Department of Human Settlements

VOTE 26, ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2010

Together We Can Do More

CONTENTS

FOREWORD BY THE MINISTER – HON. T M G SEXWALE

There shall be houses, security and comfort for all

"All people shall have the right to live where they choose, to be decently housed, and to bring up their families in comfort and security. Slums shall be demolished and new suburbs built where all shall have transport, roads, lighting, playing fields, crèches and social centres".

This is the bold vision, crafted 55 years ago by the drafters of the Freedom Charter, which captures the essence of our mandate to create integrated and sustainable human settlements.

Our Performance Report is the roadmap for achieving the vision of sustainable human settlements. It sets out our strategic objectives, outlines the direction in which we must move, indicates what the outcomes are, and how we will measure progress.

The following are our points of reference:

- The ANC Election Manifesto which refers to "an equitable, sustainable, and inclusive path that brings decent work and sustainable livelihoods, education, health, safe and secure communities, and rural development";
- The Breaking New Ground Policy, which outlines the need for new human settlement plans with a more appropriate housing and township/suburb design and form;
- The strategic priorities outlined in the Medium Term Strategic Framework, which call for the expansion of social and economic infrastructure and the building of cohesive, caring sustainable communities, and the Medium Term Expenditure Framework which underpins it;
- The Measurable Performance and Accountable Delivery outcomes set and agreed to by the February 2010 Cabinet Lekgotla, which is aimed at the following:

    - Accelerating the delivery of housing opportunities by providing by 2014 proper basic services and land tenure to households currently living in informal settlements;
    - Ensuring more efficient land utilisation by identifying and releasing 6 250 ha of well-located state land for low-income and affordable housing;
    - Improving the property market by establishing a R1-billion guarantee fund as an incentive to the private sector to meet the housing demand through the development of innovative and responsive products, especially for those families earning above the threshold to qualify for state assistance yet earning too little to qualify for private-sector finance.

These outcomes will form the core of our strategic and performance plan and our delivery efforts between now and 2014.

In our Budget Vote to Parliament in June 2009, we indicated that our most urgent priority was "to ensure that settlement development and redevelopment are imbued with infrastructure such as clinics, schools, police stations, community facilities and economic activity space within the vicinity of quality homes". That remains the case, but our work has been given further urgency and focus by the priorities that the 2010 Cabinet Lekgotla set. As a result, our strategic outlook is to ensure that we not only succeed in our overall mission of providing sustainable human settlements, but also that we specifically deliver on the outcomes set for the human settlement development sector.

Obviously we cannot do this alone, so we have deliberated with provincial and local government colleagues to ensure that they, too, have embraced the priorities set by Cabinet and have aligned their programmes, plans and expenditure accordingly. Furthermore, through specific mandating protocols, other national departments and public entities have been urged also to play their role in the delivery of these priorities and outcomes.

In addition, we have strengthened our relationship with our social partners – i.e. non-governmental and community-based development organisations and the private sector – to harness maximum support for the drive to create sustainable human settlements.

The net effect of this, we believe, is a concerted national effort towards building the kind of society envisaged 55 years ago by the architects of our new society, as espoused by the Freedom Charter, so that we can state with conviction: "There ARE houses, security and comfort for all."

Without doubt, this journey will not be an easy one. However, working together we will achieve considerable success. This Annual Performance Report is a reflection of our collective efforts, thus far.

MR T M G SEXWALE (MP)
MINISTER OF HUMAN SETTLEMENTS
31 May 2010

Together We Can Do More
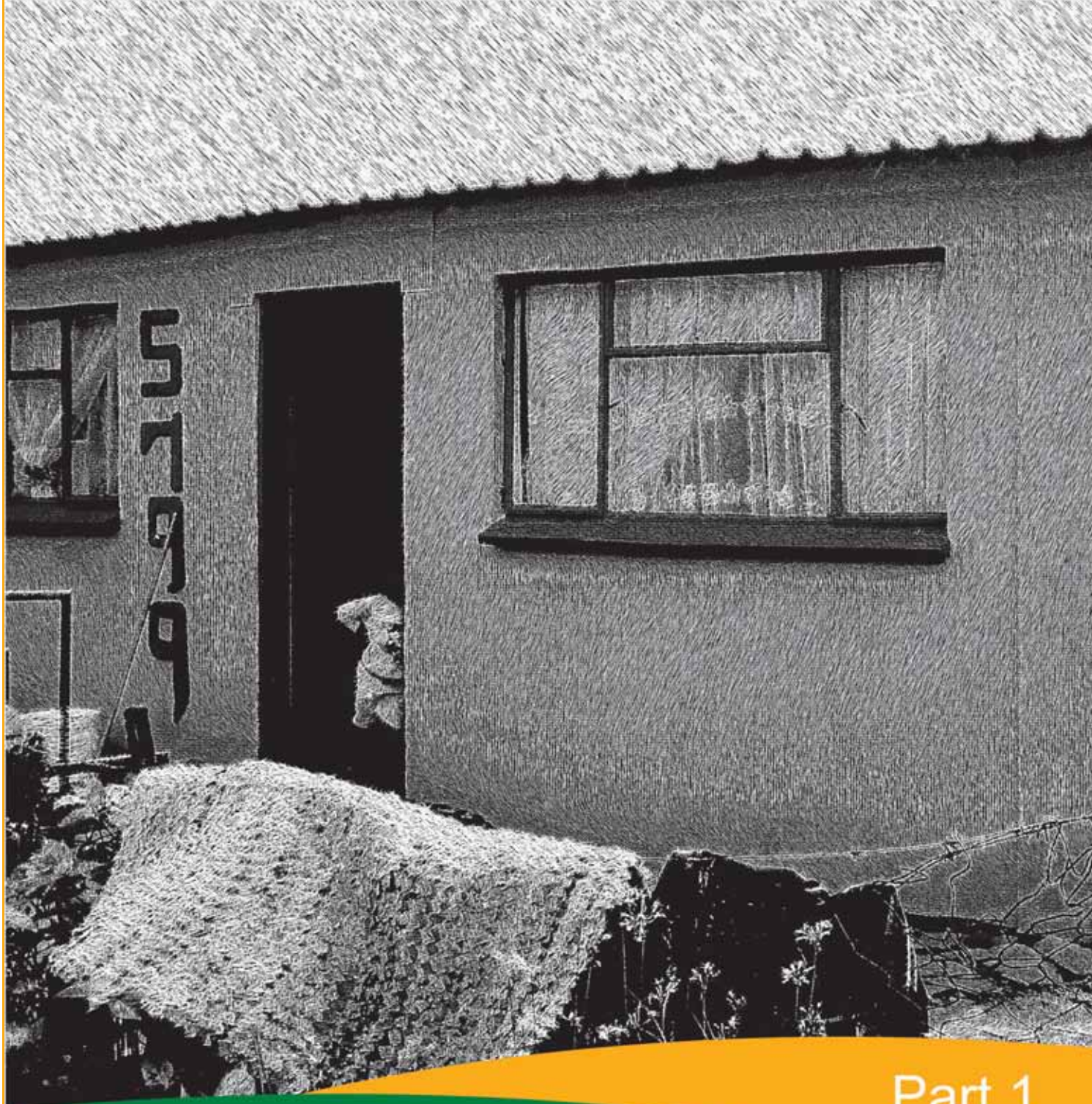
Part 1

General Information

human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

1. GENERAL INFORMATION

1.1 Introduction by the head of the institution and submission of the Annual Report to the Executive Authority

The Department has ensured, during the period under review, that the necessary support services are provided in spite of the challenges of insufficient office space, accommodation and other operational resources. The transfer of the line function for the provision of sanitation in the country from the former Department of Water Affairs and Forestry, pursuing the quest for a holistic and comprehensive dispensation for human settlement creation, has also been finalised.

The National Housing Code, 2009, has been published. It is more flexible to cater for the diversity of local development conditions and is more user-friendly. It has been updated to include all the new housing programmes introduced since 2000.

The Farm Residence Housing Assistance Programme and implementation guidelines have been completed and approved. The programme is supported by a set of pro forma contracting documents, which was developed and finalised during the year.

The implementation of the National Housing Code, 2009, was facilitated by a comprehensive awareness campaign comprising stakeholder workshops in each of the nine provinces.

The Monitoring and Evaluation (M & E) Unit launched the Monitoring and Evaluation Policy and Implementation Framework for the Housing Sector in July 2008. The MEIA Policy and Implementation Framework sets the basis for monitoring and evaluation in the sector; establishes principles to guide the sector in monitoring and evaluating national housing policies, programmes and projects, and provides monitoring and evaluation housing practitioners with the tools to perform their tasks. The MEIA Policy and Implementation Framework applies to all the Departments of Human Settlements at national, provincial and local levels as well as housing institutions. It also provides for a computerised system to document, give feedback on and disseminate results and lessons learned.

The M & E Unit initiated a project-level monitoring process to execute the M & E mandate of monitoring the implementation and performance of housing projects against the targets set out in the provincial Housing Business Plans. In addition, three service providers were appointed to conduct a beneficiary occupancy audit in seven of the nine provinces. In terms of this exercise, a representative 10% sample of all the housing units completed since April 1994 will be audited to confirm whether the approved beneficiary is occupying the subsidised housing unit and if not, how the occupant obtained access to the relevant unit.

The findings of the audit will enable the Department to put mechanisms in place to address the audit outcomes and to regularise any anomalies in this regard. It will also give the Department vital information about subsidised properties. In addition, a Terms of Reference document was approved so that a similar exercise could be conducted specifically in the Seraleng Housing Project in Rustenburg to determine to what extent the completed houses are occupied by unauthorised beneficiaries. The aim of the audit is to assess the profile of occupiers and to make recommendations on how to regularise the situation on the ground.

During the period under review, the Department has worked hard to engage stakeholders who have the potential to assist the Department with getting its work delivered at scale. A significant highlight of these strategic engagements has been entering into agreements with stakeholders such as the platinum mines for the possible rollout of projects in Limpopo and North West, Intersite for the joint development of land in and around railway stations, and the DBSA for technical support with priority and blocked projects.

A major outcome has been the signing of an MOU with Intersite that comes into force regarding projects on land around railway stations throughout the country. Significantly, the Department also negotiated the signing of an agreement with the Department of Public Works (DPW). The agreement gives the Department of Human Settlements the first right of refusal of any land that the DPW is considering for disposal.

The revised plans are influenced by the recent pronouncement of the Department's mandate that has changed from housing to human settlements. This broadened mandate necessitated the review of plans and strategies by the whole Department. In this instance, the plan anticipates that certain infrastructural programmes meant to support human settlements will be migrated to the Department from other government departments.

The emphasis of Human Settlements entails a much stronger platform for dialogue with all stakeholders. The existing platforms of engagement have to be strengthened and terms of reference may have to be revised to take this into account. The instruments of mobilisation and motivation, such as awards, will have to be revised appropriately taking into account the qualification criteria that have been amended to match the mandate.

Good progress has also been made with the upgrading of informal settlements and the unblocking of stalled housing projects. The National Upgrading Support Programme has been established and will in future provide support to municipalities with the in situ upgrading of informal settlements. A project process guide is being compiled to guide the implementers of projects in the housing process and this guide will also serve as a project management and monitoring tool for project managers. This guide will also prevent further projects from becoming blocked.

As a direct response to the implementation challenges of the Comprehensive Plan for the Creation of Sustainable Human Settlements, the Department will continue to review the mandate of its housing entities. The delivery landscape for the creation of human settlements is constantly changing. The newly established Housing Development Agency (HDA), after the promulgation of the Housing Development Act, 2008 (Act No. 23 of 2008) was made operational in the 2009/10 financial year. The HDA will assist the Department by acquiring suitably located land for human settlements. In this regard, the HDA will make its acquired land available to provincial Human Settlements departments as well as to municipalities in terms of their respective Integrated Development Plans (IDPs) for human settlement development. The land made available to provinces by the HDA will be speedily prepared for human settlement development. This will speed up the rate at which human settlements are developed and will clearly improve government's delivery in this respect.

The Chief Directorate: Management Information Services has ensured that operational systems are aligned with the changes in housing policy and also made the changes requested by the nine provincial departments. The necessary support and training related to the operational systems were also provided to the provincial departments and local authorities.

The generic housing delivery processes related to Budgeting and Planning, Project Management, Contract Management, Beneficiary Management and Claims and Payments were mapped. The mapped processes were reviewed with role players at a national and provincial level to determine the alignment between the current processes and the newly mapped processes.

The municipal accreditation programme was also successfully commenced.

In the international arena, South Africa was given a voice in the debate on human settlements through the African Ministerial Conference on Housing and Urban Development and the World Urban Forum, while the existing partnerships are yielding the intended benefits. An exception was the lack of progress with implementing the co-operation programme with the Democratic Republic of Congo.

Owing to limited resources, the Department was not able to fill all its vacancies. Vacancies are filled on a prioritised basis and will take place gradually as funding becomes available, so that the new structure will probably be fully implemented by the 2010/11 financial year.

This is the first year in which the Auditor-General will audit the Department's performance information. Internally, gaps have been identified in relation to the manner in which we report our performance information. As there is room for improvement, our Strategic Management Unit has evaluated the gaps and it is hoped that in the current year the shortcomings will be corrected, more particularly regarding clarity on targets and reporting on achieving the targets.

To Mr T M G Sexwale, MP, Minister of Human Settlements

I have the honour of submitting the 2009/10 Annual Report of the National Department of Human Settlements, in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

MR T W ZULU
DIRECTOR-GENERAL
31 May 2010

1.2   Information on the Ministry

1.2.1   Activities in which the Ministry was involved during the year under review

Minister T M G Sexwale was involved in the following activities during the 2009/10 financial year:

Youth build closing and handover of houses ceremony

The Youth Build was closed on 26 June 2009, and was attended by the Honourable Minister and Deputy Minister of the Department of Human Settlements, the Premier of KwaZulu-Natal, the MEC of Public Works and Human Settlements, members of the National Human Settlements Portfolio Committee, the District Mayor of the uThungulu District Municipality and the Mayor of uMlalazi.

Five houses were handed over to elderly beneficiaries before proceeding to Eshowe Sports Club for the ceremony, which included awarding certificates of participation to the youth.

The Minister also participated in the closing ceremony of Youth Build 2009 in Eshowe on 26 June 2009 in commemoration of the 1976 Youth Uprising. The youth constructed 76 houses to commemorate the symbolism of the uprising.

Women's build closing and handover of houses ceremony

Women's Build was closed on 28 August 2009. It was attended by the Honourable Minister and Deputy Minister of the Department of Human Settlements, the MEC of Human Settlements, members of the National Human Settlements Portfolio Committee and the Executive Mayor of the Mbombela Local Municipality.

The dignitaries participated in planting the vegetable garden and an orange tree, and in house painting. Then houses were handed over to elderly beneficiaries before proceeding to Tekwane Sportsground for the ceremony, which included awarding certificates of participation to the volunteers.

The Women's Build 2009 project in Tekwane North on 28 August 2009 was in commemoration of the 1956 women's protest march to the Union Buildings. Women commemorating the symbolism of the march had constructed 53 houses.

Social contract

The Minister of Human Settlements, Mr Tokyo Sexwale, delivered the keynote address of the Plenary Session held on 26 and 27 November 2009.

International activities of the Ministry in the period under review

Minister Sexwale participated in the State visit by President Jacob Zuma to the Republic of Angola in August 2009, signing a Memorandum of Understanding on Co-operation in the field of Human Settlements with Angola's Minister of Urban Planning and Housing. The MOU provides for co-operation in the development of human settlements, improvement of housing, provision of basic services and the upgrading of slums and informal settlements for low-income families as a means of alleviating poverty.

The MOU may also serve as an impetus for South African companies to participate in the construction of housing projects in Angola.

At the request of President Jacob Zuma, Minister Sexwale undertook a working visit to the Republic of Equatorial Guinea from 4 to 5 November 2009 to observe the efforts that the country was making in the development of human settlements for its citizens, particularly for the poorest of the poor, providing an interesting model for service delivery.

Minister Sexwale signed an Exchange of Notes for the Amendment of the China-Assisted Housing Project in Graskop, Mpumalanga and the Arrangement on Co-operation in the Field of Social Rental Housing with the Netherlands' Ministry of Spatial Development and Housing.

Minister Sexwale requested that Deputy Minister Zou Kota-Fredericks should represent him at the 5th Session of the World Urban Forum in Rio de Janeiro from 21 to 26 March 2010. Deputy Minister Kota-Fredericks addressed the forum during the Ministerial Roundtable, the Special Session on South-South Co-operation, the Dialogue Session on Cultural Diversity and Inclusiveness in Cities, as well as the session on Housing Subsidies. Deputy Minister Kota-Fredericks also participated in a programme of site visits and interactions with the cities of Rio de Janeiro and Sao Paulo to exchange ideas and best practices with regard to slum upgrading and community participation in human settlement development.

MinMEC, which comprises the Minister of Human Settlements and the Provincial MECs for Human Settlements, met on the following dates to discuss the new mandate and the successful implementation of Human Settlements:

- 22-23 June 2009 at the Emperor's Palace, Gauteng
- 21 August 2009 at the Industrial Development Zone Conference Centre, East London, Eastern Cape
- 30 October 2009 at the Orion Safari Lodge, Rustenburg, North West.
- 11-12 March 2010 at the Elangeni Southern Sun Hotel, Durban, KZN.

1.2.2   Public entities reporting to the Minister

The following institutions reported to the Minister during the year under review:

- Social Housing Foundation
- National Home Builders Registration Council (NHBRC)
- National Housing Finance Corporation Ltd (NHFC)
- Housing Development Agency (HDA)
- National Urban Reconstruction and Housing Agency (NURCHA)
- The Rural Housing Loan Fund (RHLF).

1.3   Vision

A nation housed in sustainable human settlements

1.4 Mission

To facilitate an environment that provides sustainable human settlements.

The Department's core values, based on the Constitution of the Republic of South Africa, are as follows:

- Accountability
- Fairness and equity
- Choice, quality and affordability
- Sustainability
- Innovation
- Adherence to the Batho Pele principles.

1.5 Legislative and other mandates

1.5.1 Legislative mandates

Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)

Section 26 (1) of the Constitution enshrines access to adequate housing as a basic right for all South Africans. The State is compelled to take reasonable measures within its available resources, including the introduction of legislation, to work towards ensuring that all South Africans enjoy this right (section 26(2)). The legislation that the Department of Human Settlements has promulgated and implemented falls squarely in this Constitutional imperative.

Section 26: Access to adequate housing is a basic human right; the government has to ensure and environment conducive to the progressive realisation of the right; Schedule 4: national and provincial governments have concurrent legislative competence, for the housing function.

Section 28 and the Bill of Rights Equality Clause (9) (3) have particular reference to youth and women.

Housing Act No. 107 of 1997

The Department of Human Settlements is carrying out its legislative imperative as set out in the Housing Act, 1997 through existing and future legislation. The Housing Code I requires the Minister of Human Settlements to determine national housing policy and programmes, and to negotiate funding for such programmes. In addition, the Act requires the Minister of Human Settlements to establish housing institutions.

The Housing Consumers Protection Measures Act, 1998 (Act No. 19 of 1998)

This Act provides for the establishment of a statutory body for home builders. The National Home Builders Registration Council registers builders engaged in certain categories of house construction and regulates the home building industry by formulating and enforcing a code of conduct. The Department monitors the implementation of the Act continuously.

The Housing Development Agency Act, 2008 (Act No. 23 of 2008)

This Act provides for the establishment of a statutory body to identify, facilitate the acquisition and the holding of land and landed properties; facilitate the planning processes and coordinate funding for the land identified for the development of sustainable human settlements in the various provinces and municipalities; which in the end has to fast track the housing development process. The Agency has been established and from 2009 the Department will monitor the implementation of the Act on a continuous basis.

Public Finance Management Act, 1999, Act No. 1 of 1999 (as amended by Act 29 of 1999)

This Act (PFMA) provides for the effective management of public funds by public sector officials, including those in public entities. The PFMA gives effect to financial management and places a greater responsibility for implementation on managers and makes them more accountable for their performance. The Department monitors the adherence of its housing entities to the Act on a continuous basis.

