved annually. The Audit Committee consists of the external members listed below and meets at least four times per year, in accordance with its approved Terms of Reference.

Name	No. of meetings scheduled	No. of meetings attended
Mr N Monakedi	7	7
Mr S Faku	7	7
Ms R Kalidass	7	3
Ms W Dukuza	7	6

### Audit Committee Responsibility

The Audit Committee reports that it has satisfied its responsibilities in terms of Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal Terms of Reference (TOR) and met its responsibilities as stipulated in the Charter.

### The Effectiveness of Internal Control

The Committee reviewed the findings of the work conducted by the Internal Audit, which was based on the risk assessments

conducted in the department. Its work revealed certain weaknesses in the effectiveness of the system of controls in the department, which were then raised with the Department. The internal audit work executed was in the area of assurance reviews, performance information (predetermine objectives), performance audit and intergovernmental (conditional grants: Human Settlements Development Grant, Urban Settlements Development Grant and Municipal Human Settlements Capacity Grant) and the Information Technology Reviews.

### Information Technology Governance Framework

The department has not yet fully complied with the Corporate Governance of ICT Policy Framework to institutionalise Corporate Governance of and Governance of ICT as an integral part of corporate governance. The Committee has noted the efforts put by management in ensuring the approval of all the ICT operational policies. The committee will require management to put processes in place to address all the weaknesses identified by internal and external auditors.

### In-Year Management and Monthly/Quarterly Report

The Audit Committee has noted the quality of management and quarterly reports submitted to the National Treasury as required by the PFMA and the DoRA and was satisfied with the quality thereof.

### Internal Audit

The Audit Committee received reports based on the annual work programme from the Internal Audit Unit, and is satisfied that the Internal Audit Unit is independent, objective and operating

effectively and also strives to address the risks pertinent to the department in its audits. The Committee has also noted that Internal Audit has completed 78% of the audits as per the approved internal audit plan as at 31 March 2016. Capacity challenges faced by Internal Audit have been brought to management's attention, especially regarding key positions.

### Risk Management

The department has established a Risk Management Function which reports to the Audit Committee on a quarterly basis. However, the Committee is still concerned about the effectiveness of risk management process in the Department. The department has appointed the Chairperson of the Risk Management Committee to assist in addressing the risk management issues. The following issues are of concern to the Committee; late completion of the entity wide strategic risk assessment inclusive of operational risk assessment (IT, SCM and Fraud, inadequate disaster recovery planning and lack of business continuity plan. Management has committed to address all the weaknesses.

### Management and Audit Report of the Auditor General

As the Committee we have noted the Auditor-General's management and audit report. There has been recurring issues noted on the report which reflect that there is significant work needed to address these issues. The recurring issues related to material under-spending of the budget and material adjustment of the financial statements. The Committee has also noted significant improvement on audit outcome relating to predetermined objectives regarding the usefulness and reliability of reported performance information.

### Evaluation of Financial Statements

The Audit Committee has evaluated the annual financial statements of the Department for the year ended 31 March 2016 and, based on the information provided to the Audit Committee by management, internal audit and external auditors; the Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements and adjustments made be accepted and read together with the report of the Auditor-General.

The Audit Committee recommended the Annual Financial Statements for approval in the Committee meeting held on 25 May 2016.



**Mr S Faku**

Chairperson of the Audit Committee  
Department of Human Settlements  
31 July 2016







# PART D:

## HUMAN RESOURCE MANAGEMENT

### 1. INTRODUCTION

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

### 2. OVERVIEW OF HUMAN RESOURCES

**The status of human resources in the Department.**

The Department strived to implement its key strategic objectives for the period 2015/16, despite budget cuts. The Department prioritised and filled three high-level strategic positions, that is, the Director-General and two Deputy Director-Generals positions. Furthermore, there were short-term contract appointments made.



## Human resource priorities for the year under review and the impact of these.

### The Human Resources priorities, as per the HR plan, were:

- **Decrease the vacancy rate:**  
The Department did not meet the planned targets due to budget reduction on personnel compensation and the moratorium on filling of posts. For the period of 2015/16, forty (40) women were employed as compared to forty-seven (47) men, mainly on fixed-term contracts. Furthermore, eight (8) officials disclosed their disability status and this figure is reflected accordingly on the PERSAL system. The overall staff complement was six hundred and forty-nine (649) as at end of March 2016.
- **Facilitation of the process of individual performance management:**  
(See the point on employee performance management below.)
- **Human Resources alignment to critical competencies:**
  - Annual workplace skills plan was implemented.
  - Annual training report approved by the Director-General and submitted to Public Service Sector Education and Training Authority (PSETA).
  - Quarterly training and development as well as expenditure reports were approved and submitted to PSETA.
  - Human Resources implementation plan and monitoring questionnaire were submitted to the DPSA.
  - Bursary programme was implemented.
- **Comprehensive integrated employee health and wellness (EHW) policies and programmes:**  
(See the point on EHW below.)

### - Adherence to prescripts:

Awareness sessions to decrease adverse audit findings on non-adherence to HR prescripts were conducted on a quarterly basis.

### Workforce planning and key strategies to attract and recruit a skilled and capable workforce.

### Employee performance management.

Performance feedback reviews were conducted as per policy for levels 2–12.

Implementation of SMS annual performance assessment for 2014/15 was finalised. However, appeals processes are underway.

The Department also improved its compliance levels in terms of the Performance Management Development System, as evidenced by 96% of timeously submitted staff performance agreements, which were all assessed with 100% outcomes captured for salary levels 2–12.

### Employee wellness programmes:

The EHW pillar policies, that is, wellness management, health and productivity management and HIV/AIDS and TB management, were approved.

The Department has provided continuous short-term counselling services to employees and their immediate household members internally and externally.

Quarterly HIV counselling and testing (HCT) reports were submitted to the DPSA, including individual human resources administration reports to affected employees.

Advocacy on EHW services conducted.

Over and above the planned HR objectives, the Department embarked on a climate survey to determine the level of staff satisfaction to enhance the working environment, in support of the Department achieving its mandate and strategic objectives.

### Highlight achievements and challenges faced by the Department, as well as future human resource plans and goals.

Sound labour relations were maintained between the employer, employees and organised labour.

Forty (40) interns were successfully appointed and mentored under the departmental 12-month internship programme, with four (4) gaining permanent appointments in both public and private sectors. Also, ten (10) work-integrated learning learners were appointed.

The main challenge faced by the Department is the attainment of the employment equity plan targets, which is partly due to the high vacancy rate.

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1 Personnel-related expenditure

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

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
DHS: Housing development finance	29 426 948	15 591	0	0	0.1	24
DHS: HSP, strategy and planning	75 780	49 805	0	0	65.7	77
DHS: Administration	410 005	186 766	0	0	45.6	288
DHS: Human settlements delivery support	129 385	57 991	0	0	44.8	89
<b>Total</b>	<b>30 042 118</b>	<b>310 152</b>	<b>0</b>	<b>0</b>	<b>1.0</b>	<b>478</b>

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

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1–2)	3 267	1.1	21	155 571
Skilled (level 3–5)	16 727	5.4	89	187 944
Highly skilled production (levels 6–8)	46 719	15.0	149	313 550
Highly skilled supervision (levels 9–12)	124 046	40.0	214	579 654
Senior and top management (levels 13–16)	86 345	27.8	79	1 092 975
<b>Total</b>	<b>277 104</b>	<b>17.9</b>	<b>552</b>	<b>2 329 694</b>

**Table 3.1.3 Salaries, overtime, Home Owners Allowance (HOA) and medical aid by programme for the period 1 April 2015 to 31 March 2016**

PROGRAMME	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Programme 1: Administration	145 367	77.6	1 092	0.6	4 514	2.4	5 095	2.7
Programme 2: Human settlements policy strategy and plan	31 274	77.6	21	0.1	848	2.1	860	2.1
Programme 3: Programme delivery support	42 611	78.6	3	0.0	1 047	1.9	839	1.5
Programme 4: Housing development finance	21 748	76.0	1	0.0	552	1.9	568	2.0
<b>Total</b>	<b>241 000</b>	<b>77.6</b>	<b>1 117</b>	<b>0.4</b>	<b>6 961</b>	<b>2.2</b>	<b>7 362</b>	<b>2.4</b>

**Table 3.1.4 Salaries, overtime, HOA and medical aid by salary band for the period 1 April 2015 to 31 March 2016**

SALARY BAND	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower Skilled (level 1–2)	2 055	62.9	52	1.6	251	7.7	386	11.8
Skilled (level 3–5)	11 119	66.2	268	1.6	1 142	6.8	1 238	7.4
Highly skilled production (levels 6–8)	33 089	70.5	429	0.9	1 870	4.0	2 567	5.5
Highly skilled supervision (levels 9–12)	96 286	77.1	346	0.3	1 752	1.4	2 567	2.1
Senior management (level 13–16)	68 974	78.6	0	0.0	1 844	2.1	595	0.7
<b>Total</b>	<b>241 001</b>	<b>77.6</b>	<b>1 117</b>	<b>0.4</b>	<b>6 963</b>	<b>2.2</b>	<b>7 362</b>	<b>2.4</b>

## 3.2 Employment and vacancies

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

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

PROGRAMME	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1: Administration, Permanent	529	451	14.7	64
Programme 2: Human settlements policy strategy and plan, Permanent	89	65	27.0	1
Programme 3: Programme delivery support, Permanent	130	82	36.9	2
Programme 4: Housing development finance, Permanent	73	51	30.1	0
<b>Total</b>	<b>821</b>	<b>649</b>	<b>21</b>	<b>67</b>

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

SALARY BAND	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower Skilled (level 1–2)	24	21	12.5	0
Skilled (level 3–5)	113	89	21.2	0
Highly skilled production (levels 6–8)	196	149	24.0	0
Highly skilled supervision (levels 9–12)	290	214	26.2	0
Senior management (level 13–16)	101	79	21.8	1
<b>Total</b>	<b>724</b>	<b>552</b>	<b>21.0</b>	<b>1</b>

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

CRITICAL OCCUPATION	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administrative related, Permanent	165	123	25.5	14
Cleaners in offices, workshops, hospitals, etc., Permanent	26	26	0.0	1
Client information clerks (switch receipt information clerks), Permanent	12	9	25.0	0
Communication and information related, Permanent	4	4	0.0	0
Community development workers, Permanent	1	1	0.0	0
Economists, Permanent	21	12	42.9	0
Engineering sciences related, Permanent	3	3	0.0	0
Engineers and related professionals, Permanent	14	9	35.7	0
Finance and economics related, Permanent	60	36	40.0	1
Financial and related professionals, Permanent	25	15	40.0	2
Financial clerks and credit controllers, Permanent	33	28	15.2	1
Food services aids and waiters, Permanent	7	6	14.3	0
General legal administration and related professionals, Permanent	7	5	28.6	0
Head of department/chief executive officer, Permanent	1	0	100.0	0
Household food and laundry services related, Permanent	2	1	50.0	0
Housekeepers laundry and related workers, Permanent	1	1	0.0	0
Human resources and organisational development and related professionals, Permanent	26	22	15.4	0
Human resources clerks, Permanent	55	54	1.8	37
Human resources related, Permanent	12	10	16.7	0
Language practitioners, interpreters and other communication, Permanent	1	1	0.0	0
Librarians and related professionals, Permanent	1	1	0.0	0
Library mail and related clerks, Permanent	30	28	6.7	0
Light vehicle drivers, Permanent	1	1	0.0	0
Logistical support personnel, Permanent	35	31	11.4	0
Material recording and transport clerks, Permanent	13	13	0.0	0
Messengers, porters and deliverers, Permanent	6	6	0.0	1
Other administrative and related clerks and organisers, Permanent	38	32	15.8	0
Other administrative policy and related officers, Permanent	1	1	0.0	0
Other information technology personnel., Permanent	12	9	25.0	0



CRITICAL OCCUPATION	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Other occupations, Permanent	4	4	0.0	0
Risk management and security services, Permanent	3	2	33.3	0
Secretaries and other keyboard operating clerks, Permanent	82	66	19.5	1
Security guards, Permanent	3	3	0.0	0
Security officers, Permanent	21	17	19.0	0
Senior managers, Permanent	93	67	28.0	9
Trade/industry advisers and other related professionals, Permanent	2	2	0.0	0
<b>Total</b>	<b>821</b>	<b>649</b>	<b>21.0</b>	<b>67</b>

### 3.3 Filling of SMS posts

**Table 3.3.1 SMS post information as at 31 March 2016**

SMS LEVEL	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department					
Salary Level 16	1	1	100%	0	0.0%
Salary Level 15	6	5	83%	1	33.0%
Salary Level 14	21	16	76%	5	24.0%
Salary Level 13	63	47	75%	16	25.0%
<b>Total</b>	<b>91</b>	<b>69</b>	<b>76%</b>	<b>22</b>	<b>20.5%</b>

**Table 3.3.2 SMS post information as at 30 September 2015**

SMS LEVEL	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department					
Salary Level 16	1	1	100%	0	0%
Salary Level 15	6	4	67%	2	0%
Salary Level 14	21	16	76%	5	24%
Salary Level 13	63	47	75%	16	25%
<b>Total</b>	<b>91</b>	<b>68</b>	<b>76%</b>	<b>23</b>	<b>24%</b>

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

SMS LEVEL	Advertising		Filing 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	1	1	0	
Salary Level 16	0	0	0	
Salary Level 15	0	0	0	
Salary Level 14	1	0	0	
Salary Level 13	4	0	0	
<b>Total</b>	<b>6</b>	<b>1</b>	<b>0</b>	

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

**Reasons for vacancies not advertised within six months**

There were no disciplinary steps taken due the reduction of compensation budget.

**Reasons for vacancies not filled within six months**

The moratorium and budget reduction.

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

**Reasons for vacancies not advertised within six months**

There were no disciplinary steps taken due the reduction of compensation budget.

**Reasons for vacancies not filled within six months**

The moratorium and budget reduction.

### 3.4 Job evaluation

**Table 3.4.1 Job evaluation by salary band for the period 1 April 2015 to 31 March 2016**

SALARY BAND	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	POSTS UPGRADED		POSTS DOWNGRADED	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1–2)	24	0	0.0	21	0	0	0
Skilled (Levels 3–5)	113	1	0.9	3	300	0	0
Highly skilled production (Levels 6–8)	196	1	0.5	1	100	0	0
Highly skilled supervision (Levels 9–12)	290	0	0.0	1	0	0	0
Senior Management Service Band A	61	0	0.0	0	0	0	0
Senior Management Service Band B	31	0	0.0	0	0	0	0
Senior Management Service Band C	6	0	0.0	0	0	0	0
Senior Management Service Band D	3	0	0.0	0	0	0	0
<b>Total</b>	<b>724</b>	<b>2</b>	<b>0.3</b>	<b>26</b>	<b>1 300</b>	<b>0</b>	<b>0</b>

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

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Employees with a disability 0

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

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	
	0	0	0	
	0	0	0	
	0	0	0	

Total number of employees whose salaries exceeded the level determined by job evaluation

Percentage of total employed

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

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

Total number of Employees whose salaries exceeded the grades determined by job evaluation	None
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### 3.5 Employment changes

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

SALARY BAND	Number of employees at beginning of period, 1 April 2015	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled ( Levels 1–2)	23	0	0	0.0
Skilled (Levels 3–5)	92	0	1	1.1
Highly skilled production (Levels 6–8)	154	0	3	1.9
Highly skilled supervision (Levels 9–12)	229	0	9	3.9
Senior Management Service Bands A	51	0	1	2.0
Senior Management Service Bands B	24	0	1	4.2
Senior Management Service Bands C	5	0	0	0.0
Senior Management Service Bands D	2	0	0	0.0
Contract (Levels 1–2)	2	52	6	300.0
Contract (Levels 3–5)	3	1	1	33.3
Contract (Levels 6–8)	21	1	5	23.8
Contract (Levels 9–12)	12	2	1	8.3
Contract (Band A)	2	0	1	50.0
Contract (Band B)	3	3	0	0.0
Contract (Band C)	1	2	0	0.0
Contract (Band D)	3	1	1	33.3
<b>TOTAL</b>	<b>627</b>	<b>62</b>	<b>30</b>	<b>4.8</b>

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

CRITICAL OCCUPATION	Number of employees at beginning of period, 1 April 2015	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related, Permanent	122	12	4	3.3
Agriculture related, Permanent	1	0	0	0.0
Cleaners in offices, workshops, hospitals, etc., Permanent	26	0	0	0.0
Client information clerks (switch receipt information clerks), Permanent	9	1	1	11.1
Communication and information related, Permanent	4	0	0	0.0
Community development workers, Permanent	1	0	0	0.0
Custodian personnel, Permanent	1	0	0	0.0
Economists, Permanent	18	0	0	0.0
Engineering sciences related, Permanent	1	0	0	0.0
Engineers and related professionals, Permanent	8	0	0	0.0
Finance and economics related, Permanent	38	0	1	2.6
Financial and related professionals, Permanent	15	0	1	6.7
Financial clerks and credit controllers, Permanent	28	0	1	3.6
Food services aids and waiters, Permanent	6	0	0	0.0
General legal administration and related professionals, Permanent	5	0	0	0.0
Head of department/chief executive officer, Permanent	1	0	1	100.0
Household food and laundry services related, Permanent	2	0	1	50.0
Housekeepers laundry and related workers, Permanent	1	0	0	0.0
Human resources and organisational development and related professionals, Permanent	23	0	1	4.3
Human resources clerks, Permanent	20	42	6	30.0
Human resources related, Permanent	9	0	0	0.0
Language practitioners, interpreters and other communication, Permanent	2	0	0	0.0
Librarians and related professionals, Permanent	1	0	0	0.0
Library mail and related clerks, Permanent	30	0	0	0.0
Light vehicle drivers, Permanent	1	0	0	0.0
Logistical support personnel, Permanent	34	0	1	2.9
Material recording and transport clerks, Permanent	15	0	2	13.3
Messengers, porters and deliverers, Permanent	6	1	1	16.7



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
Natural sciences related, Permanent	1	0	1	100.0
Other administration and related clerks and organisers, Permanent	28	0	3	10.7
Other administrative policy and related officers, Permanent	1	0	0	0.0
Other information technology personnel, Permanent	10	0	0	0.0
Other occupations, Permanent	4	0	0	0.0

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

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

Termination type	Number	% of total resignations
Death	1	3.3
Resignation	16	53.3
Expiry of contract	9	30.0
Dismissal – operational changes	0	0.0
Dismissal – misconduct	0	0.0
Dismissal – inefficiency	0	0.0
Discharged due to ill health	0	0.0
Retirement	4	13.3
Transfer to other public service departments		
Other	0	0.0
<b>Total number of employees who left as a % of total employment</b>	<b>4.8</b>	<b>25.0</b>

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

Occupation	Employees 1 April 2015	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	122	1	0.8	72	59.0
Agriculture, animal, oceanography forestry and other science	0	1	0.0	0	0.0
Agriculture related	1	0	0.0	0	0.0
Cleaners in offices, workshops, hospitals, etc.	26	0	0.0	17	65.4
Client information clerks (switch receipt information clerks)	9	0	0.0	7	77.8
Communication and information related	4	0	0.0	2	50
Community development workers	1	0	0.0	0	0.0
Custodian personnel	1	0	0.0	0	0.0
Economists	18	0	0.0	11	61.1
Engineering sciences related	1	0	0.0	1	100.0
Engineers and related professionals	8	0	0.0	2	25.0
Finance and economics related	38	1	2.6	24	63.2
Financial and related professionals	15	0	0.0	10	66.7
Financial clerks and credit controllers	28	0	0.0	25	89.3
Food services aids and waiters	6	0	0.0	1	16.7
General legal administration and related professionals	5	0	0.0	0	0.0
Head of department/chief executive officer	1	0	0.0	1	100.0
Household food and laundry services related	2	0	0.0	1	50.0
Housekeepers laundry and related workers	1	0	0.0	0	0.0
Human resources and organisational development and related professionals	23	0	0.0	18	78.3
Human resources clerks	20	0	0.0	15	75
Human resources related	9	0	0.0	6	66.7
Language practitioners, interpreters and other communication	2	0	0.0	2	100.0
Librarians and related professionals	1	0	0.0	1	100.0
Library mail and related clerks	30	0	0.0	8	26.7
Light vehicle drivers	1	0	0.0	1	100.0
Logistical support personnel	34	0	0.0	27	79.4
Material recording and transport clerks	15	0	0.0	11	73.3