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

This Act provides for the establishment of the Social Housing Regulatory Authority (SHRA). The establishment of this entity is in progress and will be finalised by the end of the 2009/10 financial year. Once established, and as is the case with other housing entities, SHRA will report to the Minister of Human Settlements. The Department will monitor the execution of its statutory mandate and provide governance oversight.

The Division of Revenue Act

This act enforces the compulsory use of the Housing Subsidy System (HSS) as part of the conditions that have been gazetted.

The Rental Housing Act, 1999 (Act No. 50 of 1999)

This Act repeals the Rent Control Act of 1976 and defines the government's responsibilities for rental housing property. It creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market, and facilitates sound relations between tenants and landlords. The Act also lays down general requirements for leases and the principles of conflict resolution in the rental-housing sector. It also provides for the establishment of Rental Housing Tribunals and defines the functions, powers and duties of these tribunals. The duty of establishing Rental Housing Tribunals rests on the provinces.

The social/rental housing work will be informed by (1) the Social Housing Bill 29 of 2007, which is currently being tabled in parliament for enactment, and (2) the Rental Housing Amendment Bill. Both these pieces of legislation inform the framework and parameters within which the social/rental housing sector will operate.

Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000) (HLAMDA)

The main purpose of HLAMDA is to promote fair lending practices, which require financial institutions to disclose information about the provision of home loans and thereby eliminate discriminatory lending patterns.

The Act also provides for the establishment of the Office of Disclosure. In compliance with the Act, the Department undertook the analysis of the financial information submitted by the financial institutions.

Inclusionary Housing Bill

The Inclusionary Housing Policy has been completed and a Bill has been drafted and will be sent to the Minister for approval before being submitted to Cabinet for in-principle approval and approval to publish the Bill for public comment.

Sectional Titles Schemes Management Bill

This Bill in effect takes over the housing management provisions of the Sectional Titles Act which is administered by the Department of Rural Development and Land Reform. The Bill has been drafted and on completion of the Business Case, it will be submitted to the Minister and after that to Cabinet for in-principle approval and approval to publish in the Government Gazette for public comment.

Community Schemes Ombud Service Bill

This Bill is linked to the Sectional Titles Schemes Management Bill and provides a dispute resolution mechanism for sectional title and other residential community schemes. It will be submitted together with the Sectional Titles Schemes Management Bill.

Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA)

The Act regulates financial management at national and provincial government level, and ensures that all revenue, expenditure, assets and liabilities of these governments are managed efficiently and effectively. It also provides for the responsibilities of the persons entrusted with financial management in these governments and matters connected therewith.

The Department's budget and financial services are regulated in terms of the PFMA.

Annual Division of Revenue Act (DORA)

The DORA provides for the equitable division of revenue raised nationally among the national, provincial and local spheres of government, as well as the responsibilities of all three spheres pursuant to such division. It also provides for matters connected therewith.

The Integrated Housing and Human Settlement Development Grant is managed in terms of the DORA.

Comprehensive Plan for the Creation of Sustainable Human Settlements (BNG)

Key to achieving the objectives of BNG is the vigorous engagement and participation of sector-specific stakeholders, which include the Presidency, (Chapter 9 Institutions), government departments, the private sector and civil society.

Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)

The Act is aimed at promoting the achievement of the Constitutional right to equality, and therefore at increasing the broad-based and effective participation of black people in the economy. It also sets parameters for the development of the Property Charter and the Construction Charter as mechanisms for securing the commitment of stakeholders in the construction and property industries.

Youth Commission Act, 1996 (Act No. 19 of 1996)

The Act reflects the government's commitment to ensuring the promotion and protection of the rights and the meeting of the needs of the youth of South Africa.

Public Service Act and related Regulations

The Act and Regulations provide for the organisation and administration of the public service, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith.

Collective agreements

Collective agreements address matters of mutual interest to employees in the public service and the State as employer. Such agreements are concluded after a collective bargaining process and are implemented on the directive of the Department of Public Service and Administration (DPSA).

Examples of collective agreements are the Public Service White Paper, 1995; the Transforming Public Service Delivery (Batho Pele) White Paper, 1997; the Employment Equity Act, 1998 (Act No. 55 of 1998); the Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000); the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); national housing policies and ministerial pronouncements.

1.5.2   Other mandates: public entities reporting to the Department of Human Settlements

Public entities

Social Housing Foundation

The Social Housing Foundation was established in 1996 as a section 21 company and schedule 3A public entity to develop and build capacity for social housing institutions and to develop a policy framework for the social

housing sector. The institution's operations are currently financed through grant funding, though past funding included overseas development assistance. The foundation aims at developing a sustainable social housing sector by providing policy support, social housing research, technical support and coordination support, as well as by providing monitoring and evaluation services to various public and private stakeholders.

Between 2006/07 and 2009/10, the foundation's main priority areas were policy support, social housing research and institutional support activities. The policy support activities culminated in the development of the Social Housing Bill and the rental strategy.

The Social Housing Act was promulgated in November 2008 and came into effect from September 2009. The Act provides for the establishment of the Social Housing Regulatory Authority to regulate social housing institutions receiving public funds and to regulate the assessment, approval, administration and disbursement of institutional investment and capital grants to social housing institutions.

A closure plan has been developed to guide the closure of the Social Housing Foundation over the MTEF period. The foundation will therefore no longer be required to facilitate the disbursement of the restructuring capital grant to social housing institutions. However, the foundation will continue to implement the interim social housing programme until the regulatory authority comes into operation, which is expected to take place by the third quarter of the 2010/11 financial year.

National Urban Reconstruction and Housing Agency

The National Urban Reconstruction and Housing Agency was established in 1995 by the South African government in partnership with the Open Society Institute as a schedule 3A public entity. The purpose of the institution is to provide finance to construction projects for affordable housing, subsidy housing, community facilities and related infrastructure.

The entity carries out its mandate by providing loan facilities to established and emerging contractors. The established contractors access funds directly from the entity and the emerging contractors through its strategic intermediaries. The intermediaries also provide support services to the contractors.

Over the medium term, the entity plans to develop proactive risk management tools and structures to strengthen its credit control capacity. It also expects to complete and consolidate its alignment with its strategic intermediaries to ensure agreement on the strategy and performance targets for the financial years from 2010/11 to 2012/13.

The agency also plans to implement a single brand awareness campaign by harmonising the brands of its intermediaries with its own brand.

The agency will develop mechanisms for the collection and analysis of market intelligence and competitor data, and improve customer management. It expects to develop new programmes and products as part of its strategy to re-energise the rental market by financing the contractors involved in social housing.

The existing capacity will be exploited to test innovative financing schemes for projects and to foster new partnerships for leveraging own funding and managing or transferring risk.

Rural Housing Loan Fund

The Rural Housing Loan Fund was established in terms of section 21 of the Companies Act (1973) as an entity incorporated not for gain and is classified as a schedule 3A public entity in terms of the Public Finance Management Act (1999). The entity is mandated to provide repeat access to housing credit to low-income rural households to support government's efforts to expedite housing delivery.

The fund works through a network of retail intermediaries to deliver finance for incremental housing in rural areas. Over the MTEF period, the fund intends to increase the number of its retail intermediaries from 10 in 2009/10 to 16 in 2012/13.

This development is expected to increase the disbursements, including mezzanine funding, from R144 million in the 2009/10 financial year to R277 million in the 2012/13 financial year.

In support of the integrated sustainable rural development programme, the fund has developed the individual rural subsidy voucher scheme in collaboration with the Department of Human Settlements. The scheme maximises housing layout and design choices by allowing rural households to participate in the planning, design and construction of housing units, using accredited building materials. The scheme was postponed pending the completion of the housing development finance review. The housing development finance review is being conducted by the Department of Human Settlements to assess the appropriateness of the current institutional arrangement for development finance in the context of sustainable human settlements. The review follows the national review of development finance institutions, spearheaded by National Treasury in 2007.

Over the medium term, the fund will focus on the following strategic priorities: broadening and deepening the reach of rural housing finance, building the lending capacity and competitive potential of the retail intermediary network and improving the visibility of the fund.

Housing Development Agency

In 2004, the comprehensive plan for human settlement development proposed that a special purpose mechanism should be established to expedite housing delivery in South Africa. The Housing Development Agency was established in terms of the Housing Development Agency Act (2008) and began operations in April 2009. The purpose of the agency is to identify, acquire, hold, develop and release State-owned and privately owned land for residential and community purposes and for the creation of sustainable human settlements.

The agency is required to facilitate the acquisition of land in a way that supplements the capacities of government across all spheres.

It also provides project management expertise in human settlement projects and facilitates the development of projects through accelerated and innovative project packaging.

The 2009/10 financial year period was utilised as an establishment phase for the HDA, including the development of the HDA's Strategic Plan and mandate.

National Home Builders Registration Council

The National Home Builders Registration Council was established in terms of the Housing Consumers Protection Measures Act (1998), as amended, to represent the interests of housing consumers by providing warranty protection against defined defects in new homes and to regulate the home-building industry.

The council provides training and capacity building to promote and ensure compliance with technical standards in the home-building environment.

For the past three years, the council has recorded volatile growth rates in the home-building industry. It recorded record-breaking numbers of home enrolments and consequently of home enrolment fees in 2006/07 and 2007/08, owing to the favourable economic conditions. In 2008/09, the council's income from enrolment fees declined to R478,7 million from R570,1 million in 2007/08. However, total revenue increased marginally from R774 million in 2007/08 to R780 million in 2008/09 because of increased earnings.

The council has commenced an organisational restructuring, which will add additional costs to expenditure on the compensation of employees in 2010/2011. Training home builders which includes training emerging builders, the unemployed, the youth, women and people with disabilities, remains a critical strategic and operational focus for the council. The inspection model and the cross-subsidisation of the subsidy and non-subsidy market will be reviewed. Over the MTEF period, the council will accelerate service delivery and continue to promote the quality of homes, especially in the subsidy market.

National Housing Finance Corporation

The National Housing Finance Corporation was established in 1996 as a development finance institution to contribute to reducing South Africa's housing backlog. It is listed as a schedule 3A public entity. The corporation is mandated to make housing finance accessible and affordable to low- to middle-income households. The corporation is also responsible for mobilising and raising private-sector funding for housing purposes.

The corporation disburses its funds through wholesale, commercial and retail business. The retail business, which was introduced in 2008/09, is currently under review. An amount of R4,1 billion in loan finance has been provided by the corporation since 1996, which has facilitated the delivery of more than 296 000 housing opportunities to date.

The implementation of the National Credit Act (2005) required a substantial review of policies, systems and operating procedures for the corporation and its clients. The corporation entered into several long-term funding arrangements with social housing institutions in KwaZulu-Natal, Western Cape, Gauteng, Polokwane and Eastern Cape.

The corporation expects to increase funding significantly for rental and ownership initiatives, extensively leveraging the resources of other partners in the target market. The corporation is working with local and provincial governments to accelerate the development of integrated sustainable human settlements.

The corporation intends to enter into the co-funding of projects with Old Mutual and ABSA bank over the medium term.

Thubelisha Homes

Thubelisha Homes is classified as a schedule 3A public entity in terms of the Public Finance Management Act (1999) and was established as a non-profit, special purpose vehicle to create appropriate housing stock for right-sizing the Servcon Housing Solutions portfolio.

In 2009/10, Thubelisha Homes began implementing a closure plan. The institution ceased operations in July 2009 and arrangements have been put in place for the project management of the mega projects to be handed over to the Housing Development Agency and the provinces. Where required, voluntary severance packages were offered to the staff. Arrangements are being made for the absorption of the remaining permanent staff in government and the institution is expected to be closed down finally by 31 March 2010.

Servcon Housing Solutions

Servcon Housing Solutions is a schedule 3 A public entity established in 1995 as a result of an agreement between the then Department of Housing, representing government, and the Banking Council, representing participating banks.

The aim of the agreement was to support the normalisation of the finance market for affordable housing in the wake of significant levels of default during the transition to democracy. Servcon Housing Solutions was mandated to manage the disposal of a portfolio of 33 306 properties owned by banks as a result of non-performing loans in selected areas at the cut-off date of 31 August 1997.

In 2006 the shareholders represented by the Banking Council and the Department of Human Settlements parted ways, in terms of the sale of shares and claims agreement. The normalisation and rectification programme gained momentum between 2006 and 2009. In 2009/10, Servcon Housing Solutions continued the implementation of a closure plan, approved by the executive authority in February 2009. The institution ceased operations in September 2009 and voluntary severance packages were offered to the staff and arrangements are being made for the absorption of the remaining permanent staff in government. The institution is expected to be closed down finally by March 2010.
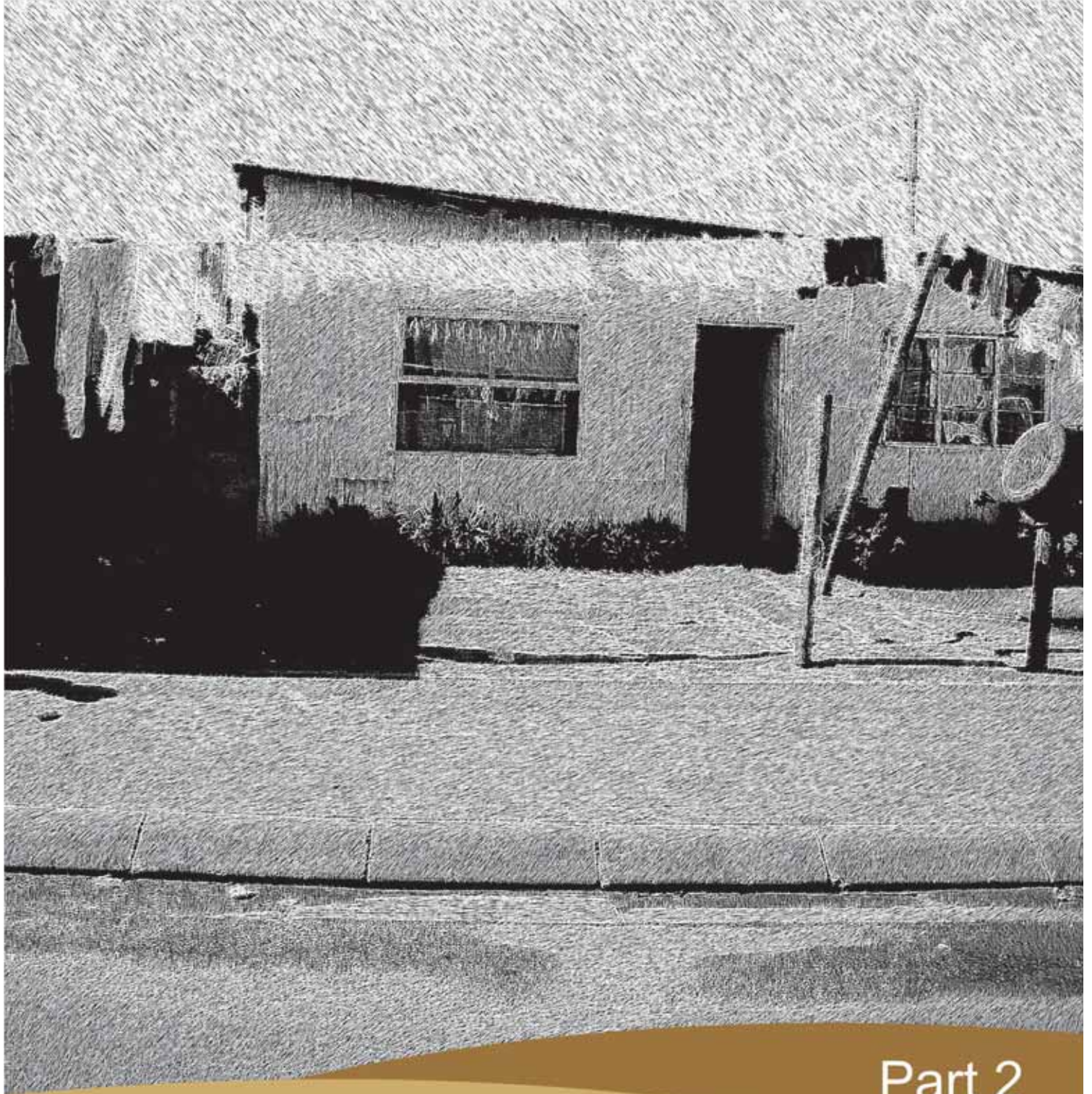
Part 2

Programme Performance

human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

2. Programme performance in respect of finance and economic issues

2.1 Voted funds

	Programme	Main appropriation	Adjusted appropriation	Actual amount spent	Over-/ under-expenditure
		R'000	R'000	R'000	R'000
1	Administration	198,540	167,770	113,849	53,921
2	Housing Policy, Research and Monitoring	58,000	67,175	44,971	22,204
3	Housing Planning and Delivery Support	138,486	169,506	98,589	70,917
4	Housing Development Finance	13,011,341	13,033,695	12,986,298	47,397
5	Strategic Relations and Governance	182,206	166,659	126,654	40,005
	Total	**13,588,573**	**13,604,805**	**13,370,361**	**234 444**
	Responsible Minister	Minister of Human Settlements			
	Administering department	Department of Human Settlements			
	Accounting Officer	Director-General of Human Settlements			

2.2 Aim of the vote

The aim of the vote for the Department of Human Settlements is to determine, finance, promote, coordinate, communicate and monitor the implementation of housing policy and human settlements.

2.3 Summary of programmes

2.3.1 Programme 1: Administration

Purpose: to provide strategic leadership, administrative and management support services to the Department.

2.3.2 Programme 2: Housing Policy, Research and Monitoring

Purpose: to develop and promote policies on human settlement and housing, supported by a responsive research agenda and to monitor and assess the implementation, performance and impact of national housing policies and programmes.

2.3.3 Programme 3: Housing Planning and Delivery Support

Purpose: to support implementation and delivery, build capacity, and liaise and communicate with stakeholders for effective housing and human settlement programmes.

2.3.4 Programme 4: Housing Development Finance

Purpose: to fund programmes for housing and human settlement development; to provide financial and grant manage

ment services; to promote investment in housing finance; to mobilise and promote financial probity within housing institutions; and to manage all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).

2.3.5   Progamme 5: Strategic Relations and Governance

Purpose: to coordinate the Department's mandate within the intergovernmental relations framework; to manage international relations and promote good governance practices within the Department and its public entities; and to provide timely and integrated business information to the Department.

2.4   Overview of the service delivery environment during 2009/10

2.4.1   Global economic developments and their impact on South Africa and housing

A rigorous macroeconomic policy stimulus focusing on restoring global financial sector health and supporting the global economic recovery provided external support to the South African economy. Notwithstanding the strength of the rand, improving external demand is already evident in some commodity markets such as gold and has helped to launch the domestic economy. Consistent with global growth developments, domestic economic growth is expected to improve in 2010 although to a lesser extent than before the crisis, owing to structural problems such as a stronger rand.

2.4.2   Energy prices

The trend in oil prices has been a rise from April 2009 to March 2010. Oil prices on a monthly average increased from $46,54 a barrel in April 2009 to $76,84 a barrel in February 2010. As a result, petrol prices increased from R7,038 a litre to R7,91 a litre in February 2010. The direct result of this rise in energy prices was that it continued to have a negative impact on transport costs and general inflation, including the costs of building houses. Trends in energy costs are depicted in the graph below.

Figure 1
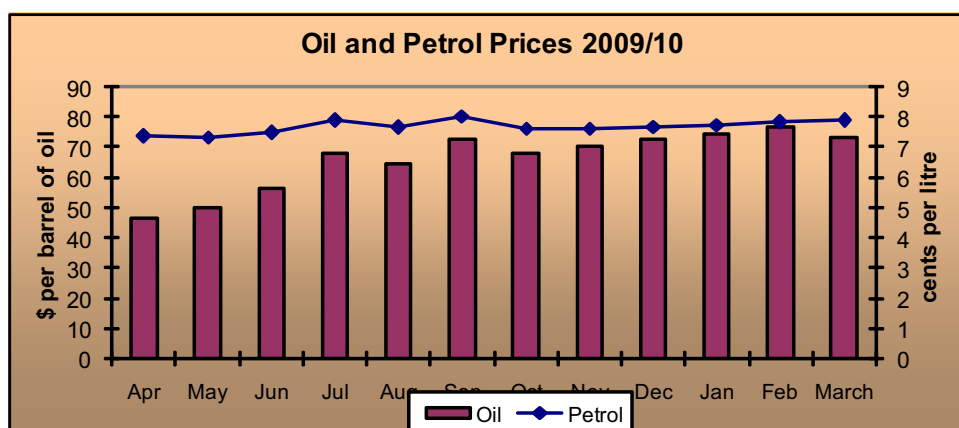
Source: Department of Minerals and Energy, March 2010

2.4.3   Inflation movements

The inflationary trend continued to decline during the 2009/10 financial year. Consumer price inflation declined from 8,5% in March 2009 to 5,7% in February 2010. This declining trend is good news as it reduces the chances of interest rate hikes in the near future.