Occupation	Employees 1 April 2015	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Messengers, porters and deliverers	6	0	0.0	3	50.0
Natural sciences related	1	0	0.0	0	0.0
Other administration and related clerks and organisers	28	0	0.0	22	78.6
Other administrative policy and related officers	1	0	0.0	1	100.0
Other information technology personnel	10	0	0.0	6	60.0
Other occupations	4	0	0.0	1	25.0
Risk management and security services	3	0	0.0	0	0.0
Secretaries and other keyboard operating clerks	67	0	0.0	37	55.2
Security guards	3	0	0.0	0	0.0
Security officers	18	0	0.0	9	50.0
Senior managers	62	0	0.0	15	24.2
Trade/industry advisers and other related professionals	2	0	0.0	2	100.0
<b>TOTAL</b>	<b>627</b>	<b>3</b>	<b>0.5</b>	<b>359</b>	<b>57.3</b>

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

Salary band	Employees 1 April 2015	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1–2)	23	0	0.0	10	43.5
Skilled (level 3–5)	92	0	0.0	48	52.2
Highly skilled production (levels 6–8)	154	1	0.6	118	76.6
Highly skilled supervision (levels 9–12)	229	2	0.9	150	65.5
Senior and top management (levels 13–16)	82	0	0.0	29	35.4
<b>Total</b>	<b>580</b>		<b>0.5</b>	<b>355</b>	

### 3.6 Employment equity

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

OCCUPATIONAL CATEGORY	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	29	2	2	3	27	2	1	3	69
Professionals	52	1	1	4	59	5	1	7	130
Technicians and associate professionals	77	2	1	3	61	3	3	5	155
Clerks	71	2	0	4	133	6	4	10	230
Service and sales workers	11	0	0	0	12	0	1	0	24
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Elementary occupations	11	0	0	1	26	1	0	1	40
<b>Total</b>	<b>252</b>	<b>7</b>	<b>4</b>	<b>15</b>	<b>318</b>	<b>17</b>	<b>10</b>	<b>26</b>	<b>649</b>
<b>Employees with disabilities</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>8</b>

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

OCCUPATIONAL BAND	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	1	3	0	1	0	6
Senior management	33	1	2	4	26	3	0	4	73
Professionally qualified and experienced specialists and mid-management	93	2	1	5	93	5	3	12	214
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	44	1	0	3	83	4	5	9	149
Semi-skilled and discretionary decision-making	29	0	0	1	57	1	1	0	89
Unskilled and defined decision-making	6	0	0	0	14	1	0	0	21
<b>Total</b>	<b>206</b>	<b>4</b>	<b>3</b>	<b>14</b>	<b>276</b>	<b>14</b>	<b>10</b>	<b>25</b>	<b>552</b>

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

OCCUPATIONAL BAND	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	1	0	2	0	0	0	3
Senior management	2	1	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	0	1	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision-making	1	0	0	1	0	0	0	0	2
Unskilled and defined decision-making	26	0	0	0	25	0	0	0	51
<b>Total</b>	<b>29</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62</b>
<b>Employees with disabilities</b>									

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

OCCUPATIONAL CATEGORY	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	1	1	1	0	3
Senior management	11	0	2	2	7	0	0	4	26
Professionally qualified and experienced specialists and mid-management	64	1	1	4	69	2	1	10	152
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	36	1	0	3	67	3	3	6	119
Semi-skilled and discretionary decision-making	16	0	0	0	30	1	1	0	48
Unskilled and defined decision-making	3	0	0	0	6	1	0	0	10
<b>Total</b>	<b>130</b>	<b>2</b>	<b>3</b>	<b>9</b>	<b>180</b>	<b>8</b>	<b>6</b>	<b>20</b>	<b>358</b>
<b>Employees with disabilities</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>5</b>



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

OCCUPATIONAL BAND	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	4	0	0	0	6	0	0	0	10
Professionally qualified and experienced specialists and mid-management	0	0	0	0	4	0	1	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	0	0	0	1	3
Semi-skilled and discretionary decision-making	2	0	0	0	2	1	0	0	5
Unskilled and defined decision-making	4	0	0	0	2	1	0	0	7
<b>Total</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>30</b>
<b>Employees with disabilities</b>									

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

OCCUPATIONAL BAND	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
No disciplinary steps taken	0	0	0	0	0	0	0	0	0

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

OCCUPATIONAL BAND	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	7	1	0	1	17	0	0	2	28
Professionals	46	2	0	2	61	2	0	1	114
Technicians and associate professionals	3	0	0	0	13	0	0	1	17
Clerks	52	1	0	2	92	1	0	0	148
Service and sales workers	8	0	0	0	6	0	0	0	14
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	6	3	0	0	0	0	0	0	9
<b>Total</b>	<b>122</b>	<b>7</b>	<b>0</b>	<b>5</b>	<b>189</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>330</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.7 Signing of performance agreements by SMS members

**Table 3.7.1 Signing of performance agreements by SMS members as at 31 May 2015**

SMS LEVEL	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	-	-	-	-
Salary Level 16	1	1	0	0.0%
Salary Level 15	6	6	6	100.0%
Salary Level 14	20	20	18	90.0%
Salary Level 13	47	51	49	96.0%
<b>Total</b>	<b>74</b>	<b>78</b>	<b>73</b>	<b>93.6%</b>

**Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2015**

#### REASONS

The reasons are as follows:

1. SMS members being on incapacity leave and some on leave
2. Challenges with the strategic plan as raised by AG and Parliament

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as at 31 March 2015**

#### REASONS

Non-implementation of the outcome of moderation process of SMS members who submitted their performance agreements after the due date, i.e. 31 May 2015

### 3.8 Performance rewards 2015/16

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

RACE AND GENDER	BENEFICIARY PROFILE			COST	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	138	248	55.6	2 072	15 014
Female	215	316	68	2 734	12 718
<b>Asian</b>					
Male	2	4	50	59	29 411
Female	7	9	77.8	113	16 201
<b>Coloured</b>					
Male	3	7	42.9	35	11 570
Female	9	17	52.9	148	16 496
<b>White</b>					
Male	10	14	71.4	266	26 574
Female	18	26	69.2	301	16 748
<b>Total</b>	<b>402</b>	<b>641</b>		<b>5 728</b>	

**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 (Levels 3–5)						
Highly skilled production (Levels 6–8)						
Highly skilled supervision (Levels 9–12)						
<b>Total</b>						

**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
None					
<b>Total</b>					

Notes: The performance reward process has not been concluded yet.

**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	17	53	32.1	630	37 059	1.2
Band B	7	27	25.9	286	40 857	0.9
Band C	0	8	0.0	0	0	0.0
Band D	0	5	0.0	0	0	0.0
<b>Total</b>	<b>24</b>	<b>93</b>	<b>25.8</b>	<b>916</b>	<b>38166.7</b>	<b>1.1</b>

### 3.9 Foreign workers

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

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

SALARY BAND	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Levels 6–8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9–12)	0	0	0	0	0	0
Contract (Levels 9–12)	0	0	0	0	0	0
<b>Contract (Levels 13–16)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

MAJOR OCCUPATION	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% change
	0	0	0	0	0	0
	0	0	0	0	0	0

### 3.10 Leave utilisation

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

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

SALARY BAND	Total days	% days with medical certification	% of total employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower Skills (Levels 1–2)	67	89.6	8	1.8	8	30
Skilled (Levels 3–5)	589	80.8	80	18.3	7	360
Highly skilled production (Levels 6–8)	892	76.3	116	26.5	8	999
Highly skilled supervision (Levels 9–12)	1 155	78.2	160	36.6	7	2 288
Top and senior management (levels 13–16)	297	80.8	43	9.8	7	1 037
<b>Total</b>						

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

SALARY BAND	Total days	% days with medical certification	Number of employees using disability leave	Number of employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1–2)	115	100	4	9.3	29	53
Skilled (Levels 3–5)	34	100	5	11.6	7	17
Highly skilled production (Levels 6–8)	383	100	18	41.9	21	488
Highly skilled supervision (Levels 9–12)	156	100	11	25.6	14	329
Senior management (Levels 13–16)	26	100	3	7.0	9	90
<b>Total</b>						

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Co-Ordinating Bargaining Council in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

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

SALARY BAND	Total days taken	Number of employees using annual leave	Average days per employee
Lower skilled (Levels 1–2)	252.00	25	10
Skilled (Levels 3–5)	2 065.76	20	105
Highly skilled production (Levels 6–8)	3 546.00	23	157
Highly skilled supervision (Levels 9–12)	5 247.00	22	234
Senior management (Levels 13–16)	1 768.00	21	84
<b>Total</b>			

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

SALARY BAND	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2016
Lower skilled (Levels 1–2)	0	0	0	0
Skilled (Levels 3–5)	0	0	0	0
Highly skilled production (Levels 6–8)	0	0	0	0
Highly skilled supervision (Levels 9–12)	0	0	0	0
Senior management (Levels 13–16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

REASON	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2015/16 due to non-utilisation of leave for the previous cycle	190	2	95 000
Capped leave pay-outs on termination of service for 2015/16	1 897	15	126 467
Current leave payout on termination of service for 2015/16	220	7	31 429
<b>Total</b>	<b>2 307</b>	<b>24</b>	<b>96 125</b>



### 3.11 HIV/AIDS and 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 and related diseases (if any)	Key steps taken to reduce the risk
None	

**Table 3.11.2 Details of health promotion and HIV/AIDS programmes (tick the applicable boxes and provide the required information)**

QUESTION	YES	NO	DETAILS, IF YES
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms Palesa Mokalapa: Organisational Transformation
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		The Department has an EHW unit at the level of Sub-directorate, with two staff members: the EHW Coordinator at the Deputy Director level and the EHW Practitioner at the level of an Assistant Director, who is a professional social worker registered with the South African Council for Social Service Professions.
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		Provision of: onsite and offsite counselling to employees and their dependents on various psychosocial problems, training services on health promotion, including Wellness Days and Health Calendar events and trauma debriefing services, including bereavement support.
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	Establishment of the departmental EHW Committee is in process
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		Discrimination against HIV-positive employees is dealt with according to the Department's disciplinary code and procedures as stipulated in the departmental HIV/AIDS and TB Management Policy.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	Yes		On average of 18% of employees attended HCT to know their HIV status, during quarterly Wellness Days.
8. Has the Department developed measures or indicators to monitor and 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 2015 to 31 March 2016**

Subject matter	Date
Total number of collective agreements	None

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

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

Total number of Disciplinary hearings finalised	How many Disciplinary hearings finalised
Total	None

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

Type of misconduct	Number	% of total
Total	None	

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

Grievances	Number	% of total
Number of grievances resolved	13	
Number of grievances not resolved	10	
<b>Total number of grievances lodged</b>	<b>23</b>	

**Table 3.12.5 Disputes logged with councils for the period 1 April 2015 to 31 March 2016**

Disputes	Number	% of total
Number of disputes upheld	3	
Number of disputes dismissed	2	
<b>Total number of disputes lodged</b>	<b>8</b>	

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

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

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

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	152
<b>Cost of suspension (R'000)</b>	<b>463 888</b>

### 3.13 Skills development

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

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

OCCUPATIONAL CATEGORY	Gender	Number of employees as at 1 April 2015	Learnerships	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			Total
				Skills programmes and other short courses	Other forms of training		
Legislators, senior officials and managers	Female	37	0	Advanced Mentoring and Coaching	0	1	
				Advanced Management Development	0	6	
				Advanced Computer Training	0	2	
				Executive Women Empowerment	0	7	
				Information Systems	0	1	
				Moderator Training	0	1	
				Policy Development	0	3	
				Prince 2 Project Management	0	1	
				Project Khaedu	0	2	
				Risk Management Training	5	5	
	Male	49	0	Advanced Management Development	0	3	
				Advanced Computer Training	0	3	
				CIA Learning Systems	0	3	
				Financial Management Training	0	1	
				Information Systems	0	2	
				Leadership and Coaching Training	1	1	
				Master's: Policy Development and Management	1	1	
				People Management and Conflict Resolution		1	
				Policy Development		2	
				Prince 2 Project Management		1	
				Project Khaedu		2	
				Risk Management Training	3	3	

OCCUPATIONAL CATEGORY	Gender	Number of employees as at 1 April 2015	Learnerships	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD	
				Skills programmes and other short courses	Other forms of training
Professionals	Female	133	0	Asset Management	2
				Budget Expenditure Management	0
				Business English and Report Writing	0
				Computer Training	0
				Contract Management	2
				Induction	1
				Management Development Programme	0
				Mentoring and Coaching	0
				Moderator Training	0
				Monitoring and Evaluation	0
				Occupational Nursing	0
				Office Management	0
				OHS Training	0
				PERSAL Training	0
				Policy Development	0
				Project Khaedu	0
				Project Management	0
				Public Administration	1
				Records Management	0
	Male	114	0	Asset Management	1
				Budget Expenditure Management	0
				Business English and Report Writing	0
				Computer Training	0
				Contract Management	2
				Induction	2
				Management Development Programme	0
				Mentoring and Coaching	0
				Moderator Training	0
				Monitoring and Evaluation	0
				Office Management	0
				Policy Development	0

OCCUPATIONAL CATEGORY	Gender	Number of employees as at 1 April 2015	Learnerships	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD		
				Skills programmes and other short courses	Other forms of training	Total
Technicians and associate professionals	Female	24	0	Project Khaedu	0	4
				Project Management	0	5
				Computer Training	0	3
				Customer Care/Telephone Etiquette	0	3
				Information Systems	0	5
				Management Development Programme	0	2
				Mentoring and Coaching	0	3
				Performance Management	1	1
				PERSAL Training	0	2
	Male	16	0	Project Management	0	2
				Computer training	0	3
				Customer Care/Telephone Etiquette	0	1
				Information Systems	0	9
				Knowledge Management	0	3
				Management Development Programme	0	2
				Mentoring and Coaching	0	6
				Performance Management	1	1
				PERSAL Training	0	1
Clerks	Female	133	20	Breaking Barriers to entry to the Public Service	20	20
			20	DHS Internship	20	20
				Business English and Report Writing	0	10
				Computer Training	0	24
				Contract Management	2	2
				Customer Care/Telephone Etiquette	0	6
				Financial Management Training	0	12
				Housing Policy and Development Management course	0	8
				Office Administration	0	4
				Project Management	0	8
				Records Management	10	10
				SCM training	4	4
				Time Management	4	4

OCCUPATIONAL CATEGORY	Gender	Number of employees as at 1 April 2015	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
	Male	55	20	Breaking Barriers to entry to the Public Service	20	20
			20	DHS Internship	20	20
				Business English and Report Writing	0	2
				Computer Training	0	4
				Contract Management	2	2
				Customer Care/Telephone Etiquette	0	2
				Events Management	3	3
				Financial Management Training	0	4
				Office Administration	0	2
				Project Management	0	1
				Records Management	1	1
				SCM Training	2	2
Service and sales workers	Female	22		Computer Training	0	6
				Fire Fighting Training	0	6
	Male	18		Computer Training	0	4
				Fire Fighting Training	0	3
Plant and machine operators and assemblers	Female	1		Computer Training	0	1
	Male	2		Computer Training	0	1
Elementary occupations	Female	21		Computer Training	0	10
	Male	8		Computer Training	0	10
Subtotal	Female	371			63	316
	Male	262			59	192
Total		633	80		122	508



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

OCCUPATIONAL CATEGORY	Gender	Number of employees as at 1 April 2015	Learnerships	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD		
				Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	37	0	Data Analysis and Dashboard Reporting in Excel	1	1
				Prince 2 Foundation and Practitioner Project Management	0	1
				Business Tech Show	1	1
				EAPA SA Conference	1	1
				Knowledge Management Workshop	1	1
				PSTF Conference	1	1
				Risk Champions Training	1	1
				Women in ICT Summit	1	1
				Project Khaedu	0	1
				Cobit Foundation and Implementation	0	1
				Job Evaluation and Panel Training	0	9
	Male	49	0	Data Analysis and Dashboard Reporting in Excel	1	1
				Social and Technical Sustainability in Housing	1	1
				Understanding and Engaging with Poverty and Inequality	1	1
				Housing Finance Programme for Sub-Saharan Africa	1	1
				Project Khaedu	0	2
				18th Southern African Internal Audit Conference	1	1
				Job Evaluation and Panel Training	0	2

OCCUPATIONAL CATEGORY	Gender	Number of employees as at 1 April 2015	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Professionals	Female	133	0	Policy Development Training	0	6
				CIP Module 1: Salary Level 6–12	0	8
				Data Analysis and Dashboard Reporting in Excel	1	3
				Mentoring and Coaching	0	13
				Housing Policy Development and Management	0	8
				Advanced Computer Course	0	4
				Fire Fighting	0	1
				Housing Finance Programme for Sub-Saharan Africa	1	1
				First Aid	0	1
				Development Certificate Training	0	1
				Annual CEPWL Conference	1	1
				EAPA SA Conference	1	1
				How to Detect and Prevent Occupational Fraud	1	1
				Knowledge Management Workshop	1	1
				Project Khaedu	0	8
				Job Evaluation and Panel Training	0	1
				PFMA and Budgeting	0	5
				Business English and Report Writing	0	1
	Male	114	0	Policy Development Training	0	3
				CIP Module 1: Salary Level 6-12	0	3
				Audit Management and Report of Performance Information in the Public Sector	1	1
				Data Analysis and Dashboard Reporting in Excel	1	4
				Mentoring and Coaching	0	3
				Housing Policy Development and Management	0	3
				Supervising an Internal Audit Project	1	1
				Prince 2	0	1
				Advanced Computer Course	0	3
				Fire Fighting	0	6
	Male	114	0	Development Certificates	0	1
				First Aid	0	3
				Audit Management and Report of Performance in PS	1	1

OCCUPATIONAL CATEGORY	Gender	Number of employees as at 1 April 2015	Learnerships	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD		
				Skills programmes and other short courses	Other forms of training	Total
				ACL Functions and Foundations	0	1
				Annual CEPWL Conference	1	1
				IT Auditing for non IT Auditors	1	1
				Labour Law Seminar	1	1
				PSTF Conference	1	1
				Project Khaedu	0	6
				Performance Auditing in the Public Service	1	1
				Intermediate Computer Training	0	2
				Job Evaluation and Panel Training	0	1
				PFMA and Budgeting	0	2
				Business English and Report Writing	0	3
Technicians and associate professionals	Female	24	0	CIP Module 1: Salary Level 1-5	0	2
				Advanced Computer Course	0	3
				Business Tech Show	1	1
				ITIL Foundation	0	1
				PSTF Conference	1	1
				PFMA and Budgeting	0	3
				Business English and Report Writing	0	3
	Male	16	0	ITIL Foundation	0	2
				Business English and Report Writing	0	1
Clerks	Female	133	20	Breaking Barriers to Entry to the Public Service	20	20
				Policy Development Training	0	4
				CIP Module 1: Salary Level 6-12	0	6
				Mentoring and Coaching	0	5
				Housing Policy Development and Management	0	5
				Project Management	0	1
				CIP Module 1: Salary Level 1-5	0	9
				Advanced Computer Course	0	14
				Fire Fighting	0	2
				Housing Finance Programme for Sub-Saharan Africa	1	1
				Report Writing	0	1
				Project Management	0	1

OCCUPATIONAL CATEGORY	Gender	Number of employees as at 1 April 2015	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
				CCNA	0	1
				PSTF Conference	1	1
				Secretarial Seminar	1	1
				Intermediate Computer Training	0	3
				PFMA and Budgeting	0	12
				Business English and Report Writing	0	8
	Male	55	20	Policy Development Training	0	1
				CIP Module 1: Salary Level 6-12	0	4
				Breaking Barriers to Entry (Interns)	19	19
				Mentoring and Coaching	0	1
				Advanced Computer Course	0	5
				Fire Fighting	0	2
				First Aid	0	3
				Conflict Management	2	2
				Intermediate Computer Training	0	2
				PFMA and Budgeting	0	8
				Business English and Report Writing	0	8
Service and sales workers	Female	22	0	CIP Module 1: Salary Level 1-5	0	1
				Fire Fighting	0	2
				First Aid	0	3
	Male	18	0	CIP Module 1: Salary Level 1-5	0	3
				Fire Fighting	0	1
				First Aid	0	3
				Intermediate Computer Training	0	1
Plant and machine operators and assemblers	Female	1	0	-	0	0
	Male	2	0	Fire Fighting	0	1
				First Aid	0	2
Elementary occupations	Female	21	0		0	0
	Male	8	0	First Aid	0	3
Subtotal	Female	373	20		36	197
	Male	260	20		35	134
Total		663	40		106	331

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

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

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary total disablement	1	100
Permanent disablement	0	0
Fatal	0	0
<b>Total</b>	<b>1</b>	

### 3.15 Utilisation of consultants

The following tables relate information on the utilisation of consultants in the department.