Although the trend in producer price inflation also declined, the steeper increase from October 2009 is an indication that overall inflation is likely to increase again in the coming months. Over and above the possibility of an increase in producer price inflation, the expected petrol price and electricity tariff hikes will also contribute to fuelling inflationary pressures even further. Inflationary trends for the 2009/10 financial year are depicted in the graph below.

Figure 2: Inflation rate fluctuation during the 2009/10 financial year
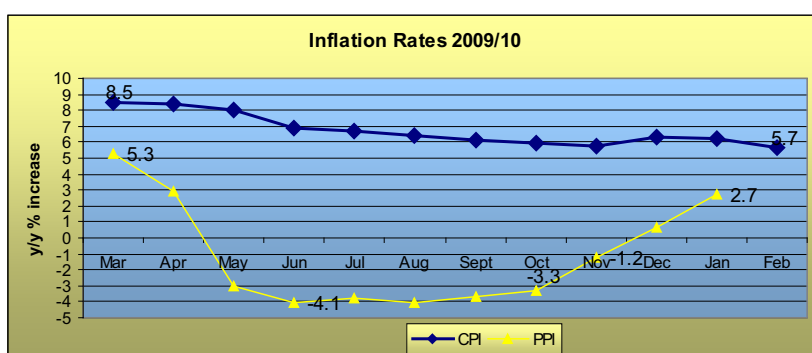
Source: STATS SA, March 2010

Despite the declining trend in overall producer price inflation shown above, the contribution of some key materials for building houses rose above 10% during the 2009/10 financial year. These materials include the retail price for cement which recorded a rise of 18,5% year-on-year in September and 16,1% in November 2009. It is surprising that cement prices continued to increase during 2009 in spite of the decline in demand. As cement forms the bulk of material used for building subsidised government housing, these prices listed above are cause for concern about the impact of the escalating cost of materials on the value of the subsidy.

2.4.4   Impact of Inflation on the economy and housing delivery

Inflation is by definition the rate at which prices increase. Consequently, declining inflation means that average prices have increased by a lower margin than before. In practical terms, this means that a product with a price tag of R10 in January 2010 only added a further 57 cents in February 2010. Despite the decline in the inflationary trend during the 2009/10 financial year, the actual prices for overall goods and services increased by 80,9% from April 2009 to February 2010. This situation required similar adjustments in households' income or continuous adjustment in their lifestyle, and is an indication that inflation continues to pose a challenge to poor and unemployed South Africans. This perpetuates a situation where workers demand high increases in wages to compensate for the shortfall in their incomes, which will ultimately have repercussions for inflation.

For the Department of Human Settlements in particular, this means that the ability to maintain homes diminished month by month as the cost of living increased, and might also be a reason why many government-subsidised housing schemes are not well maintained or improved.

The findings of research by Unisa's Bureau of Market Research on income and expenditure patterns are that spending on housing as a percentage of total income is not a priority for people in the low-income levels of up to R4 000 per month. It was ranked in sixth place after food; transport; funds and insurance; furniture and household equipment; personal care and clothing respectively.

Understanding that housing is the most expensive investment for the poor and that wealth is accumulated mainly through asset creation, means that government should devise the means to make services such as housing more accessible to the poor so as to emancipate them from poverty.

2.4.5   Interest rate movements

The South African Reserve Bank continued to leave the repurchase rate unchanged at 7%, entailing that the prime interest rate charged by commercial banks remained unchanged at 10,5%. With interest rates down by a cumulative 500 basis points since December 2008, mortgage repayments are now 29% lower than late in 2008 when the mortgage rate was 15,5%. This means that those with some form of credit exposure are slightly better off while affordability pressures are also reduced. The chances are slim that interest rates will decline further in 2010 owing to the inflationary pressures from factors such as higher oil and petrol prices as well as electricity price hikes.

2.4.6   Property markets

The residential property market recorded a poor performance for the greater part of the 2009/10 financial year. However, new statistics from banks, estate agents, mortgage originators and house-price indices according to Fin 24, indicate that the housing market has begun to feel the positive effect of the 500-basis point decline in the interest rate since December 2008. The relaxation of banks' lending criteria, including the provision of 100% home loans once again, is giving momentum to the demand for accommodation (Fin24, 2009). However, growth in house prices is still limited, indicating that the majority of home buyers are still feeling the effect of high interest rates and are becoming more cautious when faced with a decision to commit themselves to long-term loans.

2.4.7   Economic performance

During the 2009/10 financial year, the South African economy was in recession for the first time in 17 years. Thanks to the macroeconomic policy stimulus, a recovery was felt in the third quarter of 2009. The economy accelerated further in the fourth quarter of 2009, recording growth of 3,2% quarter-to-quarter. In 2009 the construction sector continued to outshine all other sectors of the economy. Although the economy has shown positive growth, there is little to show for it for the majority of South Africans, as they will still feel the difficulties arising from the recession. However, positive economic growth is a sign that the economy is now moving into the right direction.

2.4.8   Fiscal impact of poor economic performance

The country's economic performance is a sign that the fiscal and monetary policy interventions taken during the economic downturn have worked in reviving the economy. However, it comes at the cost of a rising budget deficit and a greater debt-servicing burden for government.

Because of this year's steep deterioration in the budget deficit, coupled with certain shortfalls in future, South Africa's debt to GDP ratio will probably increase markedly.

Already National Treasury expects its debt as percentage of GDP to climb from 29% in 2009 to above 40% in 2012, with the result that interest payments on debt will balloon. Recovering from this situation will require fiscal discipline which will have a negative impact on the future delivery of government services, including houses.

2.4.9   Unemployment

According to Statistics South Africa, official unemployment remains high at 24,3%. Nevertheless, employment opportunities were created in the fourth quarter of 2009, although most of these were in the informal sector which, by its nature, has a minimal income. This means that dependency on government assistance including housing will persist for a longer period.

2.5   Overview of the organisational environment during 2009/10

The Department has been affected by the changes resulting from a new emphasise on service delivery. These changes required the State to be reorganised at a macro level to have a positive effect on the delivery of services at a local level.

The Department's quest to become staffed over an MTEF period was overtaken by events. However, the macro-reorganisation of the State has brought about a shift in emphasis. The Department has now been renamed Human Settlements, which broadens its scope. This has implications for the functions that have to be regulated and those that have to be transferred to this Department. To date, the sanitation function is the only one confirmed for transfer to Human Settlements. Processes are in place to ensure that other related functions also follow suit or are coordinated in an enabling manner to promote the delivery of human settlements.

The transfer of the sanitation function to the Department necessitated a review of the delivery model, which will inform the realignment of limited resources. The realignment process implies that the structure will be rationalised, the duplication of functions identified, the span of control of branch managers assessed, the possibility of grouping related functions explored and decisions made on how best to utilise the regional footprint with regard to sanitation. This is important since, as the Department previously had no regional footprint, the provinces were used for implementation purposes. The implications for the Department are far-reaching with regard to the expansion of infrastructure such as more office space accommodation and a delivery model for its support functions.

The Department is currently putting systems in place to govern and manage the transitional challenges. A memorandum of understanding has been entered into to manage the transition period and ensure the smooth handing over of all resources and assets, as well as due diligence related to the function. This will also necessitate entering into another memorandum of understanding for future co-operation because the legislation governing the delivery of sanitation will be administered by the Department of Water Affairs.

2.6   Strategic overview and key policy developments during the 2009/10 financial year

In continuing to support the government's constitutional obligation to provide access to adequate housing, the development of sustainable communities remains the strategic anchor of the National Department of Human Settlements. In addition to improving spatial integration and social cohesion, housing provides low-income households with a key component of a sustainable livelihood.

At the level of service delivery, the implementation of the comprehensive plan for sustainable human settlements requires provincial human settlement departments, municipalities and housing institutions to redefine and strengthen their service delivery models. The Department has realigned its organisation and budget structure, creating the Strategic Relations and Governance Programme and strengthening the Housing Planning and Delivery Support Programme, to provide support for the development and implementation of these service delivery models.

Key challenges facing the housing sector are inadequate intergovernmental coordination for accelerated housing delivery, specifically in relation to the ability of provinces and municipalities to achieve national objectives, and the lack of capacity to monitor and evaluate the implementation of housing programmes.

Another major challenge is creating a functioning housing market that will allow low-income households to capitalise on the equity provided by the free house, while minimising the distortions that housing subsidies create for households in other segments of the housing market.

2.6.1   Key policy developments

The Housing Development Agency Act (2008) and the Social Housing Act (2008) provide for the establishment of two new public entities, the Housing Development Agency and the Social Housing Regulatory Authority. The purpose of the Housing Development Agency is to assist provinces and municipalities with land acquisition, project management and development, whereas the Social Housing Regulatory Agency will regulate the social housing institutions that receive funds from government for the construction of low and medium-income rental housing.

The new National Housing Code, 2009, was published in February 2010 and disseminated to the nine provinces, all the municipalities and other stakeholders. The subsidy quantum for the Individual Housing Subsidy Scheme was adjusted in line with the current cost of developing a 40 square metre house on a serviced stand. The new subsidy amount is R84 000,00.

As part of the broader strategy to administer and maintain a national database on housing demand, the new allocation strategy, in effect from the 2006/07 financial year, introduced a structured process for allocating housing subsidies to people registered on the national database on housing demand. An integrated database will allow for the better management of information about the potential beneficiaries of housing.

The strategy also introduced the principle of registering housing needs and abolishing the waiting list system that created false expectations. Furthermore, the strategy provides a fair and just allocation system and curtails fraud and corruption.

Over the MTEF period, the Department of Human Settlements will seek to provide guidance on policy implementation. This will include direct implementation support to provinces and municipalities, intervening in turnaround projects where there are blockages, and facilitating co-operation with the private sector. Refining the role of municipalities in the housing delivery chain as well as the mechanisms that will allow for the rollout of accreditation as provided for in the Housing Act of 1997, are critical to accelerating delivery.

The Department continues to provide assistance to provinces and municipalities in their planning of priority housing projects, including the Zanemvula, Khutsong, Klarinet, Lerato Park, N2 Gateway, Cornubia and Ouboks developments. The Department also monitors these projects separately.

The Department developed and launched a number of instruments to guide the implementation of the comprehensive plan for sustainable human settlements in all three spheres of government.

These include the monitoring, evaluation and impact assessment policy and implementation guidelines, and the operating system for the policy and guidelines. The Department has also initiated a project-monitoring process to measure the performance of provincial departments of human settlements against the targets set in their business plans, to identify constraints and assist with addressing them swiftly.

Over the medium term, the Department will continue a beneficiary occupancy audit on a representative sample of all houses completed between 1994 and June 2008. In implementing the memorandums of understanding with the Federation of the Urban and Rural Poor and Slum Dwellers International, provincial steering forums provide a platform for key stakeholders to collaborate and support project-level implementation. In 2008/09, close to 2 000 individual subsidy agreements were concluded and nearly 300 houses were under construction by the end of December 2008.

As a way forward, some challenges would have to be resolved, making way for new negotiations and engagements with the Department's partners. However, these challenges should be considered while understanding the current social, economic and political context. In crafting the pointers for success and the approaches to achieve the targets, it is important to consider the current context in which the Ministry of Human Settlements should respond.

Some of the challenges are firstly: planning – inadequate planning, lack of coordination and integration of different government functions, social cohesion and social capital. To a large extent, housing delivery still negates the role of civil society and the citizens themselves, in this way undermining social capital and building dependency on the State while burdening the State and compromising its delivery capacity. Secondly, Finance – despite the increase in the housing budget vote, the exchequer is not geared to effectively providing adequate shelter for the increasing number of households living in inadequate housing. Moreover, given the new focus on delivering functioning human settlements that offer livelihood opportunities and build social cohesion, the budget vote will be stretched even further.

Various policy discussions are already under way but without a framework to align them. With coordination, synergies are especially promising in the subsidy review, the DFI review, and post-FSC engagement processes.

The approach of policy development to (1) segmentation, i.e. amended subsidy instruments that respond to a more diverse market; (2) holistic financing of human settlements i.e.

financing approaches that extend beyond the housing subsidy to address in particular the infrastructure challenges; and (3) the public-private mix i.e. drawing in the capacity of the private sector to engage productively, should take place across these processes.

The policy development process will also lead to legislative review, including a review of the Public and Municipal Finance Management Acts, as well as the responsibilities set out for the three housing DFIs, and the role of the DBSA in the whole approach to financing human settlements.

By attending to the policy gaps outlined, it is hoped that the collective capacities of our economy can be brought together, from individuals, the private sector and the State, to resolve the enormous housing challenges that affect us all, so that all households realise their constitutional right to access to adequate housing on a progressive basis.

The strategic framework for developing sustainable human settlements is aimed at ensuring responsiveness to the objectives of the government's medium-term strategic framework, namely to expand social and economic infrastructure and build cohesive, caring and sustainable communities.

The five-year framework (2009-2014) was developed in July 2009 to provide policy coordination, ensure accountability and improve planning across sector departments and the three spheres of government. After consultation, this framework will form the basis of a social contract for human settlements, which was drafted in January 2010. Significant progress has been made with ensuring the alignment of norms and standards across sectors to improve intergovernmental coordination.

The Department also leads the human settlements and the basic services task team in support of the Department's expanded mandate and, through consultation and interaction with provincial departments, sets priorities for and monitors the performance of the delivery of human settlements.

The Cabinet has approved the Sectional Titles Amendment Bill and the Community Scheme Ombud Service Bill for public comment. The Sectional Titles Amendment Bill provides for the creation of the Sectional Titles Schemes Management Regulations Board and shifts the administrative provisions for the management of sectional title schemes from the Minister of Rural Development and Land Reform to the Minister of Human Settlements. The Community Scheme Ombud Service Bill provides for the creation of a national public entity, with the Minister of Human Settlements as its executive authority, which will provide dispute resolution services for community property development schemes.

The Housing Development Agency has been established in terms of the Housing Development Agency Act 2008 and is aimed at assisting provinces and municipalities with land acquisition, project management and development. The Social Housing Regulatory Authority Act has been promulgated. The agency will be fully operational in 20I0/11 and will regulate social housing institutions that receive funds from government for the construction of low and medium-income rental housing.

2.7   Departmental revenue, expenditure and other specific topics

2.7.1   Collection of Departmental revenue

The Departmental receipts were projected to amount to R2 781 000 in 2009/2010. Receipts came largely from financial transactions such as the recovery of subsidies erroneously paid and from advances.

The drop in revenue can mainly be attributed to the manner of accounting for the funds recovered by SIU. Previously these funds were returned to the National Department, now they are received by the provincial department where the offence occurred.

| | 2006/07 | 2007/08 | 2008/09 | 2009/10 | | Deviation |
| | Actual | Actual | Actual | Target | Actual | from target |
	R'000	R'000	R'000	R'000	R'000	%
Tax revenue	**-**	**-**	**-**	**-**	**-**	
Non-tax revenue	850	265	320	481	135	28%
Sale of goods and services produced by the Department	111	137	74	145	91	62%
Interest, dividends and rent on land	739	43	246	336	46	13%
Sale of capital assets (capital revenue)		213		-	-	0%
Financial transactions (recovery of loans and advances)	1,020	282	2,072	2,300	612	25%
Total Departmental Receipts	**1,870**	**675**	**2,712**	**2,781**	**883**	**25%**

2.7.2   Departmental expenditure

Departmental expenditure is set out in the table below.

| | Programme | Voted for 2009/10 | Roll-overs and adjust-ments | Virements | Total voted | Actual expenditure | Variance |
		R'000	R'000	R'000	R'000	R'000	R'000
1	Administration	198,540	-30,770	-	167,770	113,849	53,921
2	Housing Policy, Research and Monitoring	58,000	14,175	-5,000	67,175	44,971	22,204
3	Housing Planning and Delivery Support	138,486	31,020	-	169,506	98,589	70,917
4	Housing Development Finance	13,011,341	19,354	3,000	13,033,695	12,986,298	47,397
5	Strategic Relations and Governance	182,206	-17,547	2,000	166,659	126,654	40,005
	Total	**13,588,573**	**16,232**	**-**	**13,604,805**	**13,370,361**	**234,444**

Programme 1: Administration

Programme 1 was initially allocated R198,5 million for the 2009/10 financial year and was adjusted in the adjustment estimate by a roll-over of R5,2 million for the newly created Office of the Deputy Minister, as well as a virement to Programme 3: Housing Planning and Delivery Support of R31 million for the community outreach programme and Programme 4: Housing Development Funding of R4,9 million.

The total budget for Programme 1 amounted to R167,7 million. The variance of R54 million can be attributed to efficiency savings. The low spending in this programme was mainly on goods and services. The main cost driver under the item goods and services was the travel and subsistence allowance and the payments to the Special Investigation Unit.

As a result of a delay by the Special Investigation Unit in producing and submitting an invoice, certain funds were not spent. Another factor contributing to the underexpenditure was the delay in securing an additional building, resulting in the non-utilisation of the funds provided for leasing, the refurbishment of offices, the moving of staff and the acquisition of furniture.

The non-availability of additional office space meant that vacancies could not be filled and the costs associated with positions could not be utilised.

Programme 2: Housing Policy, Research and Monitoring

The programme was initially allocated R58 Million for the 2009/10 financial year and was adjusted in the adjustment estimate by a R14,1 Million virement from Programme 5: Strategic Relations and Governance for the occupancy audit. A virement of R5 Million was approved for Programme 4, Housing Development Funding, so that the Housing Development Agency could offset the costs associated with taking over projects previously managed by Thubelisha Homes, bringing the total budget to R67,1 Million. The variance of R22,2 Million can be attributed to the cost-saving measures for reducing travel and subsistence expenses and other administration costs.

Underexpenditure in the programme can also be attributed to the delay in printing the Housing Code and underexpenditure on staff and personnel-related costs, owing to the vacancies arising throughout the year as a result of staff turnover. Total spending on Programme 2 amounted to R44,9 Million.

Programme 3: Housing Planning and Delivery Support

The programme's allocation of R138 Million for the 2009/10 financial year was adjusted in the adjustment estimate by a virement from Programme 1: Administration and Programme 5: Strategic Relations and Governance for the community outreach programme, bringing the total allocation of the programme to R169,5 Million. The programme spent a total of R98,5 Million. The variance of R70,9 Million can be attributed to underexpenditure in the Programme a as a result of the non-utilisation of the R50 Million for the community outreach programme. The procurement processes were delayed by the lack of relevant information supporting the process. As a result, a Memorandum of Understanding (MOU) between the Department and Ekurhuleni Metro Council was not concluded, which meant that this amount was not spent in this financial year.

This programme was also affected by the cost-saving measures introduced, which reduced travel and subsistence expenditure and other administration costs and costs associated with not filling the vacancies throughout the branch.

Programme 4: Housing Development Funding

The programme was allocated R13 Billion, of which R12,4 Billion was allocated to the Integrated Housing and Human Settlement Development Grant, R150 Million to the Housing Disaster Relief Grant and R363,8 Million to the Department's entities.

In the adjustment estimate, a roll-over of R7,7 Million was allocated for the termination of contracts and severance payments due to the closure of Thubelisha Homes.

The Thubelisha Homes allocation was increased by R11 million for closure costs and R3,5 Million for NURCHA as compensation for the late payment of contractors by the Gauteng Department of Housing. A virement from Programme 2 of R5 Million and R8 Million from Programme 5 was made to the Housing Development Agency to offset the costs associated with taking over the projects previously managed by Thubelisha Homes. In addition, a virement of R10 Million from the Social Housing Regulatory Authority (SHRA) was made to Programme 5 for the cost of the establishment of SHRA.