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

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

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

PROJECT TITLE	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Bid VA49/483: Development of informal settlements upgrading programmes in Govan Mbeki Municipality	14	33 weeks	1 123 572.00
Bid VA49/481: To provide daily media monitoring and analysis for the Ministry, Director-General and DHS	13	36 months	3 511 015.05
Bid VA49/442: Appointment of a service provider supply deeds information (data) on a personal level and monthly updates for 12 months	N/A	365 days	5 978 600.00
Bid VA49/482: Development of informal settlements upgrading programmes in Msunduzi Local Municipality.	8	34 weeks	1 491 761.26
Bid VA49/507: Urgent ministerial communication programme developed to educate all stakeholders of the urgent priorities of DHS and the Ministry	N/A	6 months	5 999 820.00
Bid VA49/488: Render cleaning and hygiene services to DHS for 36 months	3	36 months	4 785 150.33
SITA wireless application service provider to send 10 000 SMSs per month to communication to citizens on NHNR	SITA	365 days	1 347 127.46
Bid VA49/481: To provide daily media monitoring and analysis for the Ministry, Director-General and DHS	SITA	365 days	1 054 800.00
Bid VA49/450: Appointment of an investigation into the National Housing Programme CRUs with the objective to develop technical norms and standards for the units to be created through the application of CRU Programme	5	164 days	975 058.00
Bid VA49/499: Development of informal settlements upgrading programmes in Mossel Bay Local Municipality	12	45 weeks	1 548 975.00
Bid VA49/503: Development of informal settlements upgrading programmes in Nelson Mandela Bay Metropolitan	5	34 weeks	2 595 210.00
Bid VA49/501: Development of informal settlements upgrading programmes in Emfuleni Local Municipality	7	43 weeks	1 193 583.42
Bid VA49/505: Development of informal settlements upgrading programmes in Sol Plaatjie, Khara Heis, Phokwane Municipalities	8	12 weeks	2 186 520.00
Bid VA50/196: Development of informal settlements upgrading programmes in Emnambithi Local Municipality	13	165	791 239.80
Bid VA49/492: Conduct an impact evaluation of government's approach to affordable housing	10	240 days	927 458.00
Bid VA49/510: Development of informal settlements upgrading programmes in Mbombela Local Municipality	8	52 weeks	1 588 020.00
Bid VA49/516: Appointment of a forensic investigator for NMBMM	4	7 weeks	2 166 912.00
Bid VA50/193: Appointment of a service provider to develop training material on homeownership and property market	6	60 days	500 000.00
VA50/195: The determination of the construction cost of standalone houses that will be financed through government's national housing programmes	9		378 024.00
Bid VA49/508: Development of informal settlements upgrading programmes in Breede Valley Municipality	5	10 months	1 443 178.00
Bid VA49/514: Development of informal settlements upgrading programmes in Knysna Local Municipality	5	410 days	1 103 590.00
Bid VA49/517: Development of informal settlements upgrading programmes in Drakenstein Local Municipality	6	31 weeks	997 500.00
Bid VA49/518: Development of informal settlements upgrading programmes in Great Kei, Mbhashe, Nkonkobe, Ngqushwa and Nxuba Local Municipalities	5	250 days	1 734 225.00
Bid VA49/523: Development of informal settlements upgrading programmes in OR Tambo Local Municipality	8	50 weeks	2 933 147.17
Bid VA49/447: Development of informal settlements upgrading programmes in Steve Tshwete Local Municipality	18	22 weeks	906 597.71
Bid VA49/522: Development of informal settlements upgrading programmes in Sara Baartman Local Municipality	14	70 weeks	3 608 100.00
Bid VA49/511: Development of informal settlements upgrading programmes in Newcastle Local Municipality	7	45 weeks	911 800.00
Bid VA49/519: Development of informal settlements upgrading programmes in Alfred Nzo Local Municipality	9	20 weeks	515 850.00
Supply and assistance to the debtors system in DHS by Dimension Data	N/A	365 days	2 500 000.00
HSS environment service level agreement: For HSS support and maintenance	SITA	365 days	10 997 235.00



Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
30	159	7 795	R40.6 million

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

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

**Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2015 to 31 March 2016**

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 HDIs for the period 1 April 2015 to 31 March 2016**

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

### 3.16 Severance packages

**Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2015 to 31 March 2016**

SALARY BAND	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1–2)	0	0	0	0
Skilled (Levels 3–5)	0	0	0	0
Highly skilled production (Levels 6–8)	0	0	0	0
Highly skilled supervision (Levels 9–12)	0	0	0	0
Senior management (Levels 13–16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



B

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# PART E:

## FINANCIAL INFORMATION

### 1. REPORT OF THE AUDITOR GENERAL

#### Report on the financial statements

##### Introduction

1. I have audited the financial statements of the National Department of Human Settlements set out on pages 129 to 188, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999)

(PFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 10 of 2015) (DORA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

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

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Human Settlements as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with MCS prescribed by the National Treasury and the requirements of the PFMA and DORA.

### Emphasis of matter

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

### Material under spending of the vote (Programme 3) by the department

8. As disclosed in the appropriation statement, the department has materially underspent the budget on Programme 3: Human Settlements Delivery Support to the amount of R38 196 000.

### Additional matter

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

### Unaudited supplementary schedules

10. The supplementary information set out on pages 189 to 197 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in

terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:
  - Programme 2: Human Settlements Policy, Strategy and Planning on pages 27 to 33.
  - Programme 3: Human Settlements Delivery Support on pages 33 to 37.
  - Programme 4: Housing Development Finance on pages 37 to 39.
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

15. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2: Human Settlements Policy, Strategy and Planning on pages 27 to 33.
- Programme 3: Human Settlements Delivery Support on pages 33 to 37.
- Programme 4: Housing Development Finance on pages 37 to 39.

#### Additional matter

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

#### Achievement of planned targets

17. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year.

#### Adjustment of material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Human Settlements Policy, Strategy and Planning, Programme 3: Human Settlements Delivery Support and Programme 4: Housing Development Finance. As

management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

#### Compliance with legislation

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

#### Financial statements, performance and annual reports

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(b) of the Public Finance Management Act. Material misstatements of the appropriation statement, non-current assets, revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### Expenditure management

21. Contractual obligations and money owed by the department were not settled within 30 days, as required by section 38(1) (f) of the Public Finance Management Act and Treasury Regulation 8.2.3.

#### Internal control

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

resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

#### Leadership

23. Leadership did not exercise adequate oversight and monitoring with regard to financial reporting and compliance with laws and regulations.

#### Financial and performance management

24. Regular, accurate and complete financial reports that are supported and evidenced by reliable information were not prepared.

Auditor-General

Pretoria

31 July 2016



Auditing to build public confidence







# AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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## 2. ANNUAL FINANCIAL STATEMENTS

APPROPRIATION PER PROGRAMME									
PROGRAMME	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Administration	440,616	-	(5,365)	435,251	411,074	24,177	94.4%	454,961	448,121
2 Human Settlements Policy, Strategy and Planning	73,538	(286)	4,241	77,493	75,738	1,755	97.7%	80,079	78,703
3 Programme Delivery Support	165,600	286	804	166,690	120,796	45,894	72.5%	168,974	119,112
4 Housing Development Finance	29,863,627	-	320	29,863,947	29,426,936	437,011	98.5%	28,713,591	28,712,737
<b>Subtotal</b>	<b>30,543,381</b>	<b>-</b>	<b>-</b>	<b>30,543,381</b>	<b>30,034,544</b>	<b>508,837</b>	<b>98.3%</b>	<b>29,417,605</b>	<b>29,358,673</b>

### ADD

Departmental receipts

NRF Receipts

Aid assistance

**Actual amounts per statement of financial performance (total revenue)**

2015/16		2014/15	
Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
1,237		1,014	
640		600	
<b>30,545,258</b>		<b>29,419,219</b>	

### ADD

Aid assistance

Prior year unauthorised expenditure approved without funding

**Actual amounts per statement of financial performance (total expenditure)**

	483		493
	<b>30,035,027</b>		<b>29,359,166</b>

APPROPRIATION PER ECONOMIC CLASSIFICATION									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>674,756</b>	<b>(7,430)</b>	<b>(138)</b>	<b>667,188</b>	<b>603,669</b>	<b>63,519</b>	<b>90.5%</b>	<b>658,435</b>	<b>606,239</b>
Compensation of employees	320,760	(2,373)	(3,003)	315,384	310,151	5,233	98.3%	291,459	290,856
Salaries and wages	271,576	5,394	1,422	278,392	275,281	3,111	98.8%	260,097	259,594
Social contributions	49,184	(7,767)	(4,425)	36,992	34,870	2,122	94.3%	31,362	31,262
Goods and services	353,992	(5,057)	2,865	351,800	301,213	50,587	85.7%	366,948	315,359
Administrative fees	463	(23)	-	440	324	116	73.6%	378	375
Advertising	19,701	1,948	(922)	20,727	20,019	708	96.6%	29,733	29,607
Minor assets	3,944	(1,071)	(120)	2,753	1,664	1,089	60.4%	772	605
Audit costs: External	6,946	223	-	7,169	7,169	-	100.0%	6,392	6,392
Bursaries: Employees	1,880	(900)	-	980	974	6	99.4%	1,223	1,222
Catering: Departmental activities	4,031	118	1,773	5,922	4,568	1,354	77.1%	5,237	5,016
Communication	10,282	591	99	10,972	9,798	1,174	89.3%	10,975	10,887
Computer services	54,177	(2,946)	(1,100)	50,131	43,873	6,258	87.5%	31,072	31,004
Consultants: Business and advisory services	112,809	(24,742)	(24,578)	63,489	34,484	29,005	54.3%	117,838	72,523
Legal services	3,482	(479)	-	3,003	2,994	9	99.7%	11,216	11,161
Contractors	1,511	(421)	-	1,090	749	341	68.7%	2,957	2,864
Agency and support / outsourced services	4,422	(1,152)	(83)	3,187	2,207	980	69.3%	1,891	1,873
Entertainment	410	(92)	-	318	200	118	62.9%	243	178
Fleet services	1,622	322	-	1,944	1,777	167	91.4%	1,537	1,524
Housing									
Inventory: Clothing material and supplies	258	49	-	307	267	40	87.0%	-	-
Inventory: Farming supplies									
Inventory: Food and food supplies	31	(31)	-	-	-	-	-	18	-
Inventory: Fuel, oil and gas	-	1	-	1	-	1	-	-	-
Inventory: Learner and teacher support material	12	(12)	-	-	-	-	-	-	-
Inventory: Materials and supplies	95	(27)	-	68	27	41	39.7%	182	156

APPROPRIATION PER ECONOMIC CLASSIFICATION									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	1,612	(556)	103	1,159	918	241	79.2%	1,303	1,240
Consumable: Stationery, printing and office supplies	6,883	(946)	(125)	5,812	4,082	1,730	70.2%	3,804	3,560
Operating leases	26,575	3,380	4,400	34,355	34,216	139	99.6%	26,272	25,369
Property payments	14,262	(4,728)	(600)	8,934	8,901	33	99.6%	8,910	6,803
Transport provided: Departmental activity									
Travel and subsistence	46,966	21,814	8,972	77,752	72,211	5,541	92.9%	68,281	66,654
Training and development	12,294	(1,754)	(1,630)	8,910	2,291	6,619	25.7%	8,373	8,367
Operating payments	6,895	2,317	(540)	8,672	6,868	1,804	79.2%	8,352	8,170
Venues and facilities	12,429	4,060	17,216	33,705	32,932	773	97.7%	19,989	19,769
Rental and hiring									
Interest and rent on land	4	-	-	4	4	-	100.0%	28	24
Interest	4	-	-	4	4				
Rent on land						-	100.0%	28	24
<b>Transfers and subsidies</b>	<b>29,692,705</b>	<b>571</b>	<b>-</b>	<b>29,693,494</b>	<b>29,255,449</b>	<b>438,045</b>	<b>98.5%</b>	<b>28,737,732</b>	<b>28,737,594</b>
Provinces and municipalities	28,957,020	-	-	28,957,020	28,957,020	-	100.0%	27,669,053	27,669,053
Provinces	18,302,675	-	-	18,302,675	18,302,675	-	100.0%	17,084,369	17,084,369
Provincial Revenue Funds	18,302,675	-	-	18,302,675	18,302,675	-	100.0%	17,084,369	17,084,369
Provincial agencies and funds									
Municipalities	10,654,345	-	-	10,654,345	10,654,345	-	100.0%	10,584,684	10,584,684
Municipal bank accounts	10,654,345	-	-	10,654,345	10,654,345	-	100.0%	10,584,684	10,584,684
Municipal agencies and funds									
Departmental agencies and accounts	724,507	-	-	724,507	287,906	436,601	39.7%	1,028,100	1,028,009
Social security funds									
Departmental agencies and accounts	724,507	-	-	724,507	287,906	436,601	39.7%	1,028,100	1,028,009
Higher education institutions	-	-	-	-	-	-	-	4,499	4,499
Foreign governments and international organisations	1,150	-	218	1,368	1,368	-	100.0%	1,278	1,269

APPROPRIATION PER ECONOMIC CLASSIFICATION									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public corporations and private enterprises	-	-	-	-	-	-	-	4,000	4,000
Public corporations	-	-	-	-	-	-	-	4,000	4,000
Other transfers to private enterprises	-	-	-	-	-	-	-	4,000	4,000
Non-profit institutions									
Households	10,028	571	-	10,599	9,155	1,444	86.4%	30,802	30,764
Social benefits	1,226	571	-	1,797	1,773	24	98.7%	1,000	973
Other transfers to households	8,802	-	-	8,802	7,382	1,420	83.9%	29,802	29,791
<b>Payments for capital assets</b>	<b>14,826</b>	<b>6,622</b>	<b>(80)</b>	<b>21,368</b>	<b>14,108</b>	<b>7,260</b>	<b>66.0%</b>	<b>21,309</b>	<b>14,717</b>
Buildings and other fixed structures	245	-	-	245	236	9	96.3%	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	245	-	-	245	236	9	96.3%	-	-
Machinery and equipment	14,526	6,606	(80)	21,052	13,810	7,242	65.6%	19,899	13,310
Transport equipment	2,990	294	-	3,284	2,885	399	87.9%	2,705	14
Other machinery and equipment	11,536	6,312	(80)	17,768	10,925	6,843	61.5%	17,194	13,296
Intangible assets	55	16	-	71	62	9	87.3%	1,410	1,407
<b>Payments for financial assets</b>	<b>161,094</b>	<b>237</b>	<b>-</b>	<b>161,331</b>	<b>161,318</b>	<b>13</b>	<b>100.0%</b>	<b>129</b>	<b>123</b>
<b>TOTAL</b>	<b>30,543,381</b>	<b>-</b>	<b>-</b>	<b>30,543,381</b>	<b>30,034,544</b>	<b>508,837</b>	<b>98.3%</b>	<b>29,417,605</b>	<b>29,358,673</b>



Programme 1: ADMINISTRATION									
Sub programme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. MINISTRY	61,366	13,651	6,049	81,066	78,568	2,498	96.9%	69,285	66,437
2. DEPARTMENTAL MANAGEMENT	98,771	(17,841)	(17,185)	63,745	56,575	7,170	88.8%	102,427	101,857
3. CORPORATE SERVICES	195,315	4,190	2,524	202,029	188,384	13,645	93.2%	205,691	205,575
4. PROPERTY MANAGEMENT	37,677	-	4,400	42,077	42,039	38	99.9%	35,153	32,153
5. FINANCIAL MANAGEMENT	47,487	-	(1,153)	46,334	45,508	826	98.2%	42,405	42,099
<b>Total for sub programmes</b>	<b>440,616</b>	<b>-</b>	<b>(5,365)</b>	<b>435,251</b>	<b>411,074</b>	<b>24,177</b>	<b>94.4%</b>	<b>454,961</b>	<b>448,121</b>

Economic classification									
<b>Current payments</b>	<b>427,887</b>	<b>(4,831)</b>	<b>(5,365)</b>	<b>417,691</b>	<b>398,857</b>	<b>18,834</b>	<b>95.5%</b>	<b>416,137</b>	<b>412,881</b>
Compensation of employees	197,187	(1,921)	(5,083)	190,183	186,765	3,418	98.2%	178,876	178,849
Salaries and wages	165,059	5,771	(2,988)	167,842	165,562	2,280	98.6%	159,882	159,862
Social contributions	32,128	(7,692)	(2,095)	22,341	21,203	1,138	94.9%	18,994	18,987
Goods and services	230,696	(2,910)	(282)	227,504	212,088	15,416	93.2%	237,239	234,011
Administrative fees	444	(25)	-	419	304	115	72.6%	378	375
Advertising	17,936	2,443	(922)	19,457	19,094	363	98.1%	29,494	29,479
Minor assets	2,654	(768)	(100)	1,786	1,130	656	63.3%	300	252
Audit costs: External	6,946	223	-	7,169	7,169	-	100.0%	6,392	6,392
Bursaries: Employees	1,880	(900)	-	980	974	6	99.4%	1,223	1,222
Catering: Departmental activities	1,826	286	1,750	3,862	2,814	1,048	72.9%	2,112	2,105
Communication	6,198	1,139	103	7,440	7,117	323	95.7%	7,641	7,620
Computer services	53,278	(2,135)	(1,100)	50,043	43,834	6,209	87.6%	30,710	30,690
Consultants: Business and advisory services	40,165	(18,390)	(11,820)	9,955	8,076	1,879	81.1%	44,208	44,585
Legal services	3,482	(479)	-	3,003	2,994	9	99.7%	11,216	11,161
Contractors	1,350	(335)	-	1,015	740	275	72.9%	2,880	2,856
Agency and support / outsourced services	3,260	(830)	-	2,430	2,207	223	90.8%	1,888	1,873
Entertainment	284	(38)	-	246	165	81	67.1%	146	133
Fleet services	1,622	322	-	1,944	1,777	167	91.4%	1,536	1,524
Housing									