The programme spent a total of R12,9 Billion. The variance of R47,3 Million can be attributed to the R34,9 Million that was not transferred to the Social Housing Regulatory Authority, as a result of late approval by National Treasury for opening a bank account, a reduction in the number of planned provincial visits by officials and the non-appointment of Office of Disclosure members.

Programme 5: Strategy Intergovernmental Relations and Governance

The programme was initially allocated R182,2 Million for the 2009/10 financial year and was adjusted in the adjustment estimate by a roll-over of R3,3 Million allocated for higher salary increases than those provided for in the main budget, as well as virements to Programme 2 of R14 Million for the occupancy audit and to Programme 4 for the Department's institutions. A virement of R10 Million from Programme 4 for the establishment costs of SHRA was approved. A further virement of R8 Million was made to Programme 4 for the Housing Development Agency.

The programme spent R126,6 Million. The variance of R40 Million can be attributed to the cost-saving measures that resulted in a reduction in foreign visits and the curtailment of media campaigns. Funds provided for the costs associated with the establishment of the Social Housing Regulatory Authority remain unspent as work is still in progress.

2.7.3   Transfer payments

Table: Transfer to public entities

Name of institution	Amount transferred	Estimated expenditure
NHFC	-	1
Social Housing Regulator	-	34,991
Social Housing Foundation	262,960	262,967
Thubelisha Homes	23,503	24,966
Housing Development Agency	62,650	62,650
NURCHA	3,500	3,500
Total	**389,075**	**354,076**

NB: full details of the services, as well as the narrative of the performance of the institutions, are outlined in part 4 of this report.

2.7.4 Conditional grants and earmarked funds

2.7.4.1 Integrated Housing and Human Settlement Development Grant

The Integrated Housing and Human Settlement Development Grant is administered under Programme 4.

The grant funds the following key elements of human settlements in terms of the housing policy:

- Internal municipal infrastructure such as roads, water and sewerage connections, street lighting and storm-water drainage is to a large extent financed from the grant until funds from the Municipal Infrastructure Grant become available for township development;
- Housing for qualifying beneficiaries is funded through the consolidation subsidy or existing housing subsidies escalated by inflation each year and new subsidies, such as the proposed social housing capital grant;
- Institutional subsidies, including grant funding for setting up housing support centres, community development associations for People's Housing Programme projects and the proposed establishment grant for social housing institutions; and
- Land acquisitions to accommodate well-located housing development in cases where provinces and municipalities do not have land available.

The purpose of the Integrated Housing and Human Settlement Development Grant is –

- to finance the implementation of national housing programmes to create quality living environments;
- to facilitate the establishment and maintenance of habitable, stable and sustainable human settlements in which all citizens will have access to selected socio-economic amenities;
- to eradicate informal settlements progressively on a phased basis, in accordance with the goals set out.

Table: Adjusted grant allocation for 2009/10 as at 31 March 2010

Province R'000	Vote initial allocation 2009/10	Adjustments appropriation and transfers					
		National Levels				Provincial Level	Total Available
		Additional Appropriation	NT Roll overs	Funds Withheld	Funds Rellocated	Appropriated	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Eastern Cape	1,313,378	-					1,313,378
Free State	962,759	-					962,759
Gauteng	3,187,086	-	12,893				3,199,979
KwaZulu Natal	2,180,448	-					2,180,448
Limpopo	996,667	-					996,667
Mpumalanga	795,447	-					795,447
Northern Cape	325,011	-					325,011
North West	1,100,056	-				65	1,100,120
Western Cape	1,581,425	-					1,581,425
Disaster Relief Fund	150,00	-					150,000
Total	**12,592,276**	**-**	**12,893**	**-**		**65**	**12,595,234**

The initial allocation to the Integrated Housing and Human Settlement Development Grant was R9,9 billion. Unspent funds amounting to R12,8 million were approved for roll-over by National Treasury in respect of Gauteng, whereas R95 000 was approved at the Provincial Treasury of North West. No other additional funds were allocated to the grant during the adjustment budget process.
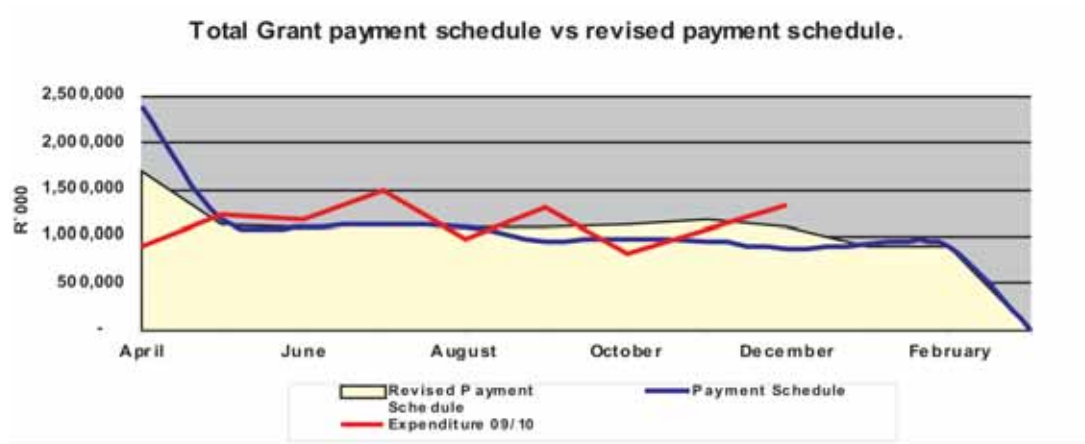
Business plans were approved by the accounting officer prior to effecting the transfers for the financial year under review, in terms of the approved payment schedule. Funds were transferred monthly to the primary banking accounts of provinces as published by the National Treasury in terms of Division of Revenue Act, 2009.

The graph depicted above shows that spending started far below the cash flow projections for the first quarter. It should be noted that the cash flows for this quarter were projected at a significantly higher level than average owing to the sector resolution to make a large portion of funding available in April to cover the accrued claims relating to the prior year, which could not be processed earlier because of the financial year-end procedures. The spending was, however, generally stabilised against the cash flow throughout the rest of the financial year, with the result that, as the provinces had an acceptable spending performance, the punitive measures relating to the withholding and stopping of funds as stipulated in the Division of Revenue Act were not enforced in the period under review.

The table and the figure below reflects the expenditure performance by province, indicating that most of the provinces, except for Mpumalanga and the Western Cape, managed to spend their entire allocation. The special provision for ring-fencing the funding earmarked for the priority projects had an impact on the inability by these provinces to re-allocate in a timely manner the earmarked funding to normal projects and resulted in the underexpenditure.

The performance of the grant was monitored constantly as required in the terms of the Division of Revenue Act, and provincial visits were made and hearings held periodically. Although an improvement in the timely submission of monthly reports was noted in the current year, there were still isolated cases where the monthly reports of the Eastern Cape, Gauteng, Mpumalanga and Northern Cape were received after the stipulated date. Nevertheless, this did not affect the National Department's compliance with submission of its reports to National Treasury, which was done throughout the year on or before the 20th of the month preceding the month reported.

Submission of the quarterly reports proved problematic, however, with the result that the National Department was unable to meet its deadlines for the submission of the reviewed reports to National Treasury. Moreover, most provinces except for the Eastern Cape and Western Cape did not meet the additional reporting requirement on the earmarked funding for priority projects whereas in most months only these two provinces met the requirement for reporting on transfers to the public entities.

The requirement for the provision of allocations per municipality and on a project basis seems to reflect the planning challenges facing the provinces, as most of the provinces were unable to submit such lists in time, and some business plans were only submitted after the due date.

Table 2.5 Expenditure as at 31 March 2009 on the Grant

Provinces	Adjusted allocation	Preliminary expenditure as at 31 March 2010			
		Spent by provinces	Variance spent vs. adjusted allocation	Spent as % of adjusted allocation	Unspent as % of adjusted allocation
	R'000	R'000	R'000	%	%
Eastern Cape	1,313,378	1,313,378	-	100%	0%
Free State	962,759	962,759	-	100%	0%
Gauteng	3,187,086	3,117,107	69,979	98%	2%
KwaZulu-Natal	2,180,448	2,103,424	77,024	96%	4%
Limpopo	996,667	996,667	-	100%	0%
Mpumalanga	795,447	760,277	35,170	96%	4%
Northern Cape	325,011	325,011	-	100%	0%
North West	1,100,055	1,099,918	137	100%	0%
Western Cape	1,581,425	1,497,437	83,988	95%	5%
Disaster Relief Fund	150,000	150,000	-	100%	0%
Total	**12,592,276**	**12,325,975**	**266,298**	**99%**	**1%**

2.8   Programme performance

2.8.1   Programme 1: Administration

Purpose

The purpose of the programme is to provide strategic leadership and administrative and management support services to the Department and promote and facilitate the flow of information between the Department and its stakeholders.

The programme comprises the following areas of responsibility: Office of the Minister as the Executive Authority, Office of the Director-General as the Accounting Officer; as well as the Branch: Corporate Services, which houses the following chief directorates: Human Resource Management, Legal Services, Information Technology Systems and also Corporate Support.

Measurable objective

Administration is a non-core, but an essential component in the Department of Human Settlements. It renders support services to other line functions.

The following are the strategic objectives of the programme for the MTEF period from 2009 to 2012:

- Executive Support Services provides executive support
- Chief Directorate: Internal Audit, Risk Management and Special Investigations coordinates the provision of Internal Control, Risk Management and Special Investigations services
- Corporate Support provides corporate support to the Department that will enhance a quality working life in terms of the acquisition of office accommodation, security services and record management services.
- Human Resource Management manages and administers human resources, provides organisational design and performance management, labour relations and human resources development.
- Information Technology and Systems provides information technology systems, services, infrastructure and business application support in the Department
- Legal Services provides legal services in the Department, including the drafting of legislation on human settlements.

Service delivery objectives and indicators

Recent outputs

The Sub-programme: Executive Support Services provides executive support to the Director-General. The sub-programme consists of the Parliamentary and Ministerial Liaison Unit, the Administration and Logistical Unit and the Housing and Secretarial Unit.

Through the Parliamentary and Ministerial Liaison Unit, the sub-programme's outputs for the year under review were as follows:

- Forty meetings were held between parliamentary committees, entities and the Department of Human Settlements; 99 parliamentary questions for both written reply and oral reply (National Assembly and National Council of Provinces) were addressed to the Minister of Human Settlements; four memoranda were submitted for tabling at the Treasury Committee meeting; two memoranda were tabled in Cabinet, namely the Sectional Titles Schemes Management Bill, 2009 and the Community Scheme Ombud Service Bill, 2009. Both Bills have been published for public comment.

The following papers were tabled in Parliament:

- Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Republic of Angola on Co-operation in the Field of Human Settlements, tabled in terms of section 231(2) of the Constitution, 1996.

- Memorandum of Understanding between the Government of the Republic of South Africa, the Government of the Republic of India and the Government of the Federative Republic of Brazil on Co-operation in the Field of Human Settlements Development, tabled in terms of section 231(3) of the Constitution, 1996.

- Explanatory Memorandum to the Memorandum of Understanding between the Government of the Republic of South Africa, the Government of the Republic of India and the Government of the Federative Republic of Brazil on Co-operation in the Field of Human Settlements, tabled in terms of section 231(3) of the Constitution, 1996.

- The Administrative and Logistical Support Unit provides executive support to the Director-General to enable him to perform his function of overseeing the government mandate of providing human settlements in a well coordinated manner.

- During the year under review, the Administrative and Logistical Support Unit continued its mandate to render Executive Support Services to the Director-General in providing leadership and guidance to the Branch Managers and the coordinated efficient flow of information, Parliamentary services, as well as overseeing the participation of the Department in FOSAD Clusters.

- During the period under review, the following notable achievements were made by the Directorate: Executive Support:

  - Performed quality control on all submissions presented to the Director-General and the Ministry;
  - Coordinated the flow of information and ensured that the Department adhered to the time frames for all submissions;
  - Coordinated the Cabinet memoranda comments from the Department to the Ministry;
  - Coordinated the Department's appearances at Parliamentary Committees that have an over sight responsibility for Human Settlements;
  - Coordinated responses to Parliamentary Questions;
  - Coordinated the Department's participation in FOSAD Clusters; and provided secretariat support to decision-making structures such as EMT and MINTOP.

The branch, through the Housing and Secretariat Support Unit, provides secretariat and administrative support to policy-making and decision-making structures, which include the following: Housing MinMEC; Technical Housing MinMEC; Inter-sectoral task teams; Strategic Management Committee [STRATMAN]; Risk Management Committee; Bid Adjudication Committee; Audit Committee; and the National Audit Committee.

The Housing and Secretariat Support Unit is also responsible for co-ordinating the activities of the policy-making and decision-making structures, and for the dissemination and monitoring of the implementation of the decisions of the various structures. The unit held the following in the year under review:

COMMITTEE	NUMBER OF MEETINGS SERVICED
Housing MinMEC	7
Technical Housing MinMEC	8
Minister and Housing Institutions	
Departmental Strategic Planning Session	3
Panel of Advisers	3
Inter-Sectoral Task Teams	35
Strategic Management Committee	5
Audit Committee and Risk Management	4+4=8
Treasury: 10 X 10 Technical Committee	
Workshops	2
Ad hoc meetings	8
Bid Adjudication Committee	23
TOTAL	102

The Housing and Secretariat Support Unit compiled the annual schedule of meetings, which also included the Parliamentary Programme, with a view to facilitating the task of programming and administering the activities of participants in various policy-making and decision-making structures. This schedule of meetings was updated regularly as and when there were changes. A database of decisions and of the membership of various Committees was developed and updated continuously.

In addition, the Branch achieved the following through the Internal Audit, Risk Management and Special Investigation Sub-programme, which comprises the Risk Management, Internal Audit and Special Investigation Units:

- Analysed and investigated cases received through the National Anti-Corruption Hotline (NACH), the Presidential Hotline, Minister's Office, Call Centre and from the general public

- Conducted anti-corruption awareness sessions and was involved in training councillors in preventing fraud and corruption in the Eastern Cape Province

- Monitored the external cases being investigated by the Special Investigating Unit (SIU) in terms of Presidential Proclamation R.7/2007, with the following outcomes of the investigations to date:

    - A total of 1 027 cases involving public servants were finalised with convictions and suspended sentences, and some with conditions on repaying the subsidy amounts.

    - A total of 2 393 acknowledgements of debt to the value of R30,5 million were signed by public servants who had defrauded the Housing Subsidy System. The Department has to date received a total amount of R7, 2 million from civil recoveries.

    - A total of 1 040 disciplinary files involving government officials were prepared during the period under review. These files have already been submitted to various national and provincial departments. A joint process with the Department of Public Service and Administration has commenced to coordinate the disciplinary action taken against civil servants who unlawfully benefited from low-income housing subsidies.

- An investigation has commenced into the municipal officials who unlawfully received low-income houses and yielded the following results:

    - A total number of 171 cases involving municipal officials were finalised with convictions and suspended sen tences and some with conditions on repaying the subsidy amounts

    - A total of 655 acknowledgements of debt to the value of R6,2 million were signed by municipal officials who had defrauded the housing-subsidy system.

- Continued to coordinate and monitor the progress made with cases under investigation by the SAPS.

- Coordinated a comprehensive National Audit/investigation on chronic problems encountered with the delivery of housing programmes commissioned by the Minister:

    - High-level technical analysis of all projects has been finalised.

    - Priority contracts were identified and selected for investigation with 20 contracts/projects in each province.

    - Work has commenced on two contracts/projects.

- The Chief Directorate has managed to perform the work according to the approved operational internal audit plan, which internal audit found that the Department had adequate systems of internal control, risk management and governance processes; however these systems were found to be ineffective at times. Action plans have been agreed on with management and will be put in place to address these systems' weaknesses.

- Coordinated four Audit Committee meetings for the year.

- A strategic risk assessment exercise was undertaken during November 2009 and January 2010, which incorporated IT, fraud and strategic risk assessment through which the Department identified, evaluated and allocated responsibility for managing and controlling the risks inherent to the Department.

- The composition of the Risk Management Committee has been reviewed in line with National Treasury Framework to include the branch heads as members of the committee. Furthermore an independent non-executive member has been appointed to chair the Risk Management Committee.

- The branch's risk champions were also appointed to work hand in hand with the risk owners during the implementation of the risk management process in the respective branches.

The Branch: Corporate Services has, during the period under review, achieved most of the planned activities set out in the Departmental operational plan. This achievement was made in spite of the shift from Housing to Human Settlements necessitating the allocation of additional support functions to other functionaries in the Department, to carry out the new mandate.

The Chief Directorate: Legal Services achieved the following:

- The Housing Development Agency Act, 2008 and the Social Housing Act, 2008 were promulgated.
- The Sectional Titles Schemes Management Bill and the Community Schemes Ombuds Service Bill were approved by Cabinet for public comment.
- A number of individual and organisational inputs into the two Bills were received.
- Four workshops were hosted in the provinces of Gauteng, KwaZulu-Natal, Western Cape and Eastern Cape to augment the process of soliciting comments.
- The commencement of the Social Housing Act and the Housing Development Agency Act were facilitated through the release of the relevant proclamations.
- The Chief Directorate continued to support the coordination of the Rental Housing Tribunal by providing legal support to the different Provincial Rental Housing Tribunals as well as providing strategic support to the Rental Housing Tribunal Forum.
- The Draft Rental Housing Regulations were finalised to support the effective and efficient administration of the Rental Housing Act.
- The Draft Social Housing Regulations were finalised to support the application of the Social Housing Act.

The Chief Directorate was actively involved in a number of court cases. These included Abahlali Basemjondolo Movement SA vs. Premier of KwaZulu-Natal and Others (including the Minister of Housing) where the constitutionality of the KwaZulu-Natal Slums Act was being challenged; Matotoba Nokotyane vs. Ekurhuleni Metropolitan Municipality where the residents of Harry Gwala informal settlements were claiming the

provision of basic services; <u>Residents of Joe Slovo Community</u> vs. the <u>City of Cape Town, Minister of Housing and the Western Cape Provincial Department of Housing and local Government</u> where the Department sought an eviction order to make way for the housing development within the N2 Gateway Project; and other cases which are still proceeding.

To build a sound legal environment in the Department, a host of legal opinions and advice were provided to the various functionaries of the Department. Legal instruments such as contracts, service-level agreements and international agreements were vetted and coordinated appropriately.

The Human Settlements Legal Forum was established, consisting of the Heads of Legal Services in the National Department of Human Settlements, provincial Departments of Human Settlements and Human Settlements Institutions. The primary objective of the Legal Forum is to create a platform for sharing and support on legal matters affecting the human settlements sector.

The Draft Legal Compliance Manual/Policy was finalised and the process of identifying a suitable software service provider to assist with the conducting of legal compliance was carried out.

During the 2009/10 financial year, the Chief Directorate: Human Resources Management was able to meet targets under extreme situations. The unit had to facilitate the process of transferring the sanitation function from the Department of Water Affairs to the Department of Human Settlements. This had not been planned for and warranted a realignment of the structure and the resources commensurate with it. The fact that this function has regional footprints placed a severe strain on the limited resources of the unit.

The Chief Directorate: Corporate Support conducted threat and risk assessments for all the Departmental and Ministerial events; security and protective measures were taken.

The Occupational Health and Safety Audit was conducted and matters raised have been earmarked for urgent attention in the coming year. The process of ensuring that the Departmental records are properly managed in terms of the National Archives Act is making good progress.

During the period under review, the unit managed to establish the forum with provincial counterparts to ensure uniformity in Records Management practices. A number of awareness and information sessions were successfully conducted concerning security, records management and disaster recovery, as well as emergency evacuations.

The Chief Directorate: Information Technology and Systems (GITO) has managed to achieve the following in the 2009/2010 financial year:

Successfully upgraded the data line between Govan Mbeki House and the State Information Technology Agency (SITA) from 1,984 kbps to 3,968 kbps. This was done in order to improve network connection speed and response between the Department's Cape Town Offices at 103 Plein Street, 120 Plein Street and the Metro Park Building.

President Jacob Zuma announced, during his state-of-the-nation address, that in addition to receiving letters and emails from the public, a hotline/call centre would be established in the Presidency.

Subsequent to that, the Department was expected to set up the hotline/call centre infrastructure and a Call Centre concept document was completed and the necessary infrastructure put in place.

The appointment of the new Cabinet by the president on May 2009 necessitated reorganising or reconfiguring the State departments, and resulted in the change of the Department's name from Housing to Human Settlements in July 2009.

These changes directly affected the naming convention of the Information Technology system. After obtaining approval to implement changes from the Director-General, all systems were adjusted accordingly.

The Chief Directorate: Human Resources Management exceeded its targets for the implementation of the conditions of service. Due to the transfer of the sanitation function, the workload and its regional footprint, the unit had to take on the additional tasks of SMS salary restructuring, leave management, payments, terminations, transfers and appointments. The appointment of staff members from the Department of Water Affairs had to be done manually because PERSAL did not transfer them programmatically.

Notable achievements of the Chief Directorate: Corporate support

- Corporate Support includes participation in a number of activities, which led to the successful closure of the Eastern Cape Intervention offices as well as the integration of Sanitation unit into the Human Settlements programme.
- Provision of security services in all its disciplines continued as planned. The implementation of the order number system for courier services has resulted in a successful cost-cutting exercise which also contributed to the effective and efficient delivery of assets/items.
- Furthermore, the Departmental file plan is at an advanced stage of completion.
- The user forum for sector records management has been established to create a platform for discussing challenges and successes related to records management in the Department of Human Settlements.

The service delivery achievements of the Chief Directorate: Information Technology and Systems (GITO) in clude the following:

- In the period under review, the following were developed: a draft Information Technology Asset Disposal Policy, a project plan for the document management system for the Office of the Director- General, a project plan for the automation of Information Technology Workflows and the Information Technology Security Action Plan.

- The training of users in the new version of GroupWise v.8 was completed after the successful upgrading from GroupWise v.7 to GroupWise v.8. Procurement to acquire Sun Storage Central Storage and Backup Central Solution through the State Information Technology Agency (SITA) was finalised and at this stage, the Department is waiting for the delivery, installation and related technical training to be conducted in the new financial year.

Service delivery achievements
Programme 1: Administration

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievements**
DG Executive Support Services DG Executive Support Services	Manage the interface with Parliament and Cabinet	Coordinate reports on Cabinet decisions	Disseminate the reports on Cabinet decisions	2 reports on Cabinet decisions were disseminated
		Coordinate responses to Parliamentary questions	Comprehensive responses to Parliamentary questions	99 parliamentary questions were responded to
		Coordinate meetings between the Department and Parliamentary Committees	Reports produced	40 meetings were coordinated
	Manage the provision of administration and logistical support to the DG	Administrative support	Coordinate work flow between offices of DDGs and DG	1 128 submissions were coordinated
		Logistical support	Number of travel and accommodation arrangements made	228 travel and accommodation arrangements were made
		Secretariat support to Mintop and EMT	Record the proceedings of Mintop and EMT	11 meetings of EMT and 12 meetings of MINTOP were serviced
		Coordination of FOSAD Clusters	Coordinated Cluster meetings and record of proceedings	63 FOSAD Cluster meetings were coordinated
	Provide secretariat and administrative support to policy development and decision-making structures	Record of proceedings	Record of proceedings	102 meetings were serviced
		Availability of meeting packs	Availability of meeting packs	Target achieved
		Dissemination of minutes 14 working days before meetings	Dissemination of minutes 14 working days before meetings	Minutes were disseminated 14 days after meetings
		Updated database of policy decisions	Updated database of policy decisions	Database of decisions was updated
		Updated database of members of policy and decision-making structures	Updated database of members of policy and decision-making structures	Database of members of policy and decision-making structures was updated
		Approved schedule of meetings	Approved schedule of meetings	Schedule of meetings was approved

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Internal Audit, Risk Management and Special Investigations	Review, update and facilitate implementation of Risk Management Policy and Strategy	Reviewed Risk Management Policy and Strategy.	Reviewed Risk Management Policy and Strategy	Risk Management Policy and strategy framework were reviewed and updated
		Updated risk profiles for 2009/10	Updated and approved risk profile for 2009/10	Risk profile for 2009/10 was updated
		3 risk management awareness campaigns	3 risk management awareness campaigns and one survey report	6 risk management awareness campaigns were conducted during the financial year under review
		Updated risk profiles for 2010/11	Updated and approved risk profile for 2010/11	The risk profile for 2010/11 was updated
		Operational risk assessment	1 fraud risk assessment report and 1 IT risk assessment report	Fraud risk assessment conducted on 28 January 2010 and IT risk assessment on 13 November 2009
		Facilitate the embedding of risk management in performance agreements/operational plans	1 report on facilitating the embedding of risk management in performance agreements/ operational plans	Not achieved. This was moved to quarter 1 of the following year subject to the finalisation of the comprehensive risk assessment exercise incorporating emerging risks after the change in the mandate
		Enterprise Risk Management (ERM) Software Solution	Acquire ERM software, train officials and implement software; capture the risks, control action plans on the system and monitor the risks captured on ERM software	Software was acquired. Officials were trained. The capturing and monitoring of the risks on the system have been delayed due to the non-availability of the server
		4 status reports on the management of risks	Status reports on the management of risks	Not achieved. Branches did not submit their inputs into the management of the risks identified, so that relevant corrective action could be taken on the matter

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Internal Audit, Risk Management and Special Investigations	Review, update and facilitate implementation of Risk Management Policy and Strategy	Agenda and the minutes of the meetings of the Risk Management Committee	4 Risk Management Committee meetings	3 Risk Management Committee meetings were held
		Coordination of reports to the Audit Committee	4 draft reports to the Audit Committee	Target achieved
		Coordination of reports to the Accounting Officer	4 draft reports to the Accounting Officer	Target achieved
	Develop and facilitate the implementation of the Departmental Anti-Corruption Policy and Strategy and ensure compliance therewith	Reviewed the Anti-Corruption Policy and Strategy	Consultation with stakeholders and presentation of the reviewed Fraud Prevention Policy and Plan to stakeholders	Fraud Prevention Policy and Plan were reviewed and stakeholders were consulted
		% of awareness campaigns	4 reports on the implementation of the fraud and corruption awareness programme; impact analysis of the fraud and corruption awareness programme and evaluation of policies	3 quarterly reports were submitted on the implementation of the fraud and corruption awareness programme. The target date for the impact and corruption awareness programme was revised to 2010/11
		Reviewed the Anti-Corruption Policy and Strategy	Consultation with stakeholders and presentation of the reviewed Fraud Prevention Policy and Plan to stakeholders	Fraud Prevention Policy and Plan were reviewed and stakeholders were consulted
		% of completed investigations	Update the case management system from NACH, direct reports and other sources	The case management system was updated with 100% of the cases received
			Analyse and allocate for investigation 100% of the cases	All cases received were analysed and allocated for investigation
			Develop capacity and systems for the analysis of trends and incidents, and report on the analysis of trends and incidents	Positions were advertised and the short-listing of the candidates is in progress

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievements**
Internal Audit, Risk Management and Special Investigations	Develop and facilitate the implementation of the Departmental Anti-Corruption Policy and Strategy and ensure compliance therewith		12 monthly and four quarterly reports on the coordination and monitoring of external cases and proclamation	11 monthly and 3 quarterly reports were compiled on coordination and monitoring of external cases and proclamation
	Provide effective and efficient consulting and assurance services	Approved internal audit plans –Three-Year Rolling Strategic and one operational internal audit reports on review of system of internal controls	Review, update and obtain approval for the internal audit plans	Strategic and operational internal audit plan was developed and approved by the Audit Committee
		Internal audit reports on review of system of internal controls	Internal audit reports as per the approved operational plan	90% of the operational plans were approved
		Convene and compile the agendas and minutes of the meetings of the Audit Committee	2 special and 4 quarterly Audit Committee meetings	4 meetings of the Audit Committee were facilitated and coordinated
		Report on effectiveness of the Audit Committee	1 report on the effectiveness of the Audit Committee and 1 Draft Annual Audit Committee Report	Target achieved and report submitted as per target
			4 quarterly reports presented to the Audit Committee	2 quarterly reports were presented to the Audit Committee
		Quarterly reports on audits of performance information and development and approval of the programme for the audits of performance information	Building capacity for audits of performance information and implementation of the programme	Staff members were appointed for the programme. Audit of performance information was completed and report issued as per the developed programme
			3 quarterly reports on the assessment of performance for quarters 1 to 3	3 quarterly reports were issued

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Internal Audit, Risk Management and Special Investigations	Provide effective and efficient consulting and assurance services	Conduct intergovernmental audits	One report on intergovernmental audits	Provincial letters were issued to provinces requesting internal audit reports and risk management reports to determine management's commitment to addressing audit queries and also the risk management process
Legal Services	Human Settlements: legislative development, monitoring and research	Percentage of approved legislative frameworks	100% of the legislative frameworks ap-proved	All relevant legislative frameworks were sub-mitted and approved as per target
		Percentage of monitored implementation of legislative frameworks	100% of the monitored implementation of legislative frameworks	All relevant legislative frameworks were monitored for implementation as per target
	Management of Litigation and Legal Advisory Services	Percentage of completed legal documents	100% completed legal documents	100% of legal documents were com-pleted
		Percentage of compliance with litigation rules and procedures	100% of managed matters	100% of litigation mat-ters were managed
		Legal compliance audit	Performance of legal compliance audits	Finalised the draft Legal Compliance Manual/Policy

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Human Resources Management	Manage and coordinate Human Resources Development	Annual Training Report	Develop and implement the Workplace Skills Plan	Completed
		12 reports on the Training and Skills Development Committee's activities	4 reports on the Training and Skills Development Committee's activities	The Training and Skills Development Committee held 6 meetings to discuss matters related to skills
	Manage and coordinate an organisational design process and Individual performance assessment processes	Approved the aligned structure	Realigned structure in line with strategy	Sanitation structure used and approved by the DPSA
		Approved the Individual Performance Assessment Report	Individual Performance Assessments	100% of all submitted reports were finalised. 3 late submissions remain outstanding
	Ensure effective Human Resources administration processes	Effectively managed recruitment and selection processes	Fill funded vacant posts to ensure 80% capacity	Capacity of 74% has been achieved
		100% compliance with conditions of service	100% compliance with conditions of service as determined by the regulatory frameworks	Achieved 100% compliance
		Approved policies and guidelines	Develop, review and monitor the implementation of HR policies and guidelines	5 policies were reviewed, approved and implemented and 5 policies were reviewed
	Promote labour relations in the Department	12 reports on Bargaining Chamber activities	4 reports on Bargaining Chamber activities	4 meetings were held
		Managed labour cases/ activities	Ensure the effective facilitation of LR cases/ activities	100% achievement

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievements**
Corporate Support	Manage the development and implementation of protective security functions	Compliance with all security standards	Compliance with physical and personnel security measures	Achieved 100% compliance
	Facilitate the provision of properties and facilities	The acquisition of office space and reasonable accommodation in line with Occupational Health and Safety regulations	Maintain SLA and standards at 100%	Achieved 100% of target
	Manage the Departmental records	Number of reports on compliance with National Archives' requirements	Number of reports on compliance with the National Archives' requirements (75% compliance)	Achieved 75% compliance with the National Archives' requirements
Information Technology Services	Manage access to information technology networks	Implemented, tested and maintained DRP	Implement a Centralised Storage and Backup Solution	Centralised Storage and Backup Solution was evaluated, approved and the acquisition process has now been completed. Testing was still outstanding and delivery and installation from SITA and supplier are being awaited
	Provision of IT solutions to enhance productivity and business processes	Implemented Business Process Automation	Documentation Management System for the DG's Office and Automated IT workflows	Project Plan was developed for the DG's Office Documentation Management System System Analysis and Design Report was developed for Automated IT workflows; the system was implemented and tested but requires more testing: system not yet operational due to incomplete work by the service provider
		Developed, revised and approved IT policies	Develop and approve IT Capacity and Performance Management Policy and IT Configuration Policy	Draft IT Governance Framework, IT Performance Policy were developed with SITA
		Developed and approved SITA Business Agreement	Approved SITA Business Agreement	SITA Business Agreement was drafted and waiting for the draft to be finalised by Office of SITA's Acting CEO

Reasons for major variances

In terms of Human Resources Management, the 80% capacity requirement for filling posts could not be achieved. As only 74% of this requirement was achieved, there has been a shortfall of 6% caused by the transfer of the sanitation function. More than 50% of the posts transferred are vacant. However, recruitment has commenced and is at various levels of progress. The office space challenge has had negative implications for filling the vacant posts in the Department.

In terms of IT & Systems, the reasons for variances are as follows:

Implementation and test report for the Centralised Storage and Backup Solution

The proposal received by the Department from the State Information Technology Agency (SITA) was presented to the Information Technology Committee (ITC) and approved on 10 February 2010. A purchase order from Supply Chain Management was received and faxed to the State Information Technology Agency (SITA) on 5 March 2010 so that the agency could initiate its procurement process.

No delivery has taken place to date. As this may take some time, there is no report as yet on any implementation and testing done.

Document Management System for the Office of the Director-General

The concept document was completed. The task has been taken over by Chief Director: Management Information Services.

Automated information technology workflows

Several processes were tested and the errors identified were reported to the company appointed to develop the system. The company made some attempts to resolve all the outstanding issues. The functionality and user-friendliness of the system or automated forms were identified as a major problem with getting the system operational and functional. The company had committed itself to resolving all the identified problems at no additional cost, but the appointed company ran into financial problems before work could be completed. The company is apparently no longer in business and has either been dissolved or liquidated.

The project is therefore no longer worth pursuing unless all the outstanding and identified problems can be resolved without any additional expenditure for the Department. The other major challenge is that, even if the project were continued, the Department would have to engage another alternative company to provide maintenance and support at additional costs.

Develop, revised and approved Information Technology Policies

The State Information Technology Agency (SITA) was once again appointed by the Department to develop Information Technology Capacity, Performance and Configuration Management Policies for the Department. Draft policy documents were received by the Department after the agreed completion date and after 31 March 2010.

As a result, the Department did not have sufficient time to confirm or review the draft policy documents in order to give feedback, and also to ensure that the submitted draft policy documents satisfied the agreed deliverables. There was also a major concern about the quality of the work and the Deputy Director: Information Technology Security and Risk Management will engage the SITA Project Manager on the quality of the work produced before any sign-off or payment is made.

Approved SITA Business Agreement

After struggling to get the correct version of the final draft business agreement from SITA and within the Department, the entire process had to be started again from the beginning.

This included going through the normal Legal Services consultation from the perspective of both the Department and SITA. The legal consultation with all relevant parties was completed and the final draft business agreement went through the internal Departmental process for approval by the Acting Director-General. This was successfully obtained and only the signature of the Acting Chief Executive Officer of SITA remained outstanding for the matter to be finalised.

However, it later emerged that SITA had some reservations and/or concerns about the final draft business agreement. Once again the relevant parties at SITA, including the Account Manager, were informed of the urgency of this matter but to date, the business agreement has not yet been finalised. A suggestion has already been made to the Acting Director-General that the Acting Chief Executive Officer and/or Executive Management should be engaged with regard to their non-performance and inability to meet the target dates.

2.8.2   Programme 2: Housing Policy, Research and Monitoring

Purpose

Develop and promote policies for human settlement and housing, supported by a responsive research agenda. Monitor and assess the implementation, performance and impact of national housing policies and programmes.

Measurable objective

Compiling an enabling policy for adequate housing for all South Africans in sustainable human settlements; improving the housing policy and programmes based on the analysis of accurate, strategic and statistically sound information and data, monitored through operational and other systems.

Service delivery objectives and indicators

Recent outputs

During the year under review, the branch continued to pursue the development of policy and strategies as provided in the Comprehensive Plan for the Development of Sustainable Human Settlements. In line with its new mandate, it strengthened the focus on policy assistance to a variety of stakeholders through the Directorate: Policy Development Assistance.

The National Housing Code, 2009, was published in February 2010 and disseminated to all provinces, municipalities and stakeholders. Included in the new National Housing Code, 2009, is the new housing assistance programme for farm residents. A number of ad hoc tasks consumed substantial capacity and were also completed.

In some instances, policy development processes were delayed because further consultations were required and inter-governmental co-operation posed particular challenges to finalising the policy instruments. In addition, the turmoil in the financial markets during 2009 had a negative impact on the policy development processes that targeted the mortgage finance housing sector.

The branch developed a conceptual document on the implication of the Department's name change from Housing to Human Settlements.

The Chief Directorate: Research influenced the review of policy regarding the own contribution of R2 479 by beneficiaries, highlighted the successes and failures of the programme initiated to bring youth into housing delivery through training and indicated what still needed to be changed to improve the effectiveness of the programme. Other research papers and research support were provided to different units in the Department as well as in the Ministry. Different proposals from innovators of alternative home-building technologies created the need to investigate the extent to which alternative building technologies could provide a solution to the housing programme. An Indaba on alternative building technologies is currently being arranged to provide answers to the question raised.

Through the Chief Directorate: Monitoring and Evaluation, the branch completed the Beneficiary Occupancy Audit that had been initiated during the year in seven of the nine provinces. The objective of the audit was to determine and confirm the occupancy of housing units by the legal beneficiaries, determine the beneficiary profile of occupants and to collect detailed property information. The findings will be discussed at workshops with the provincial human settlements departments with a view to putting mechanisms in place to regularise the actual situation on the ground. The Terms of Reference for conducting a similar audit in the remaining two provinces, namely the Eastern Cape and Northern Cape, was approved and a service provider will be appointed. The branch undertook three Impact Evaluation Studies to determine the impact of various housing programmes on the lives of beneficiaries. The targeted programmes are the Rural Housing Programme, the Social and Rental Housing Programme and the Upgrading of Informal Settlements. The Upgrading of Informal Settlements is undertaken in collaboration with the World Bank and other government departments. In addition, the branch proceeded with the project-level monitoring process to verify and confirm delivery as reported by the provincial Human Settlements Departments, to identify problem areas in the implementation of human settlement projects, to identify best practices and also to verify value for money and the quality of the products delivered.

The branch initiated a process to develop a Human Settlement Index for South Africa in collaboration with UN Habitat. To this end, a workshop was held with all relevant stakeholders and role players to determine what the Human Settlements Index should entail, what information was available and to plan the way forward.

The National Housing Code

The new National Housing Code, which has aligned housing policy and programmes with the Comprehensive Plan for the Development of Sustainable Human Settlements ("Breaking New Ground"), was approved by MinMEC and the Minister in February 2009. It was published in February 2010 and disseminated to all provinces, municipalities and stakeholders. The code is now far more flexible to cater for project-specific challenges and development conditions. The code is also available in electronic format and has been published on the Departmental website for easy access. The new code has been developed on the basis of the four key interventions envisaged in the Comprehensive Plan. This aids the use of the document, as the various sections are grouped together.

Farm Residents Housing Assistance Programme

The Farm Residents Housing Assistance Programme was approved by MinMEC and incorporated into the new National Housing Code, 2009. The programme provides for housing assistance to eligible farm residents who will hold rental or freehold tenure. It also includes assistance to the beneficiaries of the Department of Land Affair's Labour Tenants Programme.

During the period under review, the Department developed a set of pro forma contracts to assist the provinces and municipalities with the implementation of the programme.

Housing programme for persons with special housing needs

The policy framework for this programme was completed but still has to be deliberated with the Department of Social Development, because the placement of children with caregivers and the appointment of care-givers fall within the ambit of that department. The programme is mainly focused on children who have lost both their guardians through death and/or who are currently destitute. The draft proposals are based on the community care concept, in contrast to institutionalised care. The programme therefore proposes the addition of rooms to existing dwellings to afford caregivers the opportunity to provide humane living conditions for the destitute children.

Policy on the Inclusionary Housing Programme

The Draft Framework for the Inclusionary Housing Policy was reviewed during the financial year, especially in view of the changes in the market and the impact that the envisaged programme might have on the already fragile middle- to higher-income segments of the housing market. A further national consultation initiative was embarked upon in September 2009 and stakeholders were once again given an opportunity to table comments, objections and views. The findings of this consultation process and suggestions about alternative options will be presented to the Minister for guidance during 2010.

Finance-linked Individual Subsidy Programme (FLISP)

The programme was revisited during 2009 with a view to refining it to promote its implementation. Comprehensive changes to the programme were formulated and tabled for consideration. However, the draft proposals for the revised programme were rejected owing to their substantial financial implications.