Programme 1: ADMINISTRATION									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Fuel, oil and gas	-	1	-	1	-	1	-	-	-
Inventory: Learner and teacher support material									
Inventory: Materials and supplies	50	(13)	-	37	20	17	54.1%	155	150
Consumable supplies	1,281	(429)	103	955	798	157	83.6%	1,158	1,159
Consumable: Stationery, printing and office supplies	4,279	(105)	(83)	4,091	3,272	819	80.0%	2,649	2,570
Operating leases	26,369	3,453	4,400	34,222	34,216	6	100.0%	26,271	25,369
Property payments	14,224	(4,690)	(600)	8,934	8,901	33	99.6%	8,910	6,803
Transport provided: Departmental activity									
Travel and subsistence	24,390	16,620	5,056	46,066	44,367	1,699	96.3%	40,682	40,458
Training and development	4,488	(55)	(1,630)	2,803	2,290	513	81.7%	1,276	1,274
Operating payments	4,980	84	(870)	4,194	3,504	690	83.5%	6,743	6,719
Venues and facilities	9,310	1,662	5,431	16,403	16,315	88	99.5%	9,270	9,242
Rental and hiring									
Interest and rent on land	4	-	-	4	4	-	100.0%	22	21
Interest	4	-	-	4	4	-	100.0%	22	21
Rent on land									
<b>Transfers and subsidies</b>	<b>930</b>	<b>117</b>	<b>-</b>	<b>1,047</b>	<b>1,038</b>	<b>9</b>	<b>99.1%</b>	<b>22,707</b>	<b>22,706</b>
Provinces and municipalities									
Departmental agencies and accounts	-	-	-	-	-	-	-	1,170	1,170
Social security funds									
Departmental agencies	-	-	-	-	-	-	-	1,170	1,170
Households	930	117	-	1,047	1,038	9	99.1%	21,537	21,536
Social benefits	847	117	-	964	957	7	99.3%	720	719
Other transfers to households	83	-	-	83	81	2	97.6%	20,817	20,817

Programme 1: ADMINISTRATION									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>11,794</b>	<b>4,468</b>	<b>-</b>	<b>16,262</b>	<b>10,928</b>	<b>5,334</b>	<b>67.2%</b>	<b>16,009</b>	<b>12,426</b>
Buildings and other fixed structures	245	-	-	245	236	9	96.3%	-	-
Buildings									
Other fixed structures	245	-	-	245	236	9	96.3%	-	-
Machinery and equipment	11,494	4,452	-	15,946	10,630	5,316	66.7%	14,599	11,019
Transport equipment	2,990	294	-	3,284	2,885	399	87.9%	2,705	14
Other machinery and equipment	8,504	4,158	-	12,662	7,745	4,917	61.2%	11,894	11,005
Heritage assets									
Specialised military assets									
Biological assets									
Land and subsoil assets									
Intangible assets	55	16	-	71	62	9	87.3%	1,410	1,407
<b>Payments for financial assets</b>	<b>5</b>	<b>246</b>	<b>-</b>	<b>251</b>	<b>250</b>	<b>1</b>	<b>99.6%</b>	<b>108</b>	<b>108</b>
<b>TOTAL</b>	<b>440,616</b>	<b>-</b>	<b>(5,365)</b>	<b>435,251</b>	<b>411,073</b>	<b>24,178</b>	<b>94.4%</b>	<b>454,961</b>	<b>448,121</b>

1.1 MINISTRY									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>57,041</b>	<b>13,412</b>	<b>6,049</b>	<b>76,502</b>	<b>74,815</b>	<b>1,687</b>	<b>97.8%</b>	<b>65,980</b>	<b>65,920</b>
Compensation of employees	33,184	(1,220)	-	31,964	31,513	451	98.6%	27,916	27,914
Goods and services	23,857	14,632	6,049	44,538	43,302	1,236	97.2%	38,064	38,006
Interest and rent on land									
<b>Transfers and subsidies</b>	<b>-</b>	<b>68</b>	<b>-</b>	<b>68</b>	<b>68</b>	<b>-</b>	<b>100.0%</b>	<b>31</b>	<b>31</b>
Provinces and municipalities									
Households	-	68	-	68	68	-	100.0%	31	31
<b>Payments for capital assets</b>	<b>4,320</b>	<b>10</b>	<b>-</b>	<b>4,330</b>	<b>3,519</b>	<b>811</b>	<b>81.3%</b>	<b>3,210</b>	<b>422</b>
<b>Payments for financial assets</b>	<b>5</b>	<b>161</b>	<b>-</b>	<b>166</b>	<b>166</b>	<b>-</b>	<b>100.0%</b>	<b>64</b>	<b>64</b>
<b>TOTAL</b>	<b>61,366</b>	<b>13,651</b>	<b>6,049</b>	<b>81,066</b>	<b>78,568</b>	<b>2,498</b>	<b>96.9%</b>	<b>69,285</b>	<b>66,437</b>

## 1.2 DEPARTMENTAL MANAGEMENT

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	97,591	(17,738)	(17,185)	62,668	55,778	6,890	89.0%	101,016	100,853
Compensation of employees	46,040	(450)	(5,838)	39,752	37,571	2,181	94.5%	41,826	41,810
Goods and services	51,551	(17,288)	(11,347)	22,916	18,207	4,709	79.5%	59,190	59,043
Interest and rent on land									
<b>Transfers and subsidies</b>	<b>70</b>	<b>10</b>	<b>-</b>	<b>80</b>	<b>75</b>	<b>5</b>	<b>93.8%</b>	<b>18</b>	<b>18</b>
Provinces and municipalities									
Public corporations and private enterprises									
Non-profit institutions									
Households	70	10	-	80	75	5	93.8%	18	18
<b>Payments for capital assets</b>	1,110	(154)	-	956	682	274	71.3%	1,388	981
<b>Payments for financial assets</b>	-	41	-	41	40	1	97.6%	5	5
<b>TOTAL</b>	<b>98,771</b>	<b>(17,841)</b>	<b>(17,185)</b>	<b>63,745</b>	<b>56,575</b>	<b>7,170</b>	<b>88.8%</b>	<b>102,427</b>	<b>101,857</b>

**1.3 CORPORATE SERVICES**

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	189,917	(449)	2,524	191,992	182,517	9,475	95.1%	172,213	172,251
Compensation of employees	87,271	(152)	808	87,927	87,417	510	99.4%	80,805	80,796
Goods and services	102,642	(297)	1,716	104,061	95,096	8,965	91.4%	91,386	71,354
Interest and rent on land	4	-	-	4	4	-	100.0%	22	21
<b>Transfers and subsidies</b>	857	39	-	896	893	3	99.7%	22,656	22,656
Households	857	39	-	896	893	3	99.7%	22,656	22,656
<b>Payments for capital assets</b>	4,541	4,580	-	9,121	4,951	4,170	54.3%	10,783	10,629
Buildings and other fixed structures	245	-	-	245	236	9	96.3%	-	-
Machinery and equipment	4,241	4,564	-	8,805	4,653	4,152	52.8%	9,388	9,237
<b>Payments for financial assets</b>	-	20	-	20	20	-	100.0%	39	39
<b>TOTAL</b>	<b>195,315</b>	<b>4,190</b>	<b>2,524</b>	<b>202,029</b>	<b>188,381</b>	<b>13,648</b>	<b>93.2%</b>	<b>205,691</b>	<b>205,575</b>

**1.4 PROPERTY MANAGEMENT**

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	37,677	-	4,400	42,077	42,039	38	99.9%	35,153	32,153
Compensation of employees									
Goods and services	37,677	-	4,400	42,077	42,039	38	99.9%	35,153	32,153
Interest and rent on land									
<b>Payments for financial assets</b>									
<b>TOTAL</b>	<b>37,677</b>	<b>-</b>	<b>4,400</b>	<b>42,077</b>	<b>42,039</b>	<b>38</b>	<b>99.9%</b>	<b>35,153</b>	<b>32,153</b>



**1.5 FINANCIAL MANAGEMENT**

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	45,661	(56)	(1,153)	44,452	43,706	746	98.3%	41,775	41,704
Compensation of employees	30,692	(99)	(53)	30,540	30,264	276	99.1%	28,329	28,329
Goods and services	14,969	43	(1,100)	13,912	13,442	470	96.6%	13,446	13,375
Interest and rent on land									
<b>Transfers and subsidies</b>	3	-	-	3	2	1	66.7%	2	1
Households	3	-	-	3	2	1	66.7%	2	1
<b>Payments for capital assets</b>	1,823	32	-	1,855	1,776	79	95.7%	628	394
Buildings and other fixed structures									
Machinery and equipment	1,823	32	-	1,855	1,776	79	95.7%	618	394
Intangible assets								10	10
<b>Payments for financial assets</b>	-	24	-	24	24	-	100.0%	-	-
<b>TOTAL</b>	<b>47,487</b>	<b>-</b>	<b>(1,153)</b>	<b>46,334</b>	<b>45,508</b>	<b>826</b>	<b>98.2%</b>	<b>42,405</b>	<b>42,099</b>

**Programme 2: HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING**

Sub programme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Management for Policy, Strategy and Planning	6,264	482	1,234	7,980	7,420	560	93.0%	4,134	3,902
2. Human Settlements Policy Frameworks	28,174	(4)	1,165	29,335	29,177	158	99.5%	30,178	29,731
3. Human Settlements Strategy and Planning	39,100	(764)	1,842	40,178	39,141	1,037	97.4%	45,767	45,070
<b>Total for sub programmes</b>	<b>73,538</b>	<b>(286)</b>	<b>4,241</b>	<b>77,493</b>	<b>75,738</b>	<b>1,755</b>	<b>97.7%</b>	<b>80,079</b>	<b>78,703</b>

**Economic classification**

<b>Current payments</b>	<b>71,320</b>	<b>(1,402)</b>	<b>4,103</b>	<b>74,021</b>	<b>72,882</b>	<b>1,139</b>	<b>98.5%</b>	<b>73,160</b>	<b>72,128</b>
Compensation of employees	48,534	(518)	1,847	49,863	49,803	58	99.9%	45,684	45,311
Salaries and wages	42,464	(478)	2,721	44,707	44,684	23	99.9%	40,857	40,545
Social contributions	6,070	(40)	(874)	5,156	5,121	35	99.3%	4,827	4,766
Goods and services	22,786	(884)	2,256	24,158	23,077	1,081	95.5%	27,476	26,817
Administrative fees	8	(8)	-	-	-	-	-	-	-
Advertising	244	156	-	400	382	18	95.5%	1	-
Minor assets	582	(298)	(20)	264	158	106	59.8%	201	176
Audit costs: External									
Bursaries: Employees									
Catering: Departmental activities	991	(322)	-	669	628	41	93.9%	1,671	1,662
Communication	1,535	(185)	21	1,371	1,311	60	95.6%	1,626	1,623
Computer services	55	(55)	-	-	-	-	-	-	-
Consultants: Business and advisory services	4,792	(2,090)	(441)	2,261	2,149	112	95.0%	3,469	3,201
Contractors	489	(401)	(83)	5	-	5	-	-	-
Agency and support / outsourced services	37	(15)	-	22	16	6	72.7%	33	20
Entertainment									
Fleet services									
Housing									
Inventory: Clothing material and supplies	258	-	-	258	258	-	100.0%	-	-
Inventory: Learner and teacher support material	12	(12)	-	-	-	-	-	-	-

Programme 2: HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	19	(12)	-	7	4	3	57.1%	9	1
Inventory: Medical supplies									
Inventory: Medicine									
Medsas Inventory Interface									
Inventory: Other supplies									
Consumable supplies	241	(93)	-	148	101	47	68.2%	39	28
Consumable: Stationery, printing and office supplies	730	(307)	(42)	381	286	95	75.1%	560	496
Operating leases									
Property payments	29	(29)	-	-	-	-	-	-	-
Transport provided: Departmental activity									
Travel and subsistence	10,087	1,796	2,821	14,704	14,240	464	96.9%	12,654	12,437
Training and development	158	(158)	-	-	-	-	-	-	-
Operating payments	745	(62)	-	683	649	34	95.0%	343	327
Venues and facilities	1,722	1,251	-	2,973	2,892	80	97.3%	6,870	6,846
Rental and hiring									
Interest and rent on land									
Interest									
Rent on land									
<b>Transfers and subsidies</b>	<b>1,150</b>	<b>241</b>	<b>281</b>	<b>1,609</b>	<b>1,609</b>	<b>-</b>	<b>100.0%</b>	<b>5,403</b>	<b>5,394</b>
Foreign governments and international organisations	1,150	241	281	1,368	1,368	-	100.0%	1,278	1,269
Public corporations and private enterprises	-	-	-	-	-	-	-	4,000	4,000
Public corporations	-	-	-	-	-	-	-	4,000	4,000
Subsidies on products and production									
Other transfers to public corporations	-	-	-	-	-	-	-	4,000	4,000
Households	-	241	-	241	241	-	100.0%	125	125
Social benefits	-	241	-	241	241	-	100.0%	125	125
Other transfers to households									

**Programme 2: HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING**

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>1,068</b>	<b>848</b>	<b>(80)</b>	<b>1,836</b>	<b>1,221</b>	<b>615</b>	<b>66.5%</b>	<b>1,504</b>	<b>1,170</b>
Buildings and other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment	1,068	848	(80)	1,836	1,221	615	66.5%	1,504	1,170
Transport equipment									
Other machinery and equipment	1,068	848	(80)	1,836	1,221	615	66.5%	1,504	1,170
<b>Payments for financial assets</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>27</b>	<b>26</b>	<b>1</b>	<b>96.3%</b>	<b>12</b>	<b>11</b>
<b>TOTAL</b>	<b>73,538</b>	<b>(286)</b>	<b>4,241</b>	<b>77,493</b>	<b>75,738</b>	<b>1,755</b>	<b>97.7%</b>	<b>80,079</b>	<b>78,703</b>

**2.1 MANAGEMENT FOR POLICY, STRATEGY AND PLANNING**

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>6,027</b>	<b>307</b>	<b>1,234</b>	<b>7,568</b>	<b>7,068</b>	<b>500</b>	<b>93.4%</b>	<b>3,945</b>	<b>3,757</b>
Compensation of employees	3,872	(207)	1,250	4,915	4,906	9	99.8%	2,566	2,443
Goods and services	2,155	514	(16)	2,653	2,162	491	81.6%	1,379	1,314
Interest and rent on land									
<b>Transfers and subsidies</b>	<b>-</b>	<b>172</b>	<b>-</b>	<b>172</b>	<b>172</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Households	-	172	-	172	172	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>237</b>	<b>177</b>	<b>60</b>	<b>74.7%</b>	<b>189</b>	<b>145</b>
Buildings and other fixed structures									
Machinery and equipment	237	-	-	237	177	60	74.7%	189	145
<b>Payments for financial assets</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>6,264</b>	<b>482</b>	<b>1,234</b>	<b>7,980</b>	<b>7,422</b>	<b>560</b>	<b>93.0%</b>	<b>4,134</b>	<b>3,902</b>

**2.2 HUMAN SETTLEMENTS POLICY FRAMEWORKS**

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	27,911	(4)	1,165	29,072	29,013	59	99.8%	29,486	29,275
Compensation of employees	21,073	(254)	(1,400)	19,419	19,403	16	99.9%	19,169	19,059
Goods and services	6,838	250	2,565	9,653	9,610	43	99.6%	10,317	10,216
Interest and rent on land									
<b>Payments for capital assets</b>	263	-	-	263	164	99	62.4%	685	450
Buildings and other fixed structures									
Machinery and equipment	263	-	-	263	164	99	62.4%	685	450
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	7	6
<b>TOTAL</b>	<b>28,174</b>	<b>(4)</b>	<b>1,165</b>	<b>29,335</b>	<b>29,177</b>	<b>158</b>	<b>99.5%</b>	<b>30,178</b>	<b>29,731</b>

**2.3 HUMAN SETTLEMENTS STRATEGY AND PLANNING**

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	37,382	(1,705)	1,704	37,381	36,801	580	98.4%	39,729	39,096
Compensation of employees	23,589	(57)	1,997	25,529	25,496	33	99.9%	23,949	23,809
Goods and services	13,793	(1,648)	(293)	11,852	11,305	547	95.4%	15,780	15,287
<b>Transfers and subsidies</b>	1,150	69	218	1,437	1,437	-	100.0%	5,403	5,394
Foreign governments and international organisations	1,150	-	218	1,368	1,368	-	100.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	4,000	4,000
Households	-	69	-	69	69	-	100.0%	125	125
<b>Payments for capital assets</b>	568	848	(80)	1,336	880	456	65.9%	630	575
Buildings and other fixed structures									
<b>Machinery and equipment</b>	568	848	(80)	1,336	880	456	65.9%	630	575
<b>Payments for financial assets</b>	-	24	-	24	23	1	95.8%	5	5
<b>TOTAL</b>	<b>39,100</b>	<b>(764)</b>	<b>1,842</b>	<b>40,178</b>	<b>39,141</b>	<b>1,037</b>	<b>97.4%</b>	<b>45,767</b>	<b>45,070</b>



**Programme 3: HUMAN SETTLEMENTS DELIVERY SUPPORT**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. MANAGEMENT FOR HUMAN SETTLEMENTS DELIVERY SUPPORT	7,351	-	1,272	8,623	7,533	1,090	87.4%	7,710	7,019
2. PROGRAMME MANAGEMENT UNIT	104,901	-	(1,130)	103,771	70,587	33,184	68.0%	101,986	54,998
3. CHIEF OF OPERATIONS	53,348	286	662	54,296	42,676	11,620	78.6%	59,278	57,095
<b>Total for sub programmes</b>	<b>165,600</b>	<b>286</b>	<b>804</b>	<b>166,690</b>	<b>120,796</b>	<b>45,894</b>	<b>72.5%</b>	<b>168,974</b>	<b>119,112</b>

**Economic classification**

<b>Current payments</b>	<b>155,347</b>	<b>(1,004)</b>	<b>804</b>	<b>155,147</b>	<b>111,806</b>	<b>43,341</b>	<b>72.1%</b>	<b>152,374</b>	<b>104,496</b>
Compensation of employees	59,772	(96)	33	59,709	57,991	1,718	96.8%	53,183	53,001
Salaries and wages	49,824	849	1,370	52,043	51,268	775	98.2%	47,223	47,073
Social contributions	9,948	(945)	(1,337)	7,666	6,723	943	87.7%	5,960	5,928
Goods and services	95,575	(908)	711	95,438	53,815	41,625	64.6%	99,185	51,492
Administrative fees	11	10	-	21	20	1	95.2%	-	-
Advertising	1,298	(429)	-	869	543	326	62.5%	238	128
Minor assets	599	(85)	-	514	192	322	37.4%	255	161
Audit costs: External									
Bursaries: Employees									
Catering: Departmental activities	1,000	347	23	1,370	1,111	259	81.1%	1,414	1,209
Communication	2,105	(202)	25	1,928	1,156	772	60.0%	1,437	1,374
Computer services	844	(756)	-	88	39	49	44.3%	362	354
Consultants: Business and advisory services	66,739	(3,265)	(12,317)	51,157	24,143	27,014	47.2%	69,970	24,546
Contractors	80	(18)	-	62	5	57	8.1%	69	-
Agency and support / outsourced services	647	104	-	751	-	751	-	3	-
Entertainment	47	(5)	-	42	14	28	33.3%	57	19
Fleet services	-	-	-	-	-	-	-	1	-
Inventory: Food and food supplies	31	(31)	-	-	-	-	-	17	-
Inventory: Materials and supplies	21	(2)	-	19	2	17	10.5%	17	4
Consumable supplies	53	(3)	-	50	17	33	34.0%	101	49