The NHFC was then requested to investigate the implementation of the existing programme in collaboration with the Banking Association of South Africa (BASA). The report by the NHFC will be deliberated on by the Department's Financial Sector Task Team early in the new financial year.

Adjustment of the Individual Housing Subsidy Programme

This programme was enhanced by aligning the quantum of the grant available under the programme with the actual current delivery cost of a house of 40 square metres on a serviced stand. The new subsidy amount is R84 000,00. The amount comprises R6 000,00 for the raw land cost, R22 162 for internal municipal engineering services and R55 706 for the cost of constructing the top structure.

The revised subsidy amount will improve beneficiary access to mortgage finance; in addition, private-sector developers wishing to develop low-cost houses on their land may also apply to reserve individual subsidy funding for their low-income clients.

Policy formulation and policy interpretation models

Models to assist the provinces and municipalities with formulating their own human settlement policies and also to assist them with policy interpretation were disseminated to them through regional workshops.

Promoting the National Housing Code

Regional workshops on the code were held with all provinces and their respective municipalities, and workshops were also held with other stakeholders.

Policy advice and assistance to stakeholders

Policy advice, assistance and interpretation are continuously being offered to various stakeholders through various mechanisms, including workshops, seminars and presentations. Stakeholders engaged in the past financial year include the various provinces and municipalities, housing institutions and the South African Local Government Association (SALGA),

Research on documenting the successes and challenges of the National Youth Housing Programme

The research documenting the challenges encountered in the National Youth Housing Programme and the lessons learned, was completed. A presentation on the study was made to the role players in the Youth in Housing Programme.

A study on factors contributing to unrest in the service delivery value chain

A literature review was conducted and a focused discussion held on 6 August 2009 with experts in community participation as one area of focus. A report was produced about the focused discussion.

Conceptual document for the Human Settlement Development Index (HSDI)

A research paper on the development of HSDI was drafted, highlighting the background and objectives of the HSDI. It also highlights the process that will be followed in the development of the index.

Research on obstacles in the Issuing of title deeds to beneficiaries of government subsidies

The research focused on the process followed by different provinces in the issuing of title deeds, the challenges encountered and the proposed ways of improving the issuing of title deeds to government-subsidy beneficiaries.

Research Report on the Indigent Policies of Municipalities and their Impact on Housing Beneficiaries

A research report has been completed on the impact of municipal indigent policies with reference to services and rates collection. The research focused on different government interventions to the indigent and poor in the selected municipalities.

Analysis of the occupancy audit

An analysis of the policy implications of the occupancy audit was completed. The report highlighted four main findings of the audit, while also reflecting the research design and policy implications of the findings.

Economic and housing market trend analysis

Four analysis reports were completed on the trends in the broader macroeconomic and microeconomic environment, the building industry and property market performance. These reports analyse the environment in which the delivery of housing takes place and advise management of their potential impact on housing delivery.

Research project on the economic impact of housing programmes

A research project has been initiated on the economic impact of housing programmes. The Terms of reference have been approved and the service provider has been appointed to conduct the research.

Discussion forums

National Research Task Team

Two National Research Task Team meetings took place to share the findings of the research studies conducted and their policy implications. The discussion forums allow all spheres of government and the housing fraternity to share their research output. Two other discussion forums were held to discuss specific topical issues.

Alternative building technologies

The Department reviewed and responded to product proposals from different companies offering alternative building technologies for the advancement of housing delivery. This included a series of presentations these companies made to the Department.

The request from companies to provide solutions to housing challenges prompted the idea of hosting a two-day event where innovators could showcase their technologies to the implementers of housing programmes and other relevant stakeholders. Preparations have commenced for the two-day event, called the National Indaba on Alternative Building Technologies. Preparations included the following:

- Concept document and meetings for logistical arrangements.
- The registration of inventors took place and queries about the indaba were continuously attended to.
- The proposed draft programme for the colloquium/indaba was compiled.

Research support

- Provision of support to the Military Veterans Housing Programme: an intervention was made in the professionalisation of the Military Veterans Assistance Programme. This was aimed at providing the training and accreditation of the beneficiaries as competent artisans in the housing-delivery value chain.
- A report was drafted on the sustainability of the housing programmes.
- Information was collected about Duncan Village and a report drafted for the Minister's visit to the area.
- Statistics on building inflation were collected and submitted to top management.
- A response was written as part of the Department's response to queries from the Engineering News.
- A questionnaire was developed to update the information or knowledge about the extent to which the provinces use alternative building technologies and systems. This was done to aid the conceptual process of the Alternative Technology Indaba.
- The update of the analysis of the environment in which housing delivery takes place was completed for the Directorate: Strategic Management.
- Input was provided into the Minister's speech.
- Responded to ABSA's letter requesting advice and guidance from the Acting Director-General on that bank'sintentions to host its innovation competition at the gala dinner for the Minister's budget speech.
- Support was provided to the NHBRC on preparing for the International Conference on warranty. Two meetings were held and support was provided for the development of the concept document and theme for the international conference.

Monitoring and Evaluation and Impact Assessment (MEIA) Policy and Implementation Framework for the housing sector

The Monitoring, Evaluation and Impact Assessment (MEIA) Policy and Implementation Framework for Human Settlements were revised for publication purposes, taking into account the emphasis on sustainable human settlements.

MEIA Information System

The MEIA Information System was updated by including the provincial targets and performance information for the 2009/10 financial year and the analysis reports produced.

Beneficiary Occupancy Audit

The Beneficiary Occupancy Audit was completed in seven of the nine provinces and the final reports were received. The Terms of Reference for the remaining two provinces were approved and advertised, and the successful service provider(s) will be appointed soon.

Beneficiary Occupancy Audit: Seraleng Housing Project, Rustenburg

An occupancy audit was conducted specifically in the Seraleng Housing Project in Rustenburg to determine to what extent the completed houses are occupied by unauthorised beneficiaries.

The aim of the audit was to assess the profile of occupiers and to make recommendations on how to regularise the situation on the ground. The final report has been received and the findings will be discussed with the relevant provincial and local governments to regularise the situation on the ground.

Verification of Demand Database: N2 Gateway Project

A verification and validation exercise of the Demand Database of potential beneficiaries in the informal settlements surrounding the N2 Gateway Project was completed and the final report submitted to the Western Cape Provincial Government for the implementation of mechanisms to address the needs on the ground urgently.

Impact Assessment Studies

Impact Assessment Studies were conducted on the Rural Housing Programme, the Social and Rental Housing Programme and the Upgrading of Informal Settlements Programme. The last-mentioned was undertaken in collaboration with the World Bank and with the active participation of the Department of Health. The final reports on these studies are expected at the beginning of the 2010/11 financial year.

Monitoring reports

Monitoring reports were compiled and submitted on the following:

(a)   The performance of provincial housing departments for the first three quarters of the 2009/10 financial year in terms of their Provincial Business Plans
(b)   Quarterly project-level monitoring conducted in all provinces
(c)   Upgrading of the Madelakufa Informal Settlement
(d)   Oversight visits of the Parliamentary Ad Hoc Committee on Service Delivery in the provinces of Free State, Gauteng and North West

Provincial Business Plans: Quarterly Reviews

Participated in the process of evaluating and reviewing the performance of provincial housing departments in terms of their Provincial Business Plans over the first three quarters of the 2009/10 financial year.

Service delivery achievements
Programme 2: Housing Policy, Research and Monitoring

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievements**
Policy Development	National Housing Code	Published the New Housing Code	Publication of the New Housing Code	Revised Code was published in February 2010
	Housing programme for persons with special housing needs	Approved housing programme for persons with special housing needs	Approved policy	Draft policy completed for comment and consultation
	Policy for housing assistance for farm residents	Approved policy on farm residents' housing assistance	Approved policy and guidelines	Policy and guidelines were approved
Research	Revised Policy on Individual Housing Subsidies	Approved policy adjustment	Approved adjusted policy	Policy adjustment was approved
	Key housing stakeholders have an understanding of the National Housing Policy and Strategy and are equipped to develop regional housing policy	Workshops conducted	Familiarise key stakeholders with the National Housing Code and regional policy model through at least five workshops on structured policy	Workshops were conducted with all provinces and their respective municipalities
	Initiate and undertake research on identified pertinent issues regarding housing and human settlement	Number of research reports that contribute to the body of knowledge supporting the development and implementation of housing and human settlement policies	Number of research reports	8 study and/or research reports were produced
	Manage research and provide research support	Number of reports completed as requested	100% of research requests completed	100% target was achieved
	Manage research to determine trends in the broader macroeconomic environment and determine their impact	Provide constant reports on the analysis of key macroeconomic variables and their impact	Quarterly Reports or when required	4 quarterly reports were submitted

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Monitoring and Evaluation	MEIA Policy and Implementation Framework for the Housing Sector	Approved revised MEIA Policy and Implementation Framework for the Housing Sector	Approved revised MEIA Policy and Implementation Framework for the Housing Sector	Policy approved as per target
	Monitoring Reports	Monitoring Reports on the implementation and progress of human settlement policies, programmes and projects	Quarterly Monitoring Reports	4 reports were produced
	Occupancy Audits	Number of beneficiary occupancies audited	Number of occupancy audit reports	3 Occupancy Audit Reports were produced
Monitoring and Evaluation	Impact Evaluation Studies	Number of impact assessment reports produced	Draft reports on findings	3 reports were produced on the impact assessment studies conducted as well as on UIS Programme in collaboration with World Bank; data collection in progress
	MEIA System	Functional System	Updated performance information for three of the quarters of the 2009/10 financial year	System updated with performance information for the first three quarters of the 2009/10 financial year
	Human Settlement Index	Draft indicators for a Human Settlement Index for SA	Workshop with relevant stakeholders	Workshop was conducted with all relevant stakeholders

Reasons for major variances

None.

2.8.3 Programme 3: Housing Planning and Delivery Support

Purpose

To support implementation and delivery, build capacity, and liaise and communicate with stakeholders for effective housing and human settlement programmes. To coordinate and monitor the implementation of priority projects and the sanitation programme.

Measurable objective

Provide effective implementation and delivery support for sustainable human settlement development through capacity building, stakeholder liaison and information management and dissemination, as well as promote universal access to sanitation services by managing and administering the sanitation programme.

Service delivery objectives and indicators

Recent outputs

Chief Directorate: Capacity Development

Capacity development has continued to be a comprehensive process of enhancing the ability of individuals and organisations to perform their responsibilities effectively and to realise their potential. The Chief Directorate has put in place a training and capacity development strategy aimed at fostering a spirit of professional development, receptiveness to innovations and new approaches, and knowledge acquisition among officials in all three spheres of government, as well as among politicians and beneficiaries.

This strategy is based on the understanding that effective administration and the implementation of human settlements policies require a combination of technical, policy-making, administrative and managerial skills, which need to be systematically developed. The strategy is implemented through the Wits University, the Sustainability Institute linked to Stellenbosch University, Policy Orientation Programmes, Councillor Training Programmes as well as beneficiary empowerment programmes.

To ensure that human settlement practitioners protect and promote the public interest in the discharge of their duties and that they adhere to a code of conduct which will regulate members' conduct and create new ethics and responsibility in an attempt to stamp out rampant corruption, the Chief Directorate has formulated a draft strategy, a draft business plan and a draft Bill to facilitate the process leading to the development of a professional body. The necessary consultative processes with stakeholders to bring about ownership, credibility and integrity in this process have also been launched. As part of the professionalisation process, the scholarship programme continues to address the challenges of capacity gaps while creating a cadre of skilled practitioners who will form the core of the profession.Skills transfer and mentorship programmes to officials and communities through the Cuban/SA bilateral programme continued to gain momentum during the year, even though the contracts of most Cubans came to an end toward the end of this financial year. It was during the last year of the three-year contract in particular that the real benefits of this programme have been realised.

The programme of the Chief Directorate is carried out through the Training and Skills Development, the Sector Professional Development Support as well as the Institutional Capabilities Development Support Directorate. the successful performance of its work takes place through partnerships and collaboration with the provincial

departments of human settlements, municipalities, higher education institutions, housing institutions, community-based organisations, banks and other stakeholders.

Implementation of the Sustainable Communities Support Programme

The first two phases of the programme have been concluded and the milestones for each phase were reached. During the first phase, partnerships and networks were formed across all provinces with the active participation and commitment of municipal and provincial officials and housing institutions. Two executive training programmes on sustainable development were conducted under the auspices of the University of Stellenbosch. The first programme was held from 19 to 24 October 2009 and the second from 23 to 27 November 2009. The first programme was attended by 29 officials and the second by 34 officials.

Implementation of the Housing Policy Development Course with WITS

A total of 83 officials from the three spheres of government attended the Housing Policy Development and Management Programme held at the University of the Witwatersrand (WITS) during the year under review.

Implement the Induction Programme

In collaboration with other Chief Directorates and housing institutions, the Training and Skills Development Directorate coordinated and facilitated the following sessions:

- Two induction workshops were held for the new members of the Human Settlements Portfolio Commit tee on housing policy and legislation during the second and third quarters of the year under review.
- One policy orientation session was conducted for newly appointed Departmental officials. The programme has now been handed over to the Human Resources Development Unit to avoid duplica tion and overlaps in implementation.
- Five policy training workshops were held for councillors in the Eastern Cape, covering the OR Tambo District Municipality, Cacadu and the Chris Hani District Municipality. In total, 382 councillors were reached.

Provide support to provincial housing departments to implement Beneficiary Empowerment Training Programmes

In partnership with the Limpopo Department of Human Settlements, the directorate has conducted housing consumer education awareness sessions in the following three municipalities:

- Musina Local Municipality, Maruleng Local Municipality and Tzaneen Local Municipality.
- The directorate in collaboration with the Limpopo Housing Department (Housing Consumer Education Unit), the Mopani District Municipality and the Greater Giyani Municipality conducted a two-day training session at Muyexe for 90 beneficiaries during World Food Security Day at Muyexe in Giyani (Limpopo) as part of the Presidential Project.
- The directorate supported the housing consumer education awareness sessions at Howick in KwaZu lu-Natal (KZN) in partnership with the KZN Department of Human Settlements.

The Housing Consumer Education Training Manual has been revised to include new housing programmes in accordance with the revised housing code. The directorate, in collaboration with the Directorate: Public Information and Marketing, placed two advertisements in the Commuter SA publication. The aim of the advertisement was to create awareness among the general public about human settlement programmes.

Training programme on the Home Loan Mortgage and Disclosure Act (HLAMDA)

The directorate, in collaboration with the Office of Disclosure, implemented a Train-the-Trainer Training Programme on the HLAMDA. The programme was conducted in two phases, namely Generic and HLAMDA-specific training. In total, 103 officials were trained in the Generic training phase, and 96 officials were trained in the HLAMDA-specific training phase. In total, 87 officials were assessed and found competent. All competent officials received certificates of competence. The implementation of the programme commenced in March 2008 and ended in November 2009.

Facilitate the generation, review and registration of housing qualifications

The following qualifications have been generated and registered on the National Qualifications Framework: National Certificate: Housing Development, Level 5: ID – 66089; FETC: Housing, Level 4: ID – 65989; GETC: Housing, Level 1: ID – 65969.

The South African Qualifications Authority approved the application to change the newly registered Housing Qualifications to Human Settlements Qualifications, owing to the change in the name of the Department.

A service provider has finally been appointed to assist with the professionalisation of Human Settlements Practitioners and this is helping the movement of the process.

Scholarship Implementation Programme

Marketing the Human Settlements Scholarship for the 2010 intake.

The Scholarship Implementation Programme was marketed at the following events: Johannesburg Easter Festival; Pretoria Show; Oudtshoorn Career Expo; Mpumalanga Career Expo; and the Sandton Career Exhibition.

Cell C also invited the programme's officials to take part in the 2009 "Cell C Career Expo". The aim of the expo was to reach more rural learners in Grades 9 to 12. The following provinces were visited: North West, KwaZulu-Natal, Eastern Cape, Free State, Northern Cape, Limpopo and Mpumalanga.

Advertisement for the 2010 intake

In partnership with the Chief Directorate: Communication Services and GCIS the 2010 scholarship advertisement was placed in the following newspapers: Sowetan, the Daily Sun and Die Burger.

Advertisements were also placed with the following radio stations: Umhlobo Wenene; Ukhozi; Thobela; Lesedi; Motsweding; Ligwalagwala; Phalaphala; Munghana Lonene and IKwekwezi. The advertisement was aimed at attracting applications from diverse groups of young South Africans.

Participation of the scholarship beneficiaries in Departmental activities

Participation at the Eshowe Youth Build: four scholarship beneficiaries participated in the Eshowe Youth Build.

An induction programme for the 2010 students was held from 29 to 31 January 2010. The Induction is an instrument to introduce the new scholarship beneficiaries to Human Settlements as a department, to motivate, empower and equip them with life skills.

Facilitation of registrations for beneficiaries

A total of 108 young South Africans have been recruited as beneficiaries of the Human Settlements Scholarship for the 2010 academic year, and there are in total 190 beneficiaries. Registration, accommodation and the payment of fees were facilitated for all beneficiaries.

Scholarship student placement

Four scholarship beneficiaries completed their studies at the end of 2009, and two of them have been successfully placed in the provinces of KwaZulu-Natal and the Northern Cape.

Visits to higher education institutions

Regular visits are conducted to higher education institutions. The aim of the visits is to strengthen relationships, monitor student performance and support the students. Student invoices are also processed for timely payment.

South African Cuban Technical Support Programme

The recruitment of Cuban technical advisers (CTAs) for Phase III of the South African/Cuban Technical Support Programme (SACTP) by three provinces, namely Limpopo, Free State, and Mpumalanga, was facilitated. A total of 14 Cuban technical advisers were recruited by the three provinces.

The arrival in South Africa of the 14 Cuban technical advisers for Phase III and their induction were facilitated. The implementation of the South African/Cuban Technical Support Programme by the Western Cape was monitored. The Western Cape Province is still in Phase II of the programme.

Knowledge management

A needs analysis of knowledge management, targeting provincial human settlement departments and municipalities, was conducted and a report on the findings compiled. Consultation on the need for the development of a knowledge management framework, to inform the implementation of knowledge management interventions in the sector, took place at the workshop of the Capacity Development Task Team.

Provincial Business Plan

A guide on business plans for developing provincial housing capacity was developed and aligned to the new mandate of the Department. Workshops were held for the provinces to enhance the implementation of the guide

Chief Directorate: Human Settlement Planning

During the reporting period, the subrogramme honoured its commitments to the maintenance of the programmatic planning frameworks and instruments implemented by provincial departments. In addition to the maintenance and enhancement of these instruments, the sub-programme has made a concerted effort to improve its accessibility to provinces by way of targeted interventions to provincial departments and local municipalities. This has to a large extent accounted for the improvement in the credible Annual Performance Plans and Conditional Grant Business Plans that have been submitted by the said provincial departments.

Chief Directorate: Programme Implementation Support

The Chief Directorate: Programme Implementation Support was established with a view to providing implementation support to provincial housing departments and municipalities to implement housing programmes and projects in accordance with the principles of BNG, the housing policy and the prescriptions of the various housing programmes. In this regard, the Chief Directorate has focused its activities on providing support for the unblocking of stalled housing projects and on upgrading informal settlements. It has also focused on identification and support so that the implementation of slow-moving projects can be expedited.

A major initiative was the provision of support in the Eastern Cape following a Cabinet decision that the Department had to intervene in this province in terms of section 100 of the Constitution. An investigation was launched to determine the number of informal settlements in South Africa, the location of these settlements as well as their socio-economic profile. The study is proceeding at a slower-than-expected pace. Efforts are being made to enhance the flow of required information from provinces.

Information on stalled and slow-moving housing projects is more readily available from the Housing Subsidy System (HSS). This information is serving as a database to guide the unit's activities and the identification of the priority projects that the unit should support. A comprehensive database was compiled on blocked projects, which is being discussed with the provinces with a view to reaching agreement on the database. In order to support the implementation of the Strategy for the Unblocking of Stalled Housing Projects, a process for the implementation of the strategy was developed and submitted to MinMEC for consideration.

The Project Programming and Implementation Guide was compiled to help housing implementers to understand the housing development process, to plan projects better, to manage projects more efficiently and to monitor project progress. This guide was completed towards the end of 2009 and was subsequently discussed at workshops with all provinces and many municipalities during the last quarter of the financial year.