**Programme 3: HUMAN SETTLEMENTS DELIVERY SUPPORT**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Consumable: Stationery, printing and office supplies	1,194	(128)	-	1,066	269	797	25.2%	480	381
Operating leases	182	(49)	-	133	-	133	-	1	-
Travel and subsistence	10,671	3,362	1,255	15,288	11,987	3,301	78.4%	13,464	12,281
Training and development	7,648	(1,541)	-	6,107	1	6,106	0.0%	7,097	7,093
Operating payments	1,103	586	-	1,689	635	1,054	37.6%	504	363
Venues and facilities	1,302	1,197	11,785	14,284	13,681	603	95.8%	3,698	3,530
Rental and hiring									
Interest and rent on land	-	-	-	-	-	-	-	6	3
Interest	-	-	-	-	-	-	-	6	3
Rent on land									
<b>Transfers and subsidies</b>	9,078	213	-	9,291	7,865	1,426	84.7%	13,639	13,602
Higher education institutions	-	-	-	-	-	-	-	4,499	4,499
Non-profit institutions									
Households	9,078	213	-	9,291	7,865	1,426	84.7%	9,140	9,103
Social benefits	359	213	-	572	564	8	98.6%	155	129
Other transfers to households	8,719	-	-	8,719	7,301	1,418	83.7%	8,985	8,974
<b>Payments for capital assets</b>	1,086	1,113	-	2,199	1,083	1,116	49.2%	2,953	1,011
Machinery and equipment	1,086	1,113	-	2,199	1,083	1,116	49.2%	2,953	1,011
Transport equipment									
Other machinery and equipment	1,086	1,113	-	2,199	1,083	1,116	49.2%	2,953	1,011
<b>Payments for financial assets</b>	89	(36)	-	53	42	11	79.2%	8	3
<b>TOTAL</b>	<b>165,600</b>	<b>286</b>	<b>804</b>	<b>166,690</b>	<b>120,796</b>	<b>45,896</b>	<b>77.1%</b>	<b>168,974</b>	<b>119,112</b>

**3.1 MANAGEMENT FOR HUMAN SETTLEMENTS DELIVERY SUPPORT**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	7,197	(18)	1,272	8,451	7,487	964	88.6%	7,279	6,757
Compensation of employees	4,514	8	1,261	5,783	5,783	-	100.0%	3,806	3,753
Goods and services	2,683	(26)	11	2,668	1,704	964	63.9%	3,473	3,004
Interest and rent on land									
<b>Payments for capital assets</b>	<b>154</b>	<b>18</b>	<b>-</b>	<b>172</b>	<b>46</b>	<b>126</b>	<b>26.7%</b>	<b>428</b>	<b>260</b>
Buildings and other fixed structures									
Machinery and equipment	154	18	-	172	46	126	26.7%	428	260
Heritage assets									
Specialised military assets									
Biological assets									
Land and subsoil assets									
Intangible assets									
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	3	2
	<b>7,351</b>	<b>-</b>	<b>1,271</b>	<b>8,623</b>	<b>7,533</b>	<b>1,090</b>	<b>87.4%</b>	<b>7,710</b>	<b>7,019</b>

3.2 PROGRAMME MANAGEMENT UNIT									
	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	104,511	(192)	(1,130)	103,189	70,386	32,804	75.7%	101,132	54,513
Compensation of employees	29,546	-	(1,640)	27,906	27,116	790	97.2%	24,359	24,270
Goods and services	74,965	(192)	510	75,283	43,270	32,013	57.5%	76,773	30,243
Interest and rent on land									
<b>Transfers and subsidies</b>	40	-	-	40	39	1	97.5%	125	117
Households	40	-	-	40	39	1	97.5%	125	117
<b>Payments for capital assets</b>	350	172	-	522	151	371	28.9%	724	367
Machinery and equipment	350	172	-	522	151	371	28.9%	724	367
<b>Payments for financial assets</b>	-	20	-	20	11	9	55.0%	5	1
	<b>104,901</b>	<b>-</b>	<b>(1,130)</b>	<b>103,771</b>	<b>70,587</b>	<b>33,184</b>	<b>75.4%</b>	<b>101,986</b>	<b>54,998</b>

**3.3 CHIEF OF OPERATIONS**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	43,639	(794)	662	43,507	33,933	9,574	78.0%	43,963	43,226
Compensation of employees	25,712	(104)	412	26,020	25,092	928	95.8%	25,018	24,978
Goods and services	17,927	(690)	250	22,323	8,841	428	51.1%	18,939	18,245
Interest and rent on land	-	-	-	-	-	-	-	6	3
<b>Transfers and subsidies</b>	9,038	213	-	9,251	7,826	1,425	84.6%	13,514	13,485
Provinces and municipalities	-	-	-	-	-	-	-	4,499	4,499
Higher education institutions	-	-	-	-	-	-	-	-	-
Households	9,038	213	-	9,251	7,826	1,425	84.6%	9,015	8,986
<b>Payments for capital assets</b>	582	923	-	1,505	886	619	58.9%	1,801	384
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	582	923	-	1,505	886	619	58.9%	1,801	384
<b>Payments for financial assets</b>	89	(56)	-	33	31	2	93.9%	-	-
<b>TOTAL</b>	<b>53,348</b>	<b>286</b>	<b>662</b>	<b>54,296</b>	<b>42,676</b>	<b>11,620</b>	<b>78.6%</b>	<b>59,278</b>	<b>57,095</b>

**Programme 4: HOUSING DEVELOPMENT FINANCE**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Sub programme</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
1. Management For Housing Development Finance	3,016	-	(1,830)	1,186	1,036	150	87.4%	359	357
2. Chief Investment Officer	18,084	-	2,150	20,234	19,974	260	98.7%	17,249	16,488
3. Human Settlements Development Grant	18,302,675	-	-	18,302,675	18,302,675	-	100.0%	17,084,369	17,084,369
4. Contributions	885,507	-	-	885,507	448,906	436,601	50.7%	1,026,930	1,026,839
5. Urban Settlements Development Grant	10,554,345	-	-	10,554,345	10,554,345	-	100.0%	10,284,684	10,284,684
6. Municipal Human Settlements Capacity Grant	100,000	-	-	100,000	100,000	-	100.0%	300,000	300,000
<b>Total for sub programmes</b>	<b>29,863,627</b>	<b>-</b>	<b>320</b>	<b>29,863,947</b>	<b>29,426,936</b>	<b>437,011</b>	<b>98.5%</b>	<b>28,713,591</b>	<b>28,712,737</b>

**Economic classification**

<b>Current payments</b>	<b>20,202</b>	<b>(193)</b>	<b>320</b>	<b>20,329</b>	<b>20,123</b>	<b>206</b>	<b>99.0%</b>	<b>16,764</b>	<b>16,734</b>
Compensation of employees	15,267	162	200	15,629	15,590	39	99.8%	13,716	13,695
Salaries and wages	14,229	(748)	319	13,800	13,767	33	99.8%	12,135	12,114
Social contributions	1,038	910	(119)	1,829	1,823	6	99.7%	1,581	1,581
Goods and services	4,935	(355)	120	4,700	4,533	167	96.4%	3,048	3,039
Administrative fees									
Advertising	223	(222)	-	1	-	1	-	-	-
Minor assets	109	80	-	189	184	5	97.4%	16	16
Audit costs: External									
Bursaries: Employees									
Catering: Departmental activities	214	(193)	-	21	15	6	71.4%	40	40
Communication	444	(161)	(50)	233	214	19	91.8%	271	270
Computer services									
Consultants: Business and advisory services	1,113	(997)	-	116	116	-	100.0%	191	191
Contractors	29	(28)	-	1	1	-	100.0%	8	8
Agency and support / outsourced services	26	(25)	-	1	-	1	-	-	-
Entertainment	42	(34)	-	8	5	3	62.5%	7	6
Inventory: Materials and supplies	5	-	-	5	1	4	20.0%	1	1
Consumable supplies	37	(31)	-	6	2	4	33.3%	5	4



**Programme 4: HOUSING DEVELOPMENT FINANCE**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Consumable: Stationery, printing and office supplies	680	(406)	-	274	255	19	93.1%	115	113
Operating leases	24	(24)	-	-	-	-	-	-	-
Travel and subsistence	1,818	36	(160)	1,694	1,616	78	95.4%	1,481	1,478
Training and development									
Operating payments	67	1,709	330	2,106	2,080	26	98.8%	762	761
Venues and facilities	95	(50)	-	45	44	1	97.8%	151	151
<b>Transfers and subsidies</b>	<b>29,681,547</b>	<b>-</b>	<b>-</b>	<b>29,681,547</b>	<b>29,244,937</b>	<b>436,610</b>	<b>98.5%</b>	<b>28,695,983</b>	<b>28,695,892</b>
Provinces and municipalities	28,957,020	-	-	28,957,020	28,957,020	-	100.0%	27,669,053	27,669,053
Provinces	18,302,675	-	-	18,302,675	18,302,675	-	100.0%	17,084,369	17,084,369
Provincial Revenue Funds	18,302,675	-	-	18,302,675	18,302,675	-	100.0%	17,084,369	17,084,369
Provincial agencies and funds									
Municipalities	10,654,345	-	-	10,654,345	10,654,345	-	100.0%	10,584,684	10,584,684
Municipal bank accounts	10,654,345	-	-	10,654,345	10,654,345	-	100.0%	10,584,684	10,584,684
Municipal agencies and funds									
Departmental agencies and accounts	724,507	-	-	724,507	287,906	436,601	39.7%	1,026,930	1,026,839
Social security funds									
Departmental agencies	724,507	-	-	724,507	287,906	436,601	39.7%	1,026,930	1,026,839
Non-profit institutions									
Households	20	-	-	20	11	9	55.0%	-	-
Social benefits	20	-	-	20	11	9	55.0%	-	-
Other transfers to households									

Programme 4: HOUSING DEVELOPMENT FINANCE									
	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>878</b>	<b>193</b>	<b>-</b>	<b>1,071</b>	<b>876</b>	<b>195</b>	<b>81.8%</b>	<b>843</b>	<b>110</b>
Buildings and other fixed structures									
Buildings									
Other fixed structures	878	193	-	1,071	876	195	81.8%	843	110
Machinery and equipment									
Transport equipment									
Other machinery and equipment	878	193	-	1,071	876	195	81.8%	843	110
<b>Payments for financial assets</b>	<b>161,000</b>	<b>-</b>	<b>-</b>	<b>161,000</b>	<b>161,000</b>	<b>-</b>	<b>100.0%</b>	<b>1</b>	<b>1</b>
<b>TOTAL</b>	<b>29,863,627</b>	<b>-</b>	<b>320</b>	<b>29,863,947</b>	<b>29,426,936</b>	<b>437,011</b>	<b>98.5%</b>	<b>28,713,591</b>	<b>28,712,737</b>

4.1 MANAGEMENT FOR HOUSING DEVELOPMENT FINANCE									
	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>2,934</b>	<b>(141)</b>	<b>(1,830)</b>	<b>963</b>	<b>829</b>	<b>134</b>	<b>86.1%</b>	<b>359</b>	<b>357</b>
Compensation of employees	1,885	(6)	(1,620)	259	238	21	91.9%	-	-
Goods and services	1,049	(135)	(210)	704	591	113	83.9%	359	357
<b>Payments for capital assets</b>	<b>82</b>	<b>141</b>	<b>-</b>	<b>223</b>	<b>207</b>	<b>16</b>	<b>92.8%</b>	<b>-</b>	<b>-</b>
Machinery and equipment	82	141	-	223	207	16	92.8%	-	-
<b>Payments for financial assets</b>									
<b>TOTAL</b>	<b>3,016</b>	<b>-</b>	<b>(1,830)</b>	<b>1,186</b>	<b>1,036</b>	<b>150</b>	<b>87.4%</b>	<b>359</b>	<b>357</b>

**4.2 CHIEF INVESTMENT OFFICER**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>17,268</b>	<b>(52)</b>	<b>2,150</b>	<b>19,366</b>	<b>19,294</b>	<b>72</b>	<b>99.6%</b>	<b>16,405</b>	<b>16,377</b>
Compensation of employees	13,382	168	1,820	15,370	15,352	18	99.9%	13,716	13,695
Goods and services	3,886	(220)	330	3,996	3,942	54	98.6%	2,689	2,682
Interest and rent on land									
<b>Transfers and subsidies</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>11</b>	<b>9</b>	<b>55.0%</b>	<b>-</b>	<b>-</b>
Provinces and municipalities									
Households	20	-	-	20	11	9	55.0%	-	-
<b>Payments for capital assets</b>	<b>796</b>	<b>52</b>	<b>-</b>	<b>848</b>	<b>669</b>	<b>179</b>	<b>78.9%</b>	<b>843</b>	<b>110</b>
Buildings and other fixed structures									
Machinery and equipment	796	52	-	848	669	179	78.9%	843	110
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>TOTAL</b>	<b>18,084</b>	<b>-</b>	<b>2,150</b>	<b>20,234</b>	<b>19,974</b>	<b>260</b>	<b>98.7%</b>	<b>17,249</b>	<b>16,488</b>

**4.3 HUMAN SETTLEMENTS DEVELOPMENT GRANT**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Transfers and subsidies</b>	<b>18,302,675</b>	<b>-</b>	<b>-</b>	<b>18,302,675</b>	<b>18,302,675</b>	<b>-</b>	<b>100.0%</b>	<b>17,084,369</b>	<b>17,084,369</b>
Provinces and municipalities	18,302,675	-	-	18,302,675	18,302,675	-	100.0%	17,084,369	17,084,369
<b>Payments for financial assets</b>									
<b>TOTAL</b>	<b>18,302,675</b>	<b>-</b>	<b>-</b>	<b>18,302,675</b>	<b>18,302,675</b>	<b>-</b>	<b>100.0%</b>	<b>17,084,369</b>	<b>17,084,369</b>

4.4 CONTRIBUTIONS									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	<b>724,507</b>	<b>-</b>	<b>-</b>	<b>724,507</b>	<b>287,906</b>	<b>436,601</b>	<b>39.7%</b>	<b>1,026,930</b>	<b>1,026,839</b>
Provinces and municipalities									
Departmental agencies and accounts	724,507	-	-	724,507	287,906	436,601	39.7%	1,026,930	1,026,839
<b>Payments for financial assets</b>	<b>161,000</b>	<b>-</b>	<b>-</b>	<b>161,000</b>	<b>161,000</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>885,507</b>	<b>-</b>	<b>-</b>	<b>885,507</b>	<b>448,906</b>	<b>436,601</b>	<b>50.7%</b>	<b>1,026,930</b>	<b>1,026,839</b>

4.5 URBAN SETTLEMENTS DEVELOPMENT GRANT									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	<b>10,554,345</b>	<b>-</b>	<b>-</b>	<b>10,554,345</b>	<b>10,554,345</b>	<b>-</b>	<b>100.0%</b>	<b>10,284,684</b>	<b>10,284,684</b>
Provinces and municipalities	10,554,345	-	-	10,554,345	10,554,345	-	100.0%	10,284,684	10,284,684
<b>Payments for financial assets</b>									
<b>TOTAL</b>	<b>10,554,345</b>	<b>-</b>	<b>-</b>	<b>10,554,345</b>	<b>10,554,345</b>	<b>-</b>	<b>100.0%</b>	<b>10,284,684</b>	<b>10,284,684</b>

4.6 MUNICIPAL HUMAN SETTLEMENTS CAPACITY GRANT									
Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>100.0%</b>	<b>300,000</b>	<b>300,000</b>
Provinces and municipalities	100,000	-	-	100,000	100,000	-	100.0%	300,000	300,000
<b>TOTAL</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>100.0%</b>	<b>300,000</b>	<b>300,000</b>

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

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

## 2. Details 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. Details 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**

ADMINISTRATION	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
Current payment	417,691	398,857	18,834	5%
Transfers and subsidies	1,047	1,038	9	1%
Expenditure for capital assets	16,262	10,928	5,334	33%
Financial assets	251	250	1	0%

**Underspending can be attributed to the following:**

Expenditure for Capital assets: Underspending due to a delays in the procurement of switches.

HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
Current payment	74,021	72,884	1,139	2%
Transfers and subsidies	1,609	1,609	-	0%
Expenditure for capital assets	1,836	1,221	615	33%
Financial assets	27	26	1	4%

**Underspending can be attributed to the following:**

Expenditure for Capital assets: The purchasing of computer equipment was delayed as posts were frozen.

HUMAN SETTLEMENTS DELIVERY SUPPORT	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
Current payment	155,147	111,806	43,341	28%
Transfers and subsidies	9,291	7,865	1,426	15%
Expenditure for capital assets	2,199	1,083	1,116	51%
Financial assets	53	42	11	21%

**Underspending can be attributed to the following:****Current payments:**

The non-payment of Youth Brigade training coordinated by the Department of Rural Development. R7.5 million allocated for the training was not transferred due to delays in finalising the agreement with Rural Development.

National Upgrading Support Programme underspending is due to the following:

- Some of the contracts are running behind schedule due to slow responses from municipalities to approve work.
- In a few instances, service providers are submitting invoices late.
- In a few cases the Department has completed new draft RFQs but municipalities take their time in approving these.
- The new capacity building programme could not be implemented due to capacity constraints.

**Transfers and subsidies:**

Payment on the, Bursary Scheme for non employees was less than anticipated.

**Expenditure for Capital assets:**

The purchasing of computer equipment was delayed as posts were frozen.

**Financial Assets:**

Expenditure is less than anticipated due to over estimation.

Expenditure on financial assets relates to approved losses by the Loss control committee.

HOUSING DEVELOPMENT FINANCE	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
Current payment	20,329	20,123	206	1%
Transfers and subsidies	29,681,547	29,244,937	436,610	1%
Expenditure for capital assets	1,071	876	195	18%
Financial assets	161,000	161,000	-	0%

**Underspending can be attributed to the following:**

Transfer payments underspent by R436 million and can mainly be attributed to the following non transfer of funds:

- Social Housing Regulatory Authority: The Restructuring Capital Grant – R323 million was not transferred due to the development of credible pipeline projects delay the request for funding by entity.
- Social Housing Regulatory Authority: The Institutional Investment Grant – R41.9 million was not transferred due to the policy framework was in development to enable the entity to utilize the grant.
- Housing Development Agency: National Upgrading Support programme – R20 million was not transferred due to the entity submitting the claims electronically but due to technical issues the claims were not received by the Department in time for payment.
- Housing Development Agency: For project management and support for Catalytic Projects – R51.5 million was not transferred due to the entity submitting the claims electronically but due to technical issues the claims were not received by the Department in time for payment.

**4.2 Per economic classification**

	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
	R'000	R'000	R'000	R'000
<b>Current payment</b>				
Transfers and subsidies	315,384	310,151	5,233	2%
Expenditure for capital assets	351,800	293,514	58,286	17%
Financial assets	4	4	-	0%
<b>Transfers and subsidies</b>				
Provinces and municipalities	28,957,020	28,957,020	-	0%
Departmental agencies and accounts	724,507	287,906	436,601	60%
Higher education institutions	-	-	-	-
Public corporations and private enterprises	-	-	-	-
Foreign governments and international organisations	1,368	1,368	-	0%
Non-profit institutions	-	-	-	-
Households	10,599	9,155	1,444	14%
<b>Payments for capital assets</b>				
Buildings and other fixed structures	245	236	9	4%
Machinery and equipment	21,052	13,810	7,242	34%
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Intangible assets	71	62	9	13%
<b>Payments for financial assets</b>	<b>161,331</b>	<b>161,318</b>	<b>13</b>	<b>0%</b>

**Underspending can be attributed to the following:****Current payments:**

Underspending is due to delays from SITA not providing the Department with supporting documents to invoices submitted to the Department on time.

**Underspending can be attributed to the following:****Current payments:**

R7.5 million for the Youth Brigade Programme was not transferred due to delays in finalising the agreement with the Department of Rural Development and Land Reform

**National Upgrading Support Programme underspending is due to the following:**

- The awarding of some contracts was delayed due to slow responses from municipalities to approve the scope of work, in some instances, service providers submitted invoices late.
- In some instances the Department completed new draft Request for Quotations (RFQs) but municipalities took long to approve them.
- The capacity building programme could not be implemented due to capacity constraints.

**Underspending by R436 million on transfer payments can mainly be attributed non transfer of funds:**

- Social Housing Regulatory Authority: The Restructuring Capital Grant – R323 million was not transferred due to delays in developing the credible pipeline that would allow the agency to spend.
- Social Housing Regulatory Authority: The Institutional Investment Grant – R41.9 million was not transferred due to a policy framework that was not developed, as a result the entity could not use the grant as there was no guideline/ framework.
- Housing Development Agency: National Upgrading Support programme – R20 million was not transferred because the claim was not received on time for payment, as a result of technical issues arising from the electronic claim submission made by the entity.
- Housing Development Agency: For project management and support to Catalytic Projects – R51.5 million was not transferred because the claim was not received on time for payment as result of technical issues arising from the electronic claim submission made by the entity.

**Expenditure for Capital assets:**

The purchasing of computer equipment was delayed as posts were frozen and also due to delays in procuring switches.

**4.3 Per conditional grant**

	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
Human Settlements Development Grant	18,302,675	18,302,675	-	0%
Urban Settlements Development Grant	10,554,345	10,554,345	-	0%
Municipal Human Settlements Capacity Grant	100,000	100,000	-	0%



	Note	2015/16 R'000	2014/15 R'000
<b>REVENUE</b>			
Annual appropriation	<u>1</u>	30,543,381	29,417,605
Departmental revenue	<u>2</u>	1,237	1,014
Aid assistance	<u>3</u>	640	600
<b>TOTAL REVENUE</b>		<b>30,545,258</b>	<b>29,419,219</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	<u>4</u>	310,151	290,856
Goods and services	<u>5</u>	293,514	315,359
Interest and rent on land	<u>6</u>	4	29
Aid assistance	<u>3</u>	483	493
<b>Total current expenditure</b>		<b>604,152</b>	<b>606,737</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	<u>8</u>	29,255,449	28,737,594
<b>Total transfers and subsidies</b>		<b>29,255,449</b>	<b>28,737,594</b>
<b>Expenditure for capital assets</b>			
Tangible assets	<u>9</u>	14,046	13,310
Intangible assets	<u>9</u>	62	1,407
<b>Total expenditure for capital assets</b>		<b>14,108</b>	<b>14,717</b>
<b>Payments for financial assets</b>	<u>7</u>	161,318	118
<b>TOTAL EXPENDITURE</b>		<b>30,035,027</b>	<b>29,359,166</b>
<b>Surplus/(deficit) for the year</b>		<b>510,231</b>	<b>60,053</b>

**Reconciliation of Net Surplus/  
(Deficit) for the year**

	Note	2015/16 R'000	2014/15 R'000
Voted funds		<b>508,837</b>	<b>58,932</b>
Annual appropriation		508,837	58,932
Conditional grants		-	-
Departmental revenue and NRF Receipts	<u>15</u>	1,237	1,014
Aid assistance	<u>3</u>	157	107
<b>Surplus/(deficit) for the year</b>		<b>510,231</b>	<b>60,053</b>

	<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>		<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>ASSETS</b>							
<b>Current assets</b>		<b>507,360</b>	<b>113,255</b>	<b>Represented by:</b>			
Cash and cash equivalents	<u>10</u>	494,116	125	Capitalisation reserve		1,041,604	880,604
Prepayments and advances	<u>11</u>	11,436	4,072	Recoverable revenue		174	266
Receivables	<u>12</u>	1,808	109,058				
				<b>TOTAL</b>		<b>1,041,778</b>	<b>880,870</b>
<b>Non-current assets</b>		<b>1,043,775</b>	<b>881,760</b>				
Investments	<u>13</u>	1,041,604	880,604				
Receivables	<u>12</u>	2,171	1,156				
<b>TOTAL ASSETS</b>		<b>1,551,135</b>	<b>995,015</b>				
<b>LIABILITIES</b>							
<b>Current liabilities</b>		<b>509,357</b>	<b>114,145</b>				
Voted funds to be surrendered to the Revenue Fund	<u>14</u>	508,837	59,373				
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>15</u>	18	29				
Bank overdraft	<u>16</u>	-	52,284				
Payables	<u>17</u>	238	2,352				
Aid assistance repayable	<u>3</u>	157	-				
Aid assistance unutilised	<u>3</u>	107	107				
<b>Non-current liabilities</b>							
<b>TOTAL LIABILITIES</b>		<b>509,357</b>	<b>114,145</b>				
<b>NET ASSETS</b>		<b>1,041,778</b>	<b>880,870</b>				

<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>Capitalisation Reserves</b>		
Opening balance	880,604	880,604
Transfers:		
Movement in Equity	161,000	-
<b>Closing balance</b>	<b>1,041,604</b>	<b>880,604</b>
 <b>Recoverable revenue</b>		
Opening balance	266	321
Transfers:	(92)	(55)
Debts recovered (included in departmental receipts)	(92)	(55)
Closing balance	174	266
<b>TOTAL</b>	<b>1,041,778</b>	<b>880,870</b>

	Note	2015/16 R'000	2014/15 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>30,545,258</b>	<b>29,419,219</b>
Annual appropriated funds received	<u>1.1</u>	30,543,381	29,417,605
Departmental revenue received	<u>2</u>	1,071	728
Interest received	<u>2.2</u>	166	286
NRF Receipts			
Aid assistance received	<u>3</u>	640	600
Net (increase)/decrease in working capital		96,757	(965,425)
Surrendered to Revenue Fund		(60,621)	(553,490)
Current payments		(604,148)	(606,267)
Interest paid	<u>6</u>	(4)	(29)
Payments for financial assets		(161,318)	(118)
Transfers and subsidies paid		(29,255,449)	(28,737,594)
<b>Net cash flow available from operating activities</b>	<u>18</u>	<b>560,475</b>	<b>(1,443,704)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	<u>9</u>	(14,108)	(14,717)
(Increase)/decrease in investments		(161,000)	-
<b>Net cash flows from investing activities</b>		<b>(175,108)</b>	<b>(14,717)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		160,908	(55)
<b>Net cash flows from financing activities</b>		<b>160,908</b>	<b>(55)</b>
Net increase/(decrease) in cash and cash equivalents		546,275	(1,458,476)
Cash and cash equivalents at beginning of period		(52,159)	1,406,317
Unrealised gains and losses within cash and cash equivalents			
<b>Cash and cash equivalents at end of period</b>	<u>19</u>	<b>494,116</b>	<b>(52,159)</b>

**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.	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
2.	<b>Going concern</b> The financial statements have been prepared on a going concern basis.
3.	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4.	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5.	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6.	<b>Comparative information</b>
6.1	<b>Prior period comparative information</b> 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	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	<b>Revenue</b>
7.1	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	<b>Departmental revenue</b> 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	<b>Accrued departmental revenue</b> Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> 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.

<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<b>Salaries and wage</b> Salaries and wages are recognised in the statement of financial performance on the date of payment.
<b>8.1.2</b>	<b>Social contributions</b> 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.
<b>8.2</b>	<b>Other expenditure</b> 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.
<b>8.3</b>	<b>Accrued expenditure payable</b> Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable. Accrued expenditure payable is measured at cost.
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<b>Operating leases</b> 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.
<b>8.4.2</b>	<b>Finance leases</b> 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: <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<b>Aid assistance received</b> 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.
<b>9.2</b>	<b>Aid assistance paid</b> 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.
<b>10</b>	<b>Cash and cash equivalents</b> 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	<b>Prepayments and advances</b> 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	<b>Loans and receivables</b> Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
13	<b>Investments</b> Investments are recognised in the statement of financial position at cost.
14	<b>Financial assets</b>
14.1	<b>Financial assets (not covered elsewhere)</b> A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
14.2	<b>Impairment of financial assets</b> 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	<b>Payables</b> Loans and payables are recognised in the statement of financial position at cost
16	<b>Capital Assets</b>
16.1	<b>Immovable capital assets</b> Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.
16.2	<b>Movable capital assets</b> 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. 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.



<b>16.3</b>	<p><b>Intangible assets</b></p> <p>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.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>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.</p>
<b>17</b>	<p><b>Provisions and Contingents</b></p>
<b>17.1</b>	<p><b>Provisions</b></p> <p>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.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>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.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p>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.</p>
<b>17.4</b>	<p><b>Commitments</b></p> <p>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.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>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.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>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.</p>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>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 therefore are provided in the note.</p> <p>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.</p> <p>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.</p>

21	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p>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.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>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.</p>
22	<p>Events after the reporting date</p> <p><b>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.</b></p>
23	<p><b>Principal-Agent arrangements</b></p> <p>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.</p>
24	<p><b>Departures from the MCS requirements</b></p> <p>[Insert information on the following: 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.]</p>
25	<p><b>Capitalisation reserve</b></p> <p>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.</p>
26	<p><b>Recoverable revenue</b></p> <p>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.</p>
27	<p><b>Related party transactions</b></p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>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.</p>
28	<p><b>Inventories (Effective from 1 April 2017)</b></p> <p>At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements</p> <p>Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.</p>
29	<p><b>Public-Private Partnerships</b></p> <p>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.</p> <p>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.</p>

## 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:

2015/16			2014/15		
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Final Appropriation R'000	Appropriation received R'000
Administration	435,116	435,116	-	433,250	433,250
Human Settlements Policy, Strategy Planning	74,338	74,338	-	86,988	86,988
Human Settlements Delivery Support	169,800	169,800	-	183,502	183,502
Housing Development Finance	29,864,127	29,864,127	-	28,713,865	28,713,865
<b>TOTAL</b>	<b>30,543,381</b>	<b>30,543,381</b>	<b>-</b>	<b>29,417,605</b>	<b>29,417,605</b>

## 2. Departmental revenue

	Note	2015/16 R'000	2014/15 R'000
Sales of goods and services other than capital assets	<u>2.1</u>	202	204
Interest, dividends and rent on land	<u>2.2</u>	166	286
Transactions in financial assets and liabilities	<u>2.3</u>	869	524
Total revenue collected		1,237	1,014
<b>Departmental revenue collected</b>		<b>1,237</b>	<b>1,014</b>

Interest received was lower than the previous year due to the R1.1 billion budget cut that was transferred to the Department of Water and Sanitation as a result of transferring the sanitation function.

During the start of the financial year, the department had an overdraft due to the expenditure incurred on behalf of the Department of Water and Sanitation.

### 2.1 Sales of goods and services other than capital assets

	Note	2015/16 R'000	2014/15 R'000
Sales of goods and services produced by the department	<u>2</u>	199	200
Sales by market establishment		66	57
Other sales		133	143
Sales of scrap, waste and other used current goods		3	4
<b>Total</b>		<b>202</b>	<b>204</b>

### 2.2 Interest, dividends and rent on land

	Note	2015/16 R'000	2014/15 R'000
Interest	<u>2</u>	166	286
<b>Total</b>		<b>166</b>	<b>286</b>

## 2.3 Transactions in financial assets and liabilities

<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Other Receipts including Recoverable Revenue	869	524
<b>Total</b>	<b>869</b>	<b>524</b>

An amount of R440 000 was received from South African Cities Network in April 2015 as a refund after final withdrawal from the revised MOA.

## 3. Aid assistance

<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Opening Balance	107	-
As restated	107	-
Transferred from statement of financial performance	157	107
<b>Closing Balance</b>	<b>264</b>	<b>107</b>

Donor Fund received from Danida for Implementation of an energy efficiency pilot project on the N2 gateway housing project.

## 3.1 Analysis of balance by source

<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Aid assistance from other sources	264	107
<b>Closing balance</b>	<b>264</b>	<b>107</b>

## 3.2 Analysis of balance

<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Aid assistance unutilised	107	107
Aid assistance repayable	157	-
<b>Closing balance</b>	<b>264</b>	<b>107</b>

## 4. Compensation of employees

### 4.1 Salaries and Wages

<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
Basic salary	209,767	200,659
Performance award	6,012	4,424
Service Based	15,677	14,787
Compensative/circumstantial	13,736	11,427
Other non-pensionable allowances	30,089	28,297
<b>Total</b>	<b>275,281</b>	<b>259,594</b>

### 4.2 Social contributions

<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>Employer contributions</b>		
Pension	25,467	23,673
Medical	9,360	7,545
Bargaining council	43	44
<b>Total</b>	<b>34,870</b>	<b>31,262</b>
<b>Total compensation of employees</b>	<b>310,151</b>	<b>290,856</b>
Average number of employees	649	644

## 5. Goods and services

	Note	2015/16 R'000	2014/15 R'000
Administrative fees		324	375
Advertising		20,019	29,607
Minor assets	<u>5.1</u>	1,664	605
Bursaries (employees)		974	1,222
Catering		4,568	5,016
Communication		9,798	10,887
Computer services	<u>5.2</u>	43,873	31,045
Consultants: Business and advisory services		34,483	72,522
Legal services		2,994	11,161
Contractors		749	2,864
Agency and support / outsourced services		2,207	1,873
Entertainment		200	178
Audit cost – external	<u>5.3</u>	7,169	6,392
Fleet services		1,777	1,524
Inventory	<u>5.4</u>	294	156
Consumables	<u>5.5</u>	5,000	4,800
Operating leases		34,216	25,369
Property payments	<u>5.6</u>	8,901	6,803
Travel and subsistence	<u>5.7</u>	72,211	66,654
Venues and facilities		32,934	19,769
Training and development		2,291	8,367
Other operating expenditure	<u>5.8</u>	6,868	8,170
<b>Total</b>		<b>293,514</b>	<b>315,359</b>

Advertising for recruitment decreased year on year, as vacant posts were frozen due to budget cuts effected by National Treasury.  
Posts below Director level were advertised in the DPSA vacancy circular. There was a reduction on bursary intake due to lack of funds. There were delays in payment of NUSP and SIU. There were no new legal cases in the current financial year. Use of contractors and casual labourers was reduced. External venues were used where the department was not able to hold meetings and workshops internally. Nomination forms for training were submitted in July for generic and special courses. Courses were attended by staff from November 2015 until the new financial year.

### 5.1 Minor assets

	Note <u>5</u>	2015/16 R'000	2014/15 R'000
<b>Tangible assets</b>		<b>1,639</b>	<b>600</b>
Buildings and other fixed structures			
Machinery and equipment		1,639	600
<b>Intangible assets</b>		<b>25</b>	<b>5</b>
Software		25	5
<b>Total</b>		<b>1,664</b>	<b>605</b>

The increase in minor assets was due to purchase of domestic equipment (e.g trolleys and vacuum cleaners for facilities), furniture equipment (e.g cabinets, chairs, tables, etc) and System desktops (e.g monitors for computers).

### 5.2 Computer services

	Note <u>5</u>	2015/16 R'000	2014/15 R'000
SITA computer services		34,763	27,199
External computer service providers		9,110	3,846
<b>Total</b>		<b>43,873</b>	<b>31,045</b>

Outstanding invoices from the previous financial year were paid in 2015/16 financial year.

### 5.3 Audit cost – External

	Note 5	2015/16 R'000	2014/15 R'000
Regularity audits		7,169	6,392
<b>Total</b>		<b>7,169</b>	<b>6,392</b>

Audit fees increase on an annual basis.

### 5.4 Inventory

	Note 5	2015/16 R'000	2014/15 R'000
Clothing material and accessories		268	-
Learning, teaching and support material		-	-
Materials and supplies		26	156
<b>Total</b>		<b>294</b>	<b>156</b>

The reason for differences between note 5.4 and 5.5 for 2014/15 and 2015/16, is because of the re-classification of items (Consumables uniform and clothing which is now known as inventory uniform and clothing accessories) according to the Standard Chart of Accounts, introduced by National Treasury.

### 5.5 Consumables

	Note 6	2015/16 R'000	2014/15 R'000
Consumable supplies		922	1,239
Uniform and clothing		-	117
Household supplies		356	514
Communication accessories		8	-
IT consumables		33	92
Other consumables		525	516
Stationery, printing and office supplies		4,078	3,561
<b>Total</b>		<b>5,000</b>	<b>4,800</b>

The reason for differences between note 5.4 and 5.5 for 2014/15 and 2015/16, is because of the re-classification of items (Consumables uniform and clothing which is now known as inventory uniform and clothing accessories) according to the Standard Chart of Accounts, introduced by National Treasury.

### 5.6 Property payments

	Note 6	2015/16 R'000	2014/15 R'000
Municipal services		6,337	5,003
Property maintenance and repairs		751	-
Other		1,813	1,800
<b>Total</b>		<b>8,901</b>	<b>6,803</b>

Outsourced maintenance and repairs on two leased buildings including an increase in rates and municipal services.

## 5.7 Travel and subsistence

	Note <u>6</u>	2015/16 R'000	2014/15 R'000
Local		67,606	61,794
Foreign		4,605	4,860
<b>Total</b>		<b>72,211</b>	<b>66,654</b>

Intervention in provinces at project level and Eastern Cape intervention increased travel costs.

## 5.8 Other operating expenditure

	Note <u>6</u>	2015/16 R'000	2014/15 R'000
Professional bodies, membership and subscription fees	4		108
Resettlement costs		387	3,470
Other		6,477	4,592
<b>Total</b>		<b>6,868</b>	<b>8,170</b>

Vacant posts were not filled due to budget constraints resulting in reduction of costs for resettlements.

## 6. Interest and rent on land

	Note <u>6</u>	2015/16 R'000	2014/15 R'000
Interest paid		4	29
<b>Total</b>		<b>4</b>	<b>29</b>

Less interest was paid on overdue accounts.

## 7. Payments for financial assets

	Note	2015/16 R'000	2014/15 R'000
Purchase of equity		161,000	-
Other material losses written off	<u>7.1</u>	292	99
Debts written off	<u>7.2</u>	26	19
<b>Total</b>		<b>161,318</b>	<b>118</b>

Funding was provided for the capitalisation of NHFC and NURCHA

### 7.1 Other material losses written off

	Note <u>7</u>	2015/16 R'000	2014/15 R'000
<b>Nature of losses</b>			
Damages		261	36
No shows		31	63
<b>Total</b>		<b>292</b>	<b>99</b>
Other debt written off			
Bad debts		26	19
<b>Total</b>		<b>26</b>	<b>19</b>
<b>Total debt written off</b>		<b>26</b>	<b>19</b>



## 8. Transfers and subsidies

Note	2015/16 R'000	2014/15 R'000
Provinces and municipalities	28,957,020	27,669,053
Departmental agencies and accounts	287,906	1,028,009
Higher education institutions	-	4,499
Foreign governments and international organisations	1,368	1,269
Public corporations and private enterprises	-	4,000
Households	9,155	30,764
<b>Total</b>	<b>29,255,449</b>	<b>28,737,594</b>

## 9. Expenditure for capital assets

Note	2015/16 R'000	2014/15 R'000
<b>Tangible assets</b>	<b>14,046</b>	<b>13,310</b>
Buildings and other fixed structures	236	-
Machinery and equipment	13,810	13,310
<b>Intangible assets</b>	<b>62</b>	<b>1,407</b>
Software	62	1,407
<b>Total</b>	<b>14,108</b>	<b>14,717</b>

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

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>14,046</b>	<b>-</b>	<b>14,046</b>
Buildings and other fixed structures	236	-	236
Machinery and equipment	13,810	-	13,810
<b>Intangible assets</b>	<b>62</b>	<b>-</b>	<b>62</b>
Software	62	-	62
<b>Total</b>	<b>14,108</b>	<b>-</b>	<b>14,108</b>

In the 2014/15 financial year the Department purchased a server management software of R 1.2 million.