The National Upgrading Support Programme (NUSP) was established in collaboration with the Cities Alliance through which 16 priority projects were studied with a view to identifying best practice for the upgrading of informal settlements. It is envisaged that the lessons learned in this manner will lend further substance to policy refinement and the development of new and/or improved implementation strategy at project level. This initiative will also provide critical support to projects during the first years of the programme. A team of national and international experts supports the programme by providing expertise, advice and guidance.

The NUSP has identified a total of 49 municipalities which will participate in the programme and it is envisaged that some 60% to 70% of informal settlements in the country will benefit from this programme in due course.

A large number of parliamentary questions and enquiries from the public about housing matters were received and dealt with during the financial year. However, certain requests for delivery support from provinces, particularly those of the Free State, Northern Cape, North West and Mpumalanga, could not be accommodated owing to a lack of sufficient resources.

Chief Directorate: Priority Projects Facilitation

The Chief Directorate: Priority Projects Facilitation continued to facilitate rolling out the implementation of identified priority projects nationally. This facilitative and oversight function differed from project to project as each of these projects is at a different stage of the delivery cycle. The unit rendered technical and project management support to provinces and municipalities in the implementation of priority projects. Quarterly progress reports on all projects were prepared and submitted to the Director-General. A comprehensive report was drafted and submitted to Technical MinMEC and MinMEC for noting. The progress made with the projects as at the end of the financial year was as follows:

1.   **Eastern Cape**

   a)   Zanemvula Housing Project: the first phase of the project is almost complete and 3 000 houses have been handed over. On the Rectification Programme, 348 houses have been completed. The installation of internal civil engineering services for phase 2 has commenced. The tender for the construction of houses in phase 2 is at the evaluation stage.

   b)   Duncan Village Project: 3 060 houses have been completed.

2.   **Western Cape**

   N2 Gateway Project: 6 733 housing units were handed over to beneficiaries.

3.   **Northern Cape**

   a)   Lerato Park Housing Project: the construction of an access road is 50% complete. Construction of internal civil engineering services for the first 600 units will commence in the 2010/2011 financial year.

   b)   Ouboks Housing Project: 81 housing units were completed and handed over to beneficiaries. The construction of an 8-km bulk water pipe is 90% complete.

4.   **Gauteng**

   Khutsong Housing Project: the construction of civil engineering services for the first phase comprising 5 500 units, is 90% complete. A contract for building 5 500 units has been awarded and three show houses have been completed. Meetings were held with role players to discuss, inter alia, the implementation processes.

5.   **Mpumalanga**

Klarinet Housing Project: the construction of bulk civil engineering services for phase 1 comprising 4 588 units, has been completed. The construction of internal civil engineering services will commence in the 2010/2011 financial year.

6.   **Free State**

Grassland Housing Project: phase 1 of the project, comprising 1 241 bonded housing units, is being undertaken by a private developer. In phase 2, 1 840 of 2 831 BNG units have been completed, and 1 761 of 2 814 BNG units for phase 3 have been completed.

Outputs on targets

1.   **Finalise Implementation Agreements on identified projects**

Implementation Agreements for the Khutsong, Lerato Park, Klarinet and Zanemvula Projects were finalised. Consultative processes on the implementation protocols were undertaken at Project Steering Committee and Technical Committee meetings during the year.

Discussions on project implementation also took place outside the formal meetings, as and when the need arose.

2.   **Provide technical and project management support to the provinces and municipalities where priority projects are located**

Technical and project management support was provided to provinces and municipalities at meetings held for the N2 Gateway, Zanemvula, Lerato Park, Ouboks, Khutsong and Klarinet Projects. Support was also provided to Grasslands, Mokopane Ext 20, Disteneng and Duncan Village.

3.   **Identify blockages and facilitate progress with identified projects**

Blockages were identified in the Khutsong, Lerato Park, Klarinet and Disteneng Projects.

4.   **Track progress**

Progress made with projects is being documented in updated progress reports.
Progress made on the N2 Gateway, Zanemvula, Khutsong, Lerato Park, Ouboks, and Klarinet Projects was tracked.

5.   **Ensure compliance with national housing policy and programmes**

Ensuring compliance with national housing policy and programmes was discussed at various meetings with the project teams responsible for the N2 Gateway, Zanemvula, Lerato Park, Ouboks, Klarinet and Khutsong Projects.

6. Ensure compliance with national norms and standards

Compliance with national norms and standards for the N2 Gateway, Khutsong, Zanemvula, Lerato Park, Ouboks and Klarinet projects was achieved by ensuring that the projects were registered with the NHBRC. All these projects have been registered with the NHBRC.

Challenges

(a) Finalisation of the Implementation Agreements

Difficulties with the delays in the finalisation of the N2 Implementation Agreements have been due to the following:

- The difficulties encountered in the transition from Thubelisha to the HDA;
- The reluctance by the City of Cape Town to take over some of the responsibilities of the project; and the fact that the City of Cape Town's Administration still awaits directives from its political principals.

(b) Provision of technical and project management support to the provinces and municipalities where priority projects are located

Due to vacancies in the unit, it was not possible to attend meetings to offer technical and project management support to the following projects:

i. KZN Department regarding the Emnambithi/Ladysmith Project;
ii Gauteng Department regarding the Chief Albert Luthuli Ext. 6 Project; and
iii Limpopo regarding the Disteneng Project.

(c) Identification of blockages and facilitating progress with identified projects

The challenge to the Khutsong Project has been insufficient funding to upgrade bulk infrastructure and the lack of funding to undertake subprojects aimed at complying with ROD requirements. Discussions with the role players are in progress

The challenge to the Lerato Park Project has been the insufficient capacity of the bulk infrastructure and the lack of funding to upgrade the bulk infrastructure. Discussions with the role players are in progress.

The challenge to the Klarinet Project has been the implementing agent's proposal for a higher level of services. After much consultation, it was agreed that the province, municipality and the implementing agent would contribute towards the shortfall.

With regard to the Disteneng Project, the following is recorded:

i The municipality delayed the replacement of the project manager who had left the project;

ii Contractors failed to perform, and there were payment disputes which led to the project becoming blocked;

iii The unit learned of the blockage at a very late stage, because the Polokwane Municipality and the Limpopo Provincial Department did not submit progress reports, in spite of numerous requests;

iv The management of and oversight over this project were not possible owing to the capacity constraints in the unit.

(d) Tracking of progress

Due to vacancies in the unit, it has been impossible to track the progress made with the other projects. Some provinces and municipalities continue to ignore requests for progress reports.
This hampers the tracking of progress. The affected projects are Emnambithi/Ladysmith, Disteneng, Mokopane Ext. 20, Chief Albert Luthuli Ext. 6, Grasslands and Duncan Village.

(e) Ensuring compliance with national housing policy and programmes

Due to vacancies in the unit, it was not possible to ensure compliance with national housing policy and programmes for the following projects:

(i) KZN Department regarding the Emnambithi/Ladysmith Project;

(ii) Gauteng Department regarding the Chief Albert Luthuli Ext. 6 Project

(iii) Limpopo Department regarding the Disteneng Project

(iv) EC Department regarding the Duncan Village Project

(v) Free State Department regarding the Grasslands Project

(f) Ensuring compliance with national norms and standards

Support could not be provided to other projects to ensure that they complied with national norms and standards, owing to the staff shortage. The affected projects are as follows:

(i) KZN Department regarding the Emnambithi/Ladysmith Project;

(ii) Gauteng Department regarding the Chief Albert Luthuli Ext. 6 Project

(iii) Limpopo Department regarding the Disteneng Project

(iv) EC Department regarding the Duncan Village Project

(v) Free State Department regarding the Grasslands Project

(g) Land availability

Land availability is a major challenge that hampers progress in some priority projects such as the N2 Gateway and Khutsong Projects. Where land has been secured in other projects, township establishment and ownership transfers are delayed by unresolved land issues as in the Khutsong Project.

In order to overcome land-related problems in future, mega projects should be approved only when a guarantee has been given to the effect that all land parcels earmarked for the project have been secured.

(h)   Bulk infrastructure

In some areas where national priority projects are located, a substantial upgrading of existing bulk infrastructure is required, because of the enormous size of projects such as the Lerato Park, Ouboks and Khutsong Projects. To date, it has been a challenge to get the upgrading of bulk infrastructure to coincide with the implementation of a project because the priorities of the sector departments controlling MIG funds have differed from the priorities of the Department of Human Settlements. This is evident in the Lerato Park, Duncan Village and Ouboks Projects. The transfer of MIG funds to this Department would begin to overcome this challenge.

(i)   Socio-economic amenities

The timely provision of socio-economic amenities is not happening because of the misalignment of the Department's priorities with those of the relevant sector departments. This challenge is currently affecting all the projects. Greater inter-sectoral collaboration and coordination would begin to overcome this challenge.

(j)   Khutsong Housing Project

The Record of Decision (ROD) was issued with a string of conditions. A sum of R225 million would be required to implement the measures aimed at complying with the stipulated conditions.

A source of funding has not yet been identified as these conditions fall beyond the scope of the Housing Fund. A delay in addressing the ROD requirements would hamper progress on the ground.

The project cannot afford such a delay because its objective is to relocate families from unstable dolomitic ground which may collapse at any time and which could result in deaths. However, various options are being explored to overcome the funding challenge.

(k)   Emnambithi/Ladysmith Urban Renewal Project

The Emnambithi/Ladysmith Urban Renewal Project was identified in 2004 by the then State President as a project to be prioritised. To date, the project has not been implemented. The KZN provincial department has been reluctant to use housing funds for the project. The Department's former Director-General held meetings with the provincial department in an attempt to pave the way for the project to be initiated, but nothing came of it. The Chief Directorate: Priority Projects Facilitation has also tried in vain to secure a meeting with the provincial department to address this issue.

(l)   Ouboks Project

Insufficient funding for bulk infrastructure upgrading is also a challenge to this project. The Chief Directorate was advised that Eskom had indicated that the Umsobomvu Municipality, where the project is situated, lay at the end of an already overloaded power line. If Eskom were to supply additional power to Umsobomvu, it would have to divert power away from other areas, which would not be possible.

Eskom has no plans to upgrade the power supply to Umsobomvu in the near future. Electricity supply could therefore be a problem for the new development.

Internal roads were constructed to gravel standards because of insufficient funds.

(m)   Grassland Project

Phases 2 and 3 still have rudimentary services because of insufficient funds to provide full services. However, the Mangaung Municipality is exploring various ways to address the funding problem.

Reasons for major variances

(a)   Assessing of business plans

No business plans were received for assessment during the year. In previous years, business plans for individual projects were submitted to the provinces by municipalities when applying for the approval of project proposals. The provinces, in turn, only submitted broad annual business plans to the Finance Unit of this Department when applying for allocations from housing funds. The provinces have since then been requested to reflect individual projects in their annual business plans.

Chief Directorate: Rental Housing and People's Housing Process

Directorate: Public/Private Rental Housing Development

In the rental housing sector, the government has made significant progress through its legislative framework to provide an environment conducive to the growth and development of the rental housing sector. In addition, the government has provided for the upscaling of the delivery of rental stock and for low-income and lower-income segments of the community to gain access to rental housing accommodation. Upscaling the delivery of affordable rental housing is a national priority, but delivery at scale remains a challenge because of the following factors:

-      Demand for affordable rental housing stock has grown significantly owing to increasing interest rates and restrictions on the purchase of property in terms of the National Credit Act.
-      Higher building costs and increasing interest rates make the development of social housing and CRU significantly more expensive than the initial projections indicated.
-      The lack of institutional and dedicated capacity in the various provinces and municipalities has a negative effect on the service delivery of rental housing stock.

- Other provincial priorities take precedence over the rental stock, resulting in a lack of support from provincial and municipal staff.
- There are significant delays in productivity and in the delivery of rental stock owing to the land and municipal processes related to land packaging, with the result that land and buildings become inaccessible for development.
- There are a range of role players in the sector who provide both formal and informal opportunities for rental housing in the market, but they have not been absorbed into the Department's rental housing approach.
- Non-profit organisations lack the technical infrastructure (systems) and maintenance planning capacity to administer rental projects properly.
- There is a lack of property management skills and infrastructure at municipal level to manage public rental stock.
- The funding streams are not aligned.
- Capacity (ability of social housing institutions and municipalities) to achieve their targets is a challenge to the delivery of rental stock and to setting targets.
- There is a lack of political buy-in or political will at local level to support the government's rental programme.
- The affordability of rentals is regarded as a constraint on reaching the deeper market.

The Directorate: Private/Public Rental Housing Development falls under the Chief Directorate: Social/Rental Housing and PHP. The directorate's main purpose is to manage and support the implementation of Government Rental Housing Programmes in line with the National Rental Housing Strategy and Rental Housing Legislative and Policy Framework.

It is comprised of two subdirectorates, namely the Subdirectorate: Public Rental Housing Development and the Subdirectorate: Private Rental Housing.

The main tasks of the Subdirectorate: Public Rental Housing are to manage and support the implementation of the approved Community Residential Programme, whereas the Subdirectorate: Private Rental Housing deals with managing the implementation of the Social Housing Programme.

The Director is responsible for managing the affairs of the directorate, and has a secretary attached to her office. Two Deputy-Directors are responsible for the two subdirectorates mentioned above. In each subdirectorate there are two posts for assistant directors, which are equal to four posts, two of which have been filled and the remaining two have been budgeted for filling in 2009/10.

Provincial lists of "ready" private and public rental housing projects

The Department approved a National Rental Housing Strategy in 2008 which sets the target of 100 000 units to be delivered by 2012, divided into 75 000 social housing units and 25 000 CRU. To achieve these targets, the directorate has had to focus on the planning and project package so as to have what could be called projects "ready" for implementation. This was achieved through technical support and the Provincial Steering Committee meetings held in each province to assess the readiness of projects. About 28 000 units are ready for implementation across provinces, which exceeds the target set for the current financial year.

Support Programme/Tools for the Rental Housing Programme

The directorate was set to provide support in the three main areas for the successful implantation of the programmes:

1. Technical – the focus being to provide the required technical expertise so as to have projects and implementation in line with the policy prescriptions. The required technical support for the CRU and social housing have been provided through the DBSA for the pilot project in North West and the SHF for both the Social Housing Programme and the Free State CRU Pilot Project.

2. Funding – to have the necessary Capital Restructuring Grant, inform the review of the subsidy quantum, and fund feasibility studies and strategies on request. The Restructuring Capital Grant for the development of 1 800 units was made available by the National Department of Human Settlements. One major challenge has been that this funding is not sufficient and is not aligned with the available Provincial Top-Up Subsidy (institutional subsidy). Through the 80/20 funding arrangement, an amount of R307 m was "ring-fenced" for rental housing. A document seeking to propose mechanisms for upscaling the delivery of rental stock is being prepared and a proposal will be put forward to prioritise rental housing and allocate sufficient funding for the development of the stock. The proposal on the ring-fencing of 15% will be submitted.

3. Public sector support – to provide the necessary capacity-building initiatives, especially concerning the legislative framework, so as to strengthen understanding of the programme. This has been done through various means, focusing mainly on the provincial requirements.

The need was identified to determine, develop and further communicate the relevant tools in order to enhance and guide the implementation of the programmes where policy is not clear. These tools are being identified on a continuous basis and are at various stages of development. The various tools will be communicated as soon as they have been finalised and approved.

Development of Position Papers on different topics

In terms of the approved National Rental Strategy, there are two primary programmes that have to be pursued, but in order to accommodate a deeper market reach, it is proposed that complementary initiatives should be adopted and further developed into formal programmes.

The need was identified to address the plight of people living in backyards and the national Department has to respond. The question of what the rental housing incentives are should also be addressed, especially when seeking the involvement and meaningful participation of the private sector in the programme. A phase-in and phase-out approach to EEDBS and CRU was also crucial in this financial year, as this addresses the public stock that is available and can be used for rental accommodation.

Mobilising support for the Rental Housing Programme

Rental housing requires a range of partners, because the government alone cannot fund this programme. Ongoing work is being done on this area by various means so as not only to facilitate the required understanding of the programmes but also to obtain the necessary buy-in from stakeholders and role players.

Directorate: People's Housing Process

Purpose of the directorate

To manage the implementation of the People's Housing Process programme and to provide support to the People's Housing Process sectors.

Structure of the directorate

The Directorate: People's Housing Process consists of a Director, a Deputy-Director, two Assistant Directors, an SAO and a secretary. Approval of the appointment of the Deputy-Director is being awaited.

(a) Engagements with all the provincial housing departments (PHDs) to pilot the enhanced PHP Policy Framework. The directorate consulted and engaged all the nine 9 PHDs to ensure the piloting of the new enhanced PHP Policy Framework in 2009/2010. However, because the provinces did not allocate funds to implement the PHP, the Policy Framework could not be piloted in the four provinces as planned. The enhanced PHP Policy Framework has only been piloted in Mpumalanga for 300 units and will be completed by the end of May 2010.

(b) The resolution of old debt. A draft strategy for the resolution of old debt has been formulated and will be discussed at workshops with all the PHDs from May 2010. Provincial Joint Working Groups comprising officials at national and provincial levels as well as representatives from FEDUP/SDI hold meetings on a quarterly basis to discuss the progress made with the resolution of old debt.

(c) The resolution of PHP blocked projects. A draft strategy to resolve PHP blocked projects has been formulated and will be discussed at workshops with the affected stakeholders in the respective provinces. In parallel to that process, an audit of all the PHP blocked projects will be conducted.

(d) Engagements with the Federation of the Urban Poor (FEDUP) and Shack Dwellers International (SDI). Following the signing of the Memorandum of Understanding (MOU), between the Department and FEDUP/ SDI in 2006, the PHDs pledged one thousand (1 000) housing subsidies per province to FEDUP/SDI, but due to the lack of start-up funding and capacity in FEDUP/SDI, the pledge has not yielded the desired results. To date, approximately 600 housing units have been constructed throughout the nine provinces, with the Free State taking the lead. Limpopo (February 2009) and Mpumalanga (March 2010) have cancelled the pledge because of the lack of delivery.

The directorate has been in constant engagement with FEDUP/SDI to support and assist with fast-tracking the implementation of the pledge, and also to implement the Durban Declaration signed in 2008, which stipulates the need to involve other role players (NGOs and CBOs) to assist FEDUP/SDI to fast-track the implementation of the pledge.

(e) Operationalisation of the sector support agencies and the strengthening of partnerships in the PHP environment. Constant engagements and workshops are being conducted to ensure that relationships with the PHP support agencies are strengthened and new partnerships formed. A consultation model outlining the roles and responsibilities as well as the code of ethics of the sector support agencies has been shared with the new PHP sector support agencies.

(f)   Training in the enhanced PHP Policy Framework and other related activities. The directorate constantly presents training and holds workshops on the enhanced PHP Policy Framework, following requests from the PHDs in preparation for the rollout of the enhanced PHP Policy. Training in the Community Resource Organisation (CRO) was presented in the Western Cape in March 2010.

(g)   Development of PHP project lists in a state of readiness to be implemented in 2010/2011. The directorate is currently assessing the provincial business plans for 2010/2011 to determine which PHP projects should be implemented. A list of pipeline projects submitted by CBOs, NGOs and civil society to PHDs has been consolidated by the directorate and is being discussed with the provinces to ensure the timely inclusion of the project lists in the PHD's planning process.

Challenges

-       Outsourcing the development of the Implementation Guidelines for the enhanced PHP Policy Framework has not been approved
-       There is a lack of prioritisation of the programme by the provinces
-       There is a lack of budgeting or planning for the implementation of the PHP by the provinces
-       There is no alignment of planning between the provinces and municipalities
-       Some provincial housing departments (PHDs) show resistance to implementing the PHP
-       The Cuban professionals are utilised on other programmes instead of on the PHP

Directorate: Rental Sector Regulation Support

The purpose of the directorate is to provide regulatory support in the rental housing sector. The directorate consists of two subdirectorates, namely the Rental Housing Tribunal and the SHRA Secretariat.

Quarterly meetings were held to identify the technical support required by tribunals.