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

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>13,310</b>	<b>-</b>	<b>13,310</b>
Machinery and equipment	13,310	-	13,310
<b>Intangible assets</b>	<b>1,407</b>	<b>-</b>	<b>1,407</b>
Software	1,407	-	1,407
<b>Total</b>	<b>14,717</b>	<b>-</b>	<b>14,717</b>

## 10. Cash and cash equivalents

Note	2015/16 R'000	2014/15 R'000
Consolidated Paymaster General Account	494,021	-
Cash on hand	95	125
<b>Total</b>	<b>494,116</b>	<b>125</b>

At the beginning of the financial year, the department was in overdraft due to the expenditure incurred on behalf of the Department of Water and Sanitation. Petty cash for the Pretoria office was reduced after a need analysis was performed.

## 11. Prepayments and advances

Note	2015/16 R'000	2014/15 R'000
Travel and subsistence	187	30
Advances paid	11,249	4,042
<b>Total</b>	<b>11,436</b>	<b>4,072</b>

### 11.1 Advances paid

Note	2015/16 R'000	2014/15 R'000
National departments	11,249	4,042
<b>Total</b>	<b>11,249</b>	<b>4,042</b>

Travel and subsistence increased due to overseas trips undertaken at year end. Advances were paid to GCIS for media campaigns.

## 12. Receivables

	Note	2015/16			2014/15		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	12.1	706	10	716	107,184	1	107,185
Recoverable expenditure	12.2	1,023	864	1,887	859	739	1,598
Staff debt	12.3	66	200	266	199	152	351
Other debtors	12.4	13	1,097	1,110	816	264	1,080
<b>Total</b>		<b>1,808</b>	<b>2,171</b>	<b>3,979</b>	<b>109,058</b>	<b>1,156</b>	<b>110,214</b>

### 12.1 Claims recoverable

Note	2015/16 R'000	2014/15 R'000
National departments	716	107,185
<b>Total</b>	<b>716</b>	<b>107,185</b>

Department was refunded by the Department of Water and Sanitation for expenditure incurred before the transfer of the Sanitation function.

## 12.2 Recoverable expenditure (disallowance accounts)

	Note <u>12</u>	2015/16 R'000	2014/15 R'000
Disallowance Miscellaneous		832	303
Damage Vehicles		1,055	1,295
<b>Total</b>		<b>1,887</b>	<b>1,598</b>

Travelling account was paid through suspense accounts.

## 12.3 Staff debt

	Note <u>12</u>	2015/16 R'000	2014/15 R'000
Study		61	140
Vehicle		30	33
No show		3	2
Salaries		172	176
<b>Total</b>		<b>266</b>	<b>351</b>

Staff debt decreased by 24% from the previous financial period. This is mainly due to maturity and early settlement of study debt.

## 12.4 Other debtors

	Note <u>12</u>	2015/16 R'000	2014/15 R'000
Suppliers		1,091	1,040
VAT Vendors		19	40
<b>Total</b>		<b>1,110</b>	<b>1,080</b>

## 12.5 Impairment of receivables

	Note	2015/16 R'000	2014/15 R'000
Estimate of impairment of receivables		1,653	1,554
<b>Total</b>		<b>1,653</b>	<b>1,554</b>

## 13. Investments

	Note	2015/16 R'000	2014/15 R'000
<b>Non-Current</b>			
<b>Shares and other equity</b>			
National Housing Finance Corporation		980,000	880,000
SERVCON		604	604
National Urban Reconstruction and Housing Agency		61,000	-
<b>Total</b>		<b>1,041,604</b>	<b>880,604</b>

### Securities other than shares

Annex  
2A

<b>Total non-current</b>	<b>1,041,604</b>	<b>880,604</b>
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### Analysis of non-current investments

Opening balance	880,604	880,604
Additions in cash	161,000	-
<b>Closing Balance</b>	<b>1,041,604</b>	<b>880,604</b>

Servcon Housing Solutions (State Owned Company) is in the process of closure. The external auditors conducted a solvency audit for the entity as at 30 September 2015. The solvency audit confirmed that Servcon Housing Solutions (State Owned Company) is technically solvent. The liquidation of the entity through a voluntary liquidation process can therefore be pursued.

## 14. Voted funds to be surrendered to the Revenue Fund

Note	2015/16 R'000	2014/15 R'000
Opening balance	59,373	552,468
As restated	59,373	552,468
Transfer from statement of financial performance (as restated)	508,837	59,373
Paid during the year	(59,373)	(552,468)
<b>Closing balance</b>	<b>508,837</b>	<b>59,373</b>

## 15. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund

Note	2015/16 R'000	2014/15 R'000
Opening balance	29	37
As restated	29	37
Transfer from Statement of Financial Performance (as restated)	1,237	1,014
Paid during the year	(1,248)	(1,022)
<b>Closing balance</b>	<b>18</b>	<b>29</b>

## 16. Bank Overdraft

Note	2015/16 R'000	2014/15 R'000
Consolidated Paymaster General Account	-	52,284
Fund requisition account	-	-
<b>Total</b>	<b>-</b>	<b>52,284</b>

In the previous financial year a budget amount of R1.1 billion was transferred to the Department of Water Affairs after national and provincial elections. An amount of R112 million which had not been refunded was already spent from the budget that had been transferred to the Department of Water Affairs by the Department of Human Settlements in November 2014 before the Sanitation function was transferred to the Department of Water Affairs.

## 17. Payables – current

Note	2015/16 R'000	2014/15 R'000
Clearing accounts	238	323
Other payables	-	2,029
<b>Total</b>	<b>238</b>	<b>2,352</b>

Income tax paid over to SARS waiting to be cashed and no surrendered amounts were received during this period

### 17.1 Clearing accounts

Note	2015/16 R'000	2014/15 R'000
Salary Income tax: CL	236	302
Salary bargaining council: CL	-	1
Pension fund	2	20
<b>Total</b>	<b>238</b>	<b>323</b>

### 17.2 Other payables

Note	2015/16 R'000	2014/15 R'000
Special Investigation Unit Provincial transfers	-	1,911
Rejected Foreign Payment (AMCHUD)	-	118
<b>Total</b>	<b>-</b>	<b>2,029</b>

## 18. Net cash flow available from operating activities

Note	2015/16 R'000	2014/15 R'000
Net surplus/(deficit) as per Statement of Financial Performance	510,231	60,494
Add back non cash/cash movements not deemed operating activities	50,244	(1,504,198)
(Increase)/decrease in receivables – current	106,235	(107,253)
(Increase)/decrease in prepayments and advances	(7,364)	4,868
Increase/(decrease) in payables – current	(2,114)	(863,040)
Expenditure on capital assets	14,108	14,717
Surrenders to Revenue Fund	(60,621)	(553,490)
<b>Net cash flow generated by operating activities</b>	<b>560,475</b>	<b>(1,443,704)</b>

## 19. Reconciliation of cash and cash equivalents for cash flow purposes

Note	2015/16 R'000	2014/15 R'000
Consolidated Paymaster General account	494,021	(52,284)
Cash on hand	95	125
<b>Total</b>	<b>494,116</b>	<b>(52,159)</b>

## 20. Contingent liabilities and contingent assets

### 20.1 Contingent liabilities

Liable to	Nature	Note	2015/16 R'000	2014/15 R'000
Housing loan guarantees	Employees	<i>Annex 3A</i>	21	28
Claims against the department		<i>Annex 3B</i>	329,566	309,566
Intergovernmental payables (unconfirmed balances)		<i>Annex 5</i>	-	106
<b>Total</b>			<b>329,587</b>	<b>309,700</b>

## 21. Commitments

	Note	2015/16 R'000	2014/15 R'000
<b>Current expenditure</b>			
Approved and contracted		42,186	56,229
Approved but not yet contracted		8,461	-
<b>Total current expenditure</b>		<b>50,647</b>	<b>56,229</b>
<b>Capital expenditure</b>			
Approved and contracted		835	7,152
Approved but not yet contracted		-	106
<b>Total capital expenditure</b>		<b>835</b>	<b>7,258</b>
<b>Total Commitments</b>		<b>51,482</b>	<b>63,487</b>

These are commitments that are longer than one year:  
Programme 1: R 11 427 376.37, Programme 3: R 35 368 887.85

## 22. Accruals and payables not recognised

### 22.1 Accruals

Listed by economic classification	2015/16 R'000	2014/15 R'000
30 Days	30+ Days	Total
Goods and services	9,576	2,659
Capital	18	-
<b>Total</b>	<b>9,594</b>	<b>2,659</b>
<i>Note</i>	<b>2015/16 R'000</b>	<b>2014/15 R'000</b>
<b>Listed by programme level</b>		
Administration	10,711	13,122
Human Settlements Policy, Strategy and Planning	44	785
Programme Delivery Support	1,484	5,059
Housing Development Finance	14	133
<b>Total</b>	<b>12,253</b>	<b>19,099</b>

Received old invoices of R 1.3 million and R 3.9 million from the Special Investigation Unit (SIU).

## 23. Employee benefits

<i>Note</i>	2015/16 R'000	2014/15 R'000
<b>Leave entitlement</b>	13,311	7,763
Service bonus (Thirteenth cheque)	7,361	7,307
Performance awards	4,833	5,850
Capped leave commitments	5,856	6,532
<b>Total</b>	<b>31,361</b>	<b>27,452</b>

Leave entitlement had a year on year increase of 71%. This can be attributed to leave not taken by the end of the cycle, as well as contracts which came to an end where the contracted employee had not taken the leave which they were entitled to.

An amount of R328 575.40, which is owed to the Department by some of its employees, has been included in leave entitlement.

## 24. Lease commitments

### 24.1 Operating leases expenditure

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	39,191	-	39,191
Later than 1 year and not later than 5 years	-	-	70,712	-	70,712
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>109,903</b>	<b>-</b>	<b>109,903</b>
<b>2014/15</b>					
Not later than 1 year	-	-	36,479	-	36,479
Later than 1 year and not later than 5 years	-	-	109,178	-	109,178
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>145,657</b>	<b>-</b>	<b>145,657</b>

Operating leases consist of the leasing of office accommodation for the Department as well as leasing of accommodation for sessional officials in Ministry and Director General's office who could not be housed in the official accommodation. The lease agreements are for a fixed term and escalate on an annual basis.

## 24.2 Finance leases expenditure\*\*

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	1,453	1,453
Later than 1 year and not later than 5 years	-	-	-	1,011	1,011
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,464</b>	<b>2,464</b>
Not later than 1 year	-	-	-	1,468	1,468
Later than 1 year and not later than 5 years	-	-	-	71	71
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,539</b>	<b>1,539</b>

Financial leases consist of leasing of office equipment and cellphone contracts which are in the Department's name. The leasing of office equipment is for a fixed term of 36 months with no escalation, while the cellphone contract terms are for 24 months.

No restrictions are imposed on the Department, maintenance is done by the service provider.

The financial leases relate to the leasing of photocopier machines and are prepared in terms of an RT3 contract. The lease period and the amount are fixed and the equipment is returned to the service provider after the lease expires.

## 25. Irregular expenditure

### 25.1 Reconciliation of irregular expenditure

Note	2015/16 R'000	2014/15 R'000
Opening balance	7,769	7,769
As restated	7,769	7,769
Less: Prior year amounts condoned	(840)	-
Less: Amounts not condoned and not recoverable	(194)	-
<b>Closing balance</b>	<b>6,735</b>	<b>7,769</b>
<b>Analysis of awaiting condonation per age classification</b>		
Current year	7,575	7,575
Prior years	-	-
<b>Total</b>	<b>7,575</b>	<b>7,575</b>

### 25.2 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2015/16 R'000
Approved payments not in line with Financial Delegations	Condoned by Accounting Officer	840
<b>Total</b>		<b>840</b>

### 25.3 Details of irregular expenditure not recoverable not condoned

Incident	Not Condoned by (condoning authority)	2015/16 R'000
15% threshold on extension of contracts exceeded	Accounting Officer	28
Gifts for various stakeholders at the Minister's end of the term function	Accounting Officer	166
<b>Total</b>		<b>194</b>



## 26. Fruitless and wasteful expenditure

### 26.1 Reconciliation of fruitless and wasteful expenditure

Note	2015/16 R'000	2014/15 R'000
Opening balance	38	38
As restated	38	38
Fruitless and wasteful expenditure – relating to prior year	5	-
Fruitless and wasteful expenditure – relating to current year	175	-
Less: Amounts resolved	(5)	-
<b>Closing balance</b>	<b>213</b>	<b>38</b>

### 26.2 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
Vehicles were rented for the Minister while official vehicle is available		171
Interest on late payment Telkom for monthly telephone account		4
<b>Total</b>		<b>175</b>

## 27. Related party transactions

South African Housing Fund.  
Servcon.  
Social Housing Foundation.  
National Urban Reconstruction and Housing Agency.  
National Home Builders Registration Council.  
National Housing Finance Cooperation.  
Thubelisha Housing and Rural Housing Loan Fund.  
Housing Development Agency.  
Social Housing Regulatory Authority.  
Estate Agency Affairs Board.  
Community Scheme Ombuds Service.

## 28. Key management personnel

	No. of Individuals	2015/16 R'000	2014/15 R'000
Political office bearers (provide detail below)	2	4,207	3,765
Officials:			
Level 15 to 16	12	17,402	13,107
Level 14 (incl. CFO if at a lower level)	31	30,913	26,060
Family members of key management personnel		-	-
<b>Total</b>		<b>52,522</b>	<b>42,932</b>

## 29. Movable Tangible Capital Assets

### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>69,870</b>	<b>-</b>	<b>18,058</b>	<b>4,066</b>	<b>83,862</b>
Transport assets	3,426	-	2,885	1,667	4,644
Computer equipment	38,907	-	6,033	1,601	43,339
Furniture and office equipment	15,359	-	8,247	636	22,970
Other machinery and equipment	12,178	-	893	162	12,909
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>69,870</b>	<b>-</b>	<b>18,058</b>	<b>4,066</b>	<b>83,862</b>

#### Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	53	1,920

## 29.1 Additions

### ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	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
<b>MACHINERY AND EQUIPMENT</b>	<b>13,863</b>	<b>3,605</b>	<b>-</b>	<b>617</b>	<b>18,058</b>
Transport assets	2,885	-	-	-	2,885
Computer equipment	1,811	3,605	-	617	6,033
Furniture and office equipment	8,247	-	-	-	8,247
Other machinery and equipment	893	-	-	-	893
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>11,971</b>	<b>3,605</b>	<b>-</b>	<b>617</b>	<b>18,058</b>

The asset register reflects an amount of R6.7 Million. This amount relates to a server which was bought and captured on the Logis System as a one line item, instead the actual 26 items bought. Logis was consulted to assist and the only available solution was to effect an "extraordinary receipt" for 26 items. Once this was done, the Department then added their serial numbers and barcodes onto the Logis System separately. Thereafter, the R6.7 Million one line item was reversed on the Logis System.

It should also be noted that in the asset register submitted there are duplicate barcodes that are currently under investigation, casual workers have been appointed to conduct stock taking of all library books to address the matter and the task is still on progress.

During verification the Asset Management team identified shortages of assets in several locations caused by the unauthorised movement of assets as well as the relocation to 260 building. Surplus assets were identified and investigation is still underway to address the matter.

## 29.2 Disposals

### DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Sold for Cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>-</b>	<b>4,066</b>	<b>4,066</b>	<b>-</b>
Transport assets	-	1,667	1,667	-
Computer equipment	-	1,601	1,601	-
Furniture and office equipment	-	636	636	-
Other machinery and equipment	-	162	162	-
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>4,066</b>	<b>4,066</b>	<b>-</b>

## 29.3 Movement for 2014/15

### MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>59,602</b>	<b>(841)</b>	<b>12,976</b>	<b>1,867</b>	<b>69,870</b>
Transport assets	2,156	-	1,270	-	3,426
Computer equipment	30,620	(841)	10,638	1,510	38,907
Furniture and office equipment	15,090	-	436	167	15,359
Other machinery and equipment	11,736	-	632	190	12,178
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>59,602</b>	<b>(841)</b>	<b>12,976</b>	<b>1,867</b>	<b>69,870</b>

### 29.3.1 Prior period error

	Note	2014/15 R'000
<b>Nature of prior period error</b>		
Relating to 2014/15 [affecting the opening balance]		(841)
Reclassification of software which was capitalised under server.		(400)
Reclassification of management fee which was capitalised under server.		(441)
<b>Total prior period errors</b>		<b>(841)</b>

The asset register reflects an amount of R6.7 Million. This amount relates to a server which was bought and captured on the Logis System as a one line item, instead the actual 26 items bought.

Logis was consulted to assist and the only available solution was to effect an "extraordinary receipt" for 26 items. Once this was done, the Department then added their serial numbers and barcodes onto the Logis System separately. Thereafter, the R6.7 Million one line item was reversed on the Logis System.

It should also be noted that in the asset register submitted there are duplicate barcodes that are currently under investigation, casual workers have been appointed to conduct stock taking of all library books to address the matter and the task is still on progress.

During verification the Asset Management team identified shortages of assets in several locations caused by the unauthorised movement of assets as well as the relocation to 260 building. Surplus assets were identified and investigation is still underway to address the matter.

## 29.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2016						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,512	-	15,856	-	17,368
Additions	-	32	-	1,690	-	1,722
Disposals	-	-	-	(966)	-	966
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1,544</b>	<b>-</b>	<b>16,580</b>	<b>-</b>	<b>18,124</b>
Number of R1 minor assets	-	5	-	476	-	481
Number of minor assets at cost	-	1,042	-	12,333	-	13,375
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>1,047</b>	<b>-</b>	<b>12,809</b>	<b>-</b>	<b>13,856</b>

Minor Capital Assets under investigation	<b>Number</b>	<b>Value</b>
		<b>R'000</b>
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	1,246	2,035

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,109	-	15,879	-	16,988
Prior period error	-	-	-	-	-	-
Additions	-	403	-	939	-	1,342
Disposals	-	-	-	962	-	962
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1,512</b>	<b>-</b>	<b>15,856</b>	<b>-</b>	<b>17,368</b>

### 30. Intangible Capital Assets

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	6,115	-	62	-	6,177
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>6,115</b>	<b>-</b>	<b>62</b>	<b>-</b>	<b>6,177</b>

#### 30.1 Additions

#### ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	62	-	-	-	62
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62</b>

#### 30.2 Movement for 2014/15

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	4,308	400	1,407	-	6,115
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>4,308</b>	<b>400</b>	<b>1,407</b>	<b>-</b>	<b>6,115</b>

##### 30.2.1 Prior period error

Note

2014/15  
R'000

##### Nature of prior period error

Relating to 2014/15 [affecting the opening balance]

400

Reclassification of software which was capitalised under server.

400

##### Total prior period errors

400

## 31. Immovable Tangible Capital Assets

### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	236	-	236
Other fixed structures	-	-	236	-	236
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	-	-	236	-	236

There was a refurbishment and upgrading of the Cape Town office and two buildings in Pretoria.

### 31.1 Additions

#### ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED

	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
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	236	-	-	-	236
Other fixed structures	236	-	-	-	236
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	236	-	-	-	236

There was a refurbishment and upgrading of the Cape Town office and two buildings in Pretoria.



## 32. Transfer of functions

The Sanitation function was transferred from Department of Human Settlements to the Department of Water and Sanitation in the financial 2014/2015. Performance indicators and targets for the number of additional households provided with onsite sanitation in rural areas per year and the number of additional bucket sanitation systems removed from households per year will no longer be measured by the Department of Human Settlements, this is due to the transfer of the sanitation function to the Department of Water and Sanitation.

### 32.1 Statement of Financial Position

	Note	Bal per dept 2014/15 AFS before transfer	Functions per dept (transferred) / received	Functions per dept (transferred) / received	Functions per dept (transferred) / received	2014/15 Bal after transfer
		2014/15 R'000	2014/15 R'000	2014/15 R'000	2014/15 R'000	2014/15 R'000
<b>ASSETS</b>		8,577	(112,963)			(104,386)
<b>Current Assets</b>						
Receivables		8,577	(112,963,)	-	-	(104,386)
<b>TOTAL ASSETS</b>		<b>8,577</b>	<b>(112,963)</b>	<b>-</b>	<b>-</b>	<b>(104,386)</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Voted funds to be surrendered to the Revenue Fund		1,367,715	(1,103,787)	-	-	263,928
		1,367,715	(1,103,787)	-	-	263,928
<b>TOTAL LIABILITIES</b>		<b>1,367,715</b>	<b>(1,103,787)</b>	<b>-</b>	<b>-</b>	<b>263,928</b>
<b>NET ASSETS</b>		<b>(1,359,138)</b>	<b>990,824</b>	<b>-</b>	<b>-</b>	<b>(368,314)</b>

Inventory of all assets and a joint verification of assets were done with DWS. The asset transfer certificate was signed by both Accounting Officers and the inventory file was attached with supporting documents. Major and Minor assets amounting to R2.4 million were transferred to Department of Water and Sanitation (DWS).

In accordance with the reorganisation of some national departments announced by the President in May 2014, the sanitation function that was previously the responsibility of the Department of Human Settlements is transferred to the new Department of Water and Sanitation, with effect from 1 October 2014.

An agreement was drawn up between Department of Human Settlements and Department of Water and Sanitation. Departmental Project Team was established and represented by both the receiving and relinquishing Departments under the chairpersonship of the recipient Department. The transfer was done in terms of preparation guide for AFS. The whole budget, assets & liabilities were transferred to DWS.

### 33. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2014/15
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by department R'000	Amount spent by department R'000	% of available funds spent by department %	Division of Revenue Act R'000
<b>Summary by province</b>											
Eastern Cape	1,962,372	-	500,000	2,462,372	2,462,372	-	400,000	2,462,372	2,458,180	100%	2,392,718
Free State	1,057,284	-	-	1,057,284	1,057,284	-	-	1,057,284	1,057,237	100%	1,061,756
Gauteng	4,979,844	-	(908,377)	4,071,467	4,071,467	908,377	-	4,071,467	4,048,079	99%	4,417,641
Kwazulu-Natal	3,235,475	-	308,377	3,543,852	3,543,852	-	308,377	3,543,852	3,543,852	100%	3,509,045
Limpopo	1,283,877	308,012	-	1,591,889	1,283,877	-	-	1,283,877	1,123,130	100%	659,615
Mpumalanga	1,265,162	70,380	-	1,335,542	1,265,162	-	-	1,265,162	1,335,486	100%	1,216,690
Northern Cape	380,408	-	100,000	480,408	480,408	-	100,000	480,408	476,559	99%	374,832
North West	2,063,131	-	100,000	2,163,131	2,163,131	-	100,000	2,163,131	2,163,129	100%	1,517,136
Western Cape	1,975,122	-	-	1,975,122	1,975,122	-	-	1,975,122	1,975,122	100%	1,934,936
<b>TOTAL</b>	<b>18,202,675</b>	<b>378,392</b>	<b>100,000</b>	<b>18,681,067</b>	<b>18,302,675</b>	<b>908,377</b>	<b>908,377</b>	<b>18,302,675</b>	<b>18,180,774</b>	<b>97%</b>	<b>17,084,369</b>

- Section 15(1)
- (a) of the Division of Revenue Act the total amount of R18 302 675 000 allocated to provinces.
  - (b) R908 377 000 was stopped from Gauteng Province.
  - (c) transfers were made in accordance with the payment schedule.
  - (d) R908 337 000 stopped from the primary bank account of the provincial departments.
  - (e) The Human Settlements Development Grant (HSDG) was not utilised for other administrative purposes except in terms of Operational Capital Budget (OPSCAP) programme, which allows the provinces to utilise a certain percentage maximum of 5 % of the voted allocation (grant) to support the approved national and provincial housing programmes.

### 34. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Buffalo City	9,253	-	-	9,253	9,253	-	-
Nelson Mandela Bay	9,847	23,235	-	33,082	9,847	-	-
Mangaung	9,206	-	-	9,206	9,206	-	-
Ekurhuleni	14,313	50,818	-	65,131	14,313	-	-
City of Johannesburg	16,505	59,573	-	76,078	16,505	-	-
City of Tshwane	12,831	16,420	-	29,251	12,831	-	-
eThekweni	14,342	39,980	-	54,322	14,342	-	-
City of Cape Town	13,703	31,580	-	45,283	13,703	-	-
<b>TOTAL</b>	<b>100,000</b>	<b>221,606</b>	<b>-</b>	<b>321,606</b>	<b>100,000</b>	<b>-</b>	<b>-</b>

According to Section 15(1)	<p>(a) of the Division of Revenue Act the total amount of R100 000 000 is allocated to Municipalities.</p> <p>(b) Transfers were withheld but subsequently paid.</p> <p>(c) Transfers have been made.</p> <p>(d) There were no re-allocations by National Treasury.</p> <p>(e) The total amount of R100 000 000 was deposited into primary bank accounts of municipalities.</p> <p>(f) No funds were used for the administration of the allocation by the receiving officer.</p>
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## ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES											
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2014/15
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>Buffalo City</b>	713,132	42,403	-	755,535	713,132	-	-	713,132	488,267	68%	673,289
Nelson Mandela Bay	846,480	-	-	846,480	846,480	-	-	846,480	537,912	64%	828,863
Mangaung	693,847	77,536	-	771,383	693,847	-	-	693,847	425,730	61%	654,406
Ekurhuleni	1,842,887	486,507	-	2,329,394	1,842,887	-	-	1,842,887	1,000,322	54%	1,804,532
City of Johannesburg	1,731,220	-	-	1,731,220	1,731,220	-	-	1,731,220	1,097,710	63%	1,695,189
City of Tshwane	1,500,683	36,868	-	1,537,551	1,500,683	-	-	1,500,683	890,416	59%	1,469,450
eThekweni	1,838,336	-	-	1,838,336	1,838,336	-	-	1,838,336	871,279	47%	1,800,076
City of Cape Town	1,387,760	163,495	-	1,551,255	1,387,760	-	-	1,387,760	670,022	48%	1,358,879
<b>TOTAL</b>	<b>10,554,345</b>	<b>806,809</b>	<b>-</b>	<b>11,361,154</b>	<b>10,554,345</b>	<b>-</b>	<b>-</b>	<b>10,554,345</b>	<b>5,981,658</b>		<b>10,284,684</b>

- In terms of Section 15(1)
- (a) of the Division of Revenue Act the total amount of R10 554 345 000 is allocated to eight metropolitan municipalities.
  - (b) R774 012 000 and R764 511 000 previously withheld has been paid to Ekurhuleni and City of Cape Town, respectively.
  - (c) Transfers have been made according to the payment schedule.
  - (d) There was no re-allocations by National Treasury.
  - (e) The transfers were made to six metropolitan municipality's primary bank accounts.
  - (f) No funds were used for the administration of the allocation by the receiving officer.

## ANNEXURE 1B

### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2014/15
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Housing Development Agency	176,183	-	-	176,183	104,615	59%	120,966
National Housing Finance Cooperation	-	-	-	-	-	-	230,000
Social Housing Regulatory Authority	1,008,803	-	(500,000)	508,803	143,770	28%	631,023
Servcon	-	-	-	-	-	-	860
Community Schemes Ombuds Service	39,521	-	-	39,521	39,521	100%	40,000
Public sector SETA	-	-	-	-	-	-	1,170
NHBRC	-	-	-	-	-	-	3,990
<b>TOTAL</b>	<b>1,224,507</b>	<b>-</b>	<b>(500,000)</b>	<b>724,507</b>	<b>287,906</b>		<b>1,028,009</b>

The Housing Development Agency and the Social Housing Regulatory Authority (R72 million and R365 million) did not request all their drawdowns by end of the financial year.

## ANNEXURE 1C

### STATEMENT OF TRANSFERS TO HIGHER EDUCATION INSTITUTIONS

NAME OF HIGHER EDUCATION INSTITUTION	TRANSFER ALLOCATION				TRANSFER		2014/15
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Nelson Mandela Metropolitan University	-	-	-	-	-	-	4,499
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,499</b>

## ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES							
NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				TRANSFER		2014/15
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Appropriation Act R'000
<b>Public Corporations</b>							
Transfers	-	-	-	-	-	-	4,000
CSIR	-	-	-	-	-	-	4,000
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000</b>

## ANNEXURE 1E

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS							
FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				TRANSFER		2014/15
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Appropriation Act R'000
<b>Transfers</b>							
United Nation Membership Fees	1,150	-	218	1,368	1,368	100%	1,269
<b>TOTAL</b>	<b>1,150</b>	<b>-</b>	<b>218</b>	<b>1,368</b>	<b>1,368</b>		<b>1,269</b>

## ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS							
HOUSEHOLDS	TRANSFER ALLOCATION				TRANSFER		2014/15
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Appropriation Act R'000
<b>Transfers</b>							
Leave Gratuity	44	-	1,292	1,336	1,773	133%	973
Bursaries (Non-Employees)	8,719	-	-	8,719	7,302	84%	8,974
Claims Against the State (Cash)	-	-	82,500	82,500	80	0%	20,800
Act of Grace	-	-	-	-	-		17
<b>TOTAL</b>	<b>8,763</b>	<b>-</b>	<b>83,792</b>	<b>92,555</b>	<b>9,155</b>		<b>30,764</b>

## ANNEXURE 1I

STATEMENT OF AID ASSISTANCE RECEIVED					
NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE %	CLOSING BALANCE R'000
<b>Received in cash</b>					
Danish International Development Agency (DANIDA)		107 -	- 640	- 483	107 157
<b>TOTAL</b>		<b>107</b>	<b>640</b>	<b>483</b>	<b>264</b>



## ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES											
Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 15/16	% Held 14/15	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000	
				2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
National Housing Finance Corporation		100	100	84,187,332	84,187,332	880,000	880,000	-	2,649,233	-	13,569
National Housing Finance Corporation		-	-	-	-	100,000	-	100,000	-	-	-
Servcon Housing Solutions		100	100	100	100	604	604	-	-	-	-
National Urban Reconstruction and Housing Agency		-	-	-	-	61,000	-	61,000	-	-	-
<b>TOTAL</b>		<b>200</b>	<b>200</b>	<b>84,187,432</b>	<b>84,187,432</b>	<b>1,041,604</b>	<b>880,604</b>	<b>161,000</b>	<b>2,649,233</b>	<b>-</b>	<b>13,569</b>

## ANNEXURE 3A

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2016 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2015	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2016	Guaranteed interest for year ended 31 March 2016	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles								
Standard Bank	Housing	-	10	-	-	-	10		
Nedbank	Housing	-	11	-	-	-	11		
	Housing	-	-	-	-	-	-		
	Housing	-	-	-	-	-	-		
	Other	-	-	-	-	-	-		
<b>TOTAL</b>		-	<b>21</b>	-	-	-	<b>21</b>		

## ANNEXURE 3B

### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016

Nature of Liability	Opening Balance 1 April 2015	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2016
	R'000	R'000	R'000	R'000	R'000
Claims against the department	329,566	-	-	-	329,566
<b>TOTAL</b>	<b>329,566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>329,566</b>

It is premature for Legal Services unit to say whether the cases against the Department can or cannot be won. As these cases are before the Courts it is for the Courts to decide. The outcome of these cases cannot be anticipated. The Department is defending these cases and will continue to defend as such until finality.

There is no reimbursement expected by the Department.

## ANNEXURE 4

CLAIMS RECOVERABLE								
GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16 *	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
South African Police Services	-	-	10	10	10	10		
National Department of Transport	-	-	-	53	-	53		
Gauteng office of the Premier	-	414	-	10	-	424		
Gauteng Housing	-	-	-	1	-	1		
Department of Water & Sanitation	-	-	186	106,518	186	106,518		
Department of Justice & Constitutional Development	-	-	-	15	-	15		
Department of Communications	-	-	-	26	-	26		
Department of Correctional Services	-	-	-	15	-	15		
Department of Social Development	-	-	-	33	-	33		
Department of Tourism	-	-	-	15	-	15		
Department of Trade & Industry	-	-	-	18	-	18		
Department of Public Service & Administration	-	-	-	10	-	10		
Department of Public Works	-	-	-	-	-	-		
Gauteng Social Development	-	-	-	22	-	22		
Limpopo Province Health	-	-	-	25	-	25		
Department of Cooperative Governance & Traditional Affairs	30	-	-	-	30	-		
Statistics South Africa	-	-	88	-	88	-		
Eastern Cape Department of Roads & Public Works	-	-	59	-	59	-		
Department of Energy	-	-	259	-	259	-		
Limpopo Cooperative Governance	-	-	84	-	84	-		
<b>TOTAL</b>	<b>30</b>	<b>414</b>	<b>686</b>	<b>106,771</b>	<b>716</b>	<b>107,185</b>		

## ANNEXURE 5

### INTER-GOVERNMENT PAYABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16 *	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Payment 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	R'000

#### DEPARTMENTS

##### Current

South African Police Services	-	-	-	106	-	106		
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<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>-</b>	<b>106</b>		
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#### OTHER GOVERNMENT ENTITY

##### Current

Government printing works	-	-	-	31	-	31		
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<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>137</b>		
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## ANNEXURE 6

INVENTORIES					
Inventory [Per major category]	Note	Quantity	2015/16 R'000	Quantity	2014/15 R'000
<b>Opening balance</b>		148,664	11,034	115,422	7,597
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases - Cash		27,318	13,527	80,790	16,526
Add: Additions - Non-cash		-	-	85,324	-
(Less): Disposals		1	-	(45)	-
(Less): Issues		(175,978)	(24,559)	(132,827)	(21,957)
Add/(Less): Adjustments		-	-	-	8,868
<b>Closing balance</b>		<b>5</b>	<b>2</b>	<b>148,664</b>	<b>11,034</b>

## ANNEXURE 7

INTER-ENTITY ADVANCES PAID (note 11)						
ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2016 R'000	31/03/2015 R'000	31/03/2016 R'000	31/03/2015 R'000	31/03/2016 R'000	31/03/2015 R'000
<b>NATIONAL DEPARTMENTS</b>						
Current						
GCIS	-	4,005	3,550	-	3,550	4,005
DIRCO	7,699	37	-	117	7,699	154
<b>Total</b>	<b>7,699</b>	<b>4,042</b>	<b>3,550</b>	<b>117</b>	<b>11,249</b>	<b>4,159</b>

## MANAGEMENT REPORT

### for the period ended 31 March 2016

#### 1. General review of the state of financial affairs

The change in focus in housing delivery to quality housing and a shift to alternative forms of housing tenure have formed the background against which sustainable housing delivery was achieved. As reported in 2003/04, changes in the financial management legislative environment precipitated a need to review the funds flow mechanisms to provinces. On 15 August 2003, MINMEC approved the disestablishment of the South African Housing Fund (SAHF). The final disestablishment of the SAHF can only be effected through the repeal of the Housing Act, Act 107 of 1997. The SAHF was delisted from the Public Finance Management Act with effect from 18 November 2003.

#### 2. Accounting Authority's emoluments

In terms of section 11(5)(a) of the Housing Act (Act No 107 of 1997) the Director-General: Human Settlements is the accounting officer of the South African Housing Fund.

No emoluments were paid to the accounting authority from the funds of the South African Housing Fund since the accounting officer is being remunerated by the Department of Human Settlements (previously Department of Housing).

#### 3. Auditors

In terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1998) read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 11(8) of the Housing Act, 1997 (Act No. 107 of 1997) the Auditor-General has the responsibility to audit the books and statements of account and balance sheet of the South African Housing Fund. The Office of the Auditor-General will continue to perform the statutory audit of the South African Housing Fund.

#### 4. Approval of financial statements

The financial statements set out on pages 4 to 8 for the South African Housing Fund were approved by the accounting officer.

## STATEMENT OF FINANCIAL POSITION

### for the period ended 31 March 2016

		2015/16	2014/15
	Notes	R'000	R'000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>32,585</b>	<b>32,585</b>
Trade and other receivables	2	-	-
Cash and Cash Equivalents	5	32,585	32,585
<b>TOTAL ASSETS</b>		<b>32,585</b>	<b>32,585</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>		<b>31,958</b>	<b>31,958</b>
Treasury Reserves			
Non Distributable Reserves			
Accumulated profits/(Losses)		31,958	31,958
<b>Current Liabilities</b>		<b>627</b>	<b>627</b>
Trade and other payables	3	627	627
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,585</b>	<b>32,585</b>

## ACCOUNTING POLICIES

### for the year ended 31 MARCH 2016

The principle accounting policies adopted in the preparation of these financial statements are set out below.

#### 1. BASIS OF PREPARATION

The financial statements are prepared on the liquidation basis as set out below since the entity no longer conduct its function in terms of the National Housing Act and is awaiting to be disestablished and the Housing Act to be amended accordingly.

##### 1.1 Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables and creditors.

##### Measurement

Financial instruments are initially measured at cost. Subsequent to initial recognition these instruments are measured as set out below.

##### Trade and other receivables

Trade and other receivables are stated at cost less provision for doubtful debts.

##### Cash and cash equivalents

Cash and cash equivalents are measured at cost.

##### Financial liabilities

Financial liabilities are recognized at cost.

##### 1.2 Administration Cost

All administration costs are borne by Department of Human Settlements.

## NOTES TO THE FINANCIAL STATEMENT

### for the period ended 31 March 2016

	2015/16 R'000	2014/15 R'000
<b>TRADE AND OTHER RECEIVABLES</b>		
Debtors	421	421
Less: Provision for bad debt	(421)	(421)
	-	-
<b>TRADE AND OTHER PAYABLES</b>		
Post office account	627	627
	627	627

#### 4. Disestablishment of the S A Housing Fund

The final disestablishment of the SAHF will be effected upon the promulgation of the Human Settlements Act.

The SAHF was delisted from the Public Finance Management Act with effect from 18 November 2003.

	2015/16 R'000	2014/15 R'000
<b>NOTES TO THE CASH FLOW STATEMENT</b>		
<b>5. Cash and Cash equivalents</b>		
Cash with CPD	32,585	32,585
	32,585	32,585

According to an enquiry to National Treasury, the SAHF does not earn any interest on its CPD deposit. National Treasury indicated that funds (to the credit of the SAHF) should not have been paid to the SAHF. I was further more indicated that National Treasury borrows funds in all CPD accounts at 0% interest and utilizes such funds to fund its daily cash flows, hence interest earned on the deposit at CPD is not disclosed as income earned.









VOTE NO. 38, ANNUAL REPORT 2015/16  
RP NO: 324/2016 ISBN: 978-0-621-44932-7  
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