The technical support required was identified as follows:

1.   Training
       a.   Mediation training
       b.   Property management
       c.   Communication for the front office of the tribunals
       d.   Training for the presiding officer

2.   Standardised remuneration for tribunal members

3.   Standardised organisational structure for the optimum functioning of tribunals

4.   Advocating the work of tribunals nationally

5.   Amendment of the Rental Housing Act

6.   The draf and promulgation of the regulations under the Rental Housing Act.

7.   Centralised case-management system

To date the sub unit has facilitated the provision of training in mediation, and 28 officials from seven of the nine provinces have been trained and supported.

Guidelines were compiled on the organisational and remuneration structure and workshops are in progress on the implementation of the guidelines.

The Department of Justice was requested to roll out training for the presiding officers. The training will be presented in the 2010/11 financial year. Through the Chief Directorate: Legal Services efforts are being made to ensure   that regulations and the amendments to the Rental Housing Act are promulgated.

The terms of reference for the appointment of a service provider to develop and implement the case-management system were drafted and approved, bids have been evaluated and calculations made. The only outstanding matter is the appearance before the BID Committee for final adjudication.

A pamphlet on advocating the work of tribunals was compiled and will be published in the 2010/11 financial year.

The sub-unit continues to provide support to the task team responsible for the establishment of the Social Housing Regulatory Authority.

The targets set for the SHRA Secretariat could not be achieved because the SHRA still has to be established as an institution.

Chief Directorate: Stakeholder Management

The Chief Directorate: Stakeholder Management was established with a view to managing relations, engaging and collaborating with sector stakeholders by providing a channel to influence housing delivery. During the period under review, the sub-programme has worked hard to engage stakeholders that have the potential to assist the Department to deliver at scale.

A significant highlight of these strategic engagements has been entering into agreements with the platinum mines for the possible rollout of projects in Limpopo and North West, and with the DBSA for technical support for priority and blocked projects.

A major outcome has been the signing of an MOU with Intersite that will come in force with projects for joint developments on land around stations throughout the country. Significantly, the Chief Directorate negotiated the signing of the agreement with the Department of Public Works. This agreement gives the Department of Human Settlements first right of refusal on any land being considered for disposal by the Department of Public Works. In brief, the following developments have materialised during this financial year for each stakeholder:

Intersite

The implementation framework for Intersite was introduced and presented to KwaZulu-Natal and Gauteng in November 2009 and the Western Cape in March 2010. Gauteng has selected the Oakmoor and Residential stations for piloting the Intersite MOU.

Development Bank of Southern Africa (DBSA)

The Department held a joint working committee meeting in October 2009. The implementation framework document was presented to Limpopo, Mpumalanga, Eastern Cape and North West. The Eastern Cape and North West have identified two projects each for piloting the DBSA relationship with them. Both provinces have completed their project appraisal forms. The Eastern Cape identified Duncan Village and Libode, and North West identified Tlokwe and Rustenburg. The Steering Committee meeting was held between the management of the DBSA and the Department to review the MOU signed.

Department of Public Works (DPW)

The Department has entered into an MOU with the DPW, but for the smooth transfer of land, the Department will utilise the Housing Development Agency. For the current year, the Department has been negotiating with DPW to enter into an implementation protocol that will include the HDA as the implementing agent for the Department, and is currently awaiting a response from the legal section. The DPW has forwarded its legal response to the Department for further engagement. It is anticipated that the implementation protocol will be finalised in the current financial year.

Department of Rural Development and Land Reform (DRDLR)

The Minister of Human Settlements has approved and signed the Implementation Protocol to be entered into between the Department and the DRDLR. The Department is still awaiting a response from the DRDLR. The protocol will be implemented by the Housing Development Agency.

The Govan Mbeki Housing Awards

In March 2006, MinMEC took a resolution that the Department should host the National Awards to recognise a number of stakeholders that form part of the value chain for human settlement delivery.

The Minister of Human Settlements, Mr T. Sexwale, in his budget speech (June 2009) stated: "The Department's Medium Term Strategic Framework is to restore humanity and dignity, to address spatial inequalities and to provide comfort and security for all." This could be achieved through "working closely with communities, contractors, regulators, and other stakeholders to ensure that all those involved – from the largest contractor to the smallest – are focused on quality, and that they follow the appropriate design models".

Through the awards, the Department is in a better position to obtain more information about the best performers nation-wide, including the performance of provincial departments.

The following provincial departments held their provincial ceremonies on the following dates:

Province	Date
Eastern Cape	21 July 2009
North West	31 July 2009
Mpumalanga	07 August 2009
Limpopo	29 August 2009
Northern-Cape	10 September 2009
Gauteng	30 September 2009
KwaZulu-Natal	6 November 2009

The National Awards Ceremony has been postponed to the next financial year due to financial constraints.

Emerging Contractors Conference

"Making the Delivery System work for Emerging Contractors"

The Department of Human Settlements conducted a study which revealed that 80% of all the developers interviewed, used emerging contractors as subcontractors in the delivery of top structures.

Provincial workshops will be held in all the nine provinces, followed by the National Workshop. The main objective of the workshops is to develop supporting frameworks to reinforce an enabling environment for emerging contractors. The conference is intended to open dialogue in the following areas: business management, training and support, quality management and institutional re-alignment.

It also gives the Department the perspective of different sector forums on emerging contractors regarding how the Department, together with other government departments, could support and create an environment conducive to supporting these contractors. Moreover, this may have the benefit of establishing a platform which may enable the Department to engage with emerging contractors on an ongoing basis to ensure sustainability.

Women and Youth in Human Settlements

Mobilisation of women and youth

Women and Youth in Human Settlements Forums

Forums were held in various provinces. The forums were aimed at also engaging women contractors and youth change agents.

The forums were held in the provinces of KwaZulu-Natal (May 2009), Mpumalanga (July 2009) and Gauteng (January 2010).

Women and youth initiatives

YouthBuild – KwaZulu-Natal

The Sub-programme: Stakeholder Management successfully coordinated the Youth Build Project which was hosted by the KwaZulu-Natal Provincial Department of Human Settlements and Public Works Department from 12 to 26 June 2009 in Eshowe, uMlalazi Municipality. A national breakfast session (2 June 2009) and a provincial breakfast (8 June 2009) were hosted. The provincial MEC Mrs M. Govender attended the provincial breakfast session as well as the opening ceremony, which was hosted on 12 June 2009. The opening ceremony was supported by the uMlalazi Mayor who pledged his full support for the event. On 26 June 2009, a ceremony was hosted by the National Minister of Human Settlements to hand over houses to beneficiaries.

The Minister, Mr T. M. G. Sexwale and Deputy Minister Zoe Kota-Frederichs attended the event and were accompanied by the KZN Premier, MEC and Mayor.

Women's Build Project

The Sub-programme: Stakeholder Management successfully coordinated the Women's Build Project which was hosted by Mpumalanga Province in Thekwane North, falling under the Mbombela Municipality. The project entailed the construction of 53 housing units. The build commenced on 14 August 2009 and ended on 28 August 2009 to commemorate women's month. The Mpumalanga MEC for Human Settlements launched the project. A woman contractor was awarded the contract to construct 33 housing units and SAWIC 20 units. The beneficiaries of the latter houses included elderly women, people with disabilities and orphans. Various stakeholders were mobilised to support the build project. The Minister handed the houses over on 28 August 2009. About 96 volunteers participated in the build project.

The outcomes of the build project included the mobilisation of various stakeholders from civil society and the private sector. These stakeholders made contributions by sponsoring materials for extra features in the houses. This support demonstrates the government's philosophy that "together we can do more".

16 Days of Activism

The Sub-programme: Stakeholder Management supported the Free State project where the Honourable Mr Jacob Zuma, the President of the Republic of South Africa, handed over two houses at the University of Free State in Qwa-Qwa. The Department participated in the mobilisation of volunteers for the project and the finishing off of the houses and also attended the handing-over ceremony. In addition, the Sub-programme: Stakeholder Management submitted a response to the Cabinet Memorandum on the 16 Days' Programme.

Youth Build International

The Sub-programme: Stakeholder Management conducted the Youth Build International Project jointly with the National Youth Development Agency (NYDA) and YouthBuild USA. The project was launched by the National Chairperson of NYDA. This is a flagship project of the Department, and demonstrates the benefits of engaging young people in the delivery of human settlements.

National Youth Service Programme – YIHS

The Sub-programme: Stakeholder Management supported the rollout of the programme to all the provinces except North West. The NHBRC presented the training in hard skills whereas the NYDA undertook the orientation and life-skills component.

Advisory support

The Sub-programme: Stakeholder Management held strategic meetings with various stakeholders, provided advisory support and supported the programmes of sector stakeholders. This included engagements with the Presidency (women, youth and war on poverty issues), all the provinces (implementing the youth service programme), the National Youth Development Agency, (Youth Policy, IDCC meetings, Youth Build Project meetings), NHBRC (Youth Service Projects), Construction SEDA, YouthBuild USA, Khuthaza (Women Contractor Development Programme) and SAWIC (SAWIC Convention).

During this period, the Sub-programme: Stakeholder Management engaged the services of the Sub-programme: Research to assess and document good practices and challenges pertaining to the implementation of the youth service projects in all provinces. A report was produced by the unit to aid the Department in the massification of the youth programme. The unit also engaged the Sub-programme: Communication Services to document and profile programmes for women and the youth.

Stakeholder Relations Management

Social contract

The branch, through the Sub-programme: Stakeholder Management, hosted the Plenary Assembly during the third quarter and produced a framework for engagements and guidelines. After the Plenary Assembly, the Department established the Interdepartmental Forum to formulate a strategy for the implementation of the social contract and agree on deliverables.

Negotiations with identified stakeholders

The branch, through the Sub-programme: Stakeholder Management, established partnerships with the international mining company Great Basin Gold Ltd and national religious leaders. An MOU will be signed in the next financial year. Further negotiations were held with the following stakeholders for the release of land:

- Tongaat Hulett Group in Durban
- Zion Christian Church in Limpopo
- Nazareth Church: 12 Apostles Church in East London

Support to the Social Compacts Task Team

The following national forums were supported on a quarterly basis and minutes were kept and reports produced: Women and Youth in Human Settlements Forum, Women and Youth Build Project, Govan Mbeki Housing Awards.

Stakeholder newsletter

The branch, through the Sub-programme: Stakeholder Management, compiled newsletters on a quarterly basis, which were circulated to stakeholders. The newsletters feature all the social compact activities.

Stakeholder database

The branch, through the Sub-programme: Stakeholder Management administered the database for the Department. The database is used for sending invitations, managing confirmations and disseminating information to stakeholders.

During the period under review, the Sub-programme: Stakeholder Management coordinated the organising of the following national events/forums:

World Urban Forum, Plenary Assembly stakeholders, Youth Build Project database, the 2009 Ministerial Budget and the Women's Build Project.

Challenges

During the period under review, the Sub-programme: Stakeholder Management experienced the following challenges:

Lack of adequate capturing and coordination of data on the women initiatives/contractors who had been allocated projects made it difficult to track the achievement of the 30% quota.

The implementation of the youth service project in North West was blocked due to the funding constraints of the Matlosana Municipality.

Consultation with sector stakeholders is currently in progress about the Integrated Model on Incubator and Mentorship for engagement and alignment with Ministerial directives on assessing and empowering emerging contractors.

Now that the Department's mandate has been broadened, the framework governing the Govan Mbeki Housing Awards has had to be reviewed with a view to matching this mandate. The sub-programme will then embark on an extensive remodelling which should be implemented in the following financial year. The broadened mandate also means that the Social Contract Implementation Strategies will have to reviewed.

Impact

The impact on the women and youth programme is strongest at community level through social transformation (beneficiaries are the recipients of the housing units constructed through the youth and women's programmes) and at individual level through personal transformation (young energy is channelled constructively to address societal challenges). In addition, the potential of youth is unleashed and it can be observed that youth are becoming purpose-driven and that women are becoming economically empowered by participating in a previously male-dominated arena.

The following additional stakeholders have been engaged:

Afrisam	Service Delivery Achievements
Brickor	NURCHA
Selulumanzi	Department of Co-operative Governance
Sililu Investments	Department of Health and Social Development
Silliseal	Department of Public Works and Administration
TrussMasters	Department of Safety and Security
Tshidi Lebenya	Duro Pressings
Ukamba Coatings	Elite Group
York Timbers	Everite
Zuton/ Veralli	FNB
Crystal Sparkles	Group 5
The Presidency	Karino Wholesalers (provincial),
Department of Agriculture	LaFarge
Rakunchideba	Madala Land & Paving
PPC	Manadoma Trading
Progressive Glass	Matopo's Lodge
Mpumalanga Housing Finance	Motheo
NAFCOC	Mpfumelelo
NHBRC	Mpumalanga
Nkomazi Business Networks	Motivation Direct
RR Travel	

Service delivery achievements
Programme 3: Service Delivery Support

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievments**
Capacity Development	Manage training and skills development programmes	Training and empowerment programme implemented	Training and empowerment programme implemented	Phases one and two of the Sustainability Communities Support Programme implemented
				WITS Business School Certificate Programme was implemented and 83 officials completed their training
				Policy orientation sessions were facilitated for councillors, portfolio committee members and officials
				18 training sessions were conducted on the Home Loan Mortgage and Disclosure Act
				3 beneficiary empowerment programmes were initiated
	Support the professional development of the sector	Sector professional development programme developed and implemented	Strategy and framework implemented	A consultative workshop was held on the process of establishing the Housing Professional Body
				1 meeting was held with the Housing Standard Generating Body; 1 report was produced on the qualifications generated and r egistered
				All the student invoices received have been processed
				The induction workshop was held for students of the new Scholarship Programme
				1 provincial meeting was held

Together We Can Do More

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Capacity Development	Develop institutional capability in the sector	Develop, implement and maintain the framework for the Institutional Capability Development Programme	Implement and maintain the framework for the Institutional Capability Development Programme	A consultation workshop was held to discuss strategies for developing institutional capacity for the three spheres of government, so as to deliver sustainable human settlements
				Guidelines on Provincial Business Plans were developed and aligned to the new mandate of the Department
				An analysis was done of knowledge management needs and a report was compiled on the findings
				Facilitated the recruitment of 14 Cuban Technical Advisers (CTAs) for Phase III of the South African/Cuban Technical Support Programme (SACTP) by 3 provinces
	Manage the training and skills development programmes	Develop and implement an integrated training and development programme with the housing financial sector for housing beneficiaries	Developed and implement an pproved integrated training and development programme with the housing financial sector	Not achieved
			Develop and implement an inspector-training programme	Not achieved
Human Settlement Planning	Develop and maintain human settlement planning frameworks and instruments.	Framework for National Housing Conditional Grant Business Plan approved in line with latest revisions	Approved framework distributed to all PHDs	Achieved

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievments
Human Settlement Planning	Develop and maintain human settlement planning frameworks and instruments.	Framework for Multi-Year Housing Development Plans (MHDPs) approved in line with latest revisions	Approved framework was distributed to all PHDs	Achieved
		National Programme for Housing Chapters of Integrated Development Plans approved in line with latest revisions	Approved framework was distributed to all PHDs	Done
		Technical Guide for Human Settlement Design (Red Book) amended and approved in line with latest revisions	-Draft paper ready for consultation	Actual performance in line with the draft amended Operational Plan for 2009/10
		Project Planning Module developed and implemented within HSS	-Project Planning Module developed and implemented within HSS	Actual performance in line with the draft amended Operational Plan for 2009/10
		National Housing Conditional Grant Business Plan for 2010/11 submitted for approval	-Receive and consolidate final drafts of PHD B/Plans for 2010/11 -Prepare final draft of National Housing Conditional Grant Business Plan for 2010/11 -Submit National Housing Conditional Grant Business Plan for 2010/11 for approval	-Final drafts of Business Plans for 2010/11 received from eight of the provinces -Final draft of the National Conditional Grant Business Plan and Compliance Certificate for 2010/11 were compiled and submitted for approval
	Support the implementation of human settlement and housing development planning frameworks at provincial level	9 Provincial Multi-Year Housing Development Plans submitted for approval	-Receive final Provincial Multi-Year Plans -9 Provincial Multi-Year Housing Development Plans submitted for approval	-Multi-Year Housing Development Plans were received from 4 provinces -Report was compiled and submitted
		9 provincial Housing Business Plans (BP) submitted for approval	-Receive 9 final HOD-approved provincial BP with attached project plans -Submit final Business Plans to Directorate: National Planning for inclusion in the National Business Plan	-Final drafts of BP for 2010/11 were received from 8 of the provinces -Final Business Plans were submitted for inclusion in the National Business Plan

Together We Can Do More

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievments
Human Settlement Planning	Support the implementation of human settlement and housing development planning frameworks at provincial level	Staff capacitation and induction for PHDs: provincial officials adequately capacitated in Housing Development Planning	-Ongoing hands-on support in the form of one-day workshops for provinces, targeting managers who deal with c ompiling the Multi-Year Development Plans and the Business Plans	-Support was given to targeted officials in provinces -1 quarterly review was conducted
		Annual Report on the Status of Provincial Multi-Year Housing Development Plans submitted	-Final draft of report prepared and submitted	Annual Report on the Status of Provincial Multi-Year Housing Development Plans was submitted
		Support rendered to municipalities in the preparation of housing sector plans	-Evaluation and development of Municipal Housing Chapters of Integrated Development Plans effected and approved, and distributed to relevant stakeholders as the need arises -Targeted support to municipalities guided by IDP and planning cycle	-Support was rendered to targeted municipalities for the period under review in conjunction with the Co-operative Governance Municipal Turn-Around Strategy
		Appropriate housing officials and municipal councillors, adequately skilled and trained to facilitate the compilation of housing chapter of IDPs	-Ongoing practical support in the form of workshops targeting municipal housing officials responsible for compiling Integrated Development Plans and the Business Plans	-Workshops were held in provinces in collaboration with Chief Directorate: Capacity Development -Participated in municipality's presentations in the Western Cape
		Participation and annual review of municipal IDPs	-Preparation for IDP reviews through communication to municipalities through provinces	-IDP review template was prepared and completed and submitted for publication to COGTA -Participated in the KZN IDP reviews

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievments**
Human Settlement Planning	Support the implementation of human settlement and housing development planning frameworks at municipal level	Participation and annual review of municipal IDPs	-Preparation for IDP reviews through communication to municipalities through provinces	-The development of the Industry Guide on level of service and unit costs with standards of infrastructure for urban and rural areas in the delivery of human settlements, as coordinated by the Department of Corporate Governance and Traditional Affairs, was finalised and approved by the task team -Engaged with COGTA in the Municipal Turn-Around Strategy in the Northern Cape
		Institutional alignment with other sector departments maintained	Ensure effective collaboration with the respective Chief Directorates as the need arises, and coordinate the execution of tasks emanating from this: -DEAT -DPLG -National Treasury DLA Note: The Department of Land Affairs has changed its name to the Department of Rural Development and Land Reform.	-The sanitation costing guidelines coordinated by the National Department of Water Affairs were finalised and endorsed by the task team -Promote the institutional alignment of planning with other sectors -The development of the Industry Guide on level of service and unit costs with standards of infrastructure for urban and rural areas in the delivery of human settlements, as coordinated by the Department of Corporate Governance and Traditional Affairs, was finalised and approved by the task team -Engaged with COGTA in the Municipal Turn-Around Strategy in the Northern Cape

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievments
Human Settlement Planning	Institutional alignment with other sector departments maintained	Institutional alignment with other Departmental units maintained Collaboration with internal units	-Ensure effective collaboration with the respective Chief Directorates as the need arises, and coordinate the execution of tasks emanating from this: -Grant Management -M&E -Management information systems -IGR -Human Settlement Policy	-Maintenance of sound institutional alignment with other Departmental units was reflected in the achievement of the targets referred to above
		Participation in the Quarterly Performance Reviews of PHDs	-Quarterly Review of Performance by PHDs -Post-quarterly one-on-one engagements with provinces in collaboration with IGR, information systems and Grant Management	-Quarterly Performance Reviews of PHDs were held in collaboration with IGR, Mgt Information Systems and Grant Management -Other incidental priorities did not allow for further one-on-one engagements with PHDs
	Render advisory services and assistance in respect of human settlement planning	Planning and Urban Design support offered to PHDs	-Continued support to the Hill View Informal Settlements project in Cape Town and any other projects which might arise	-Support was provided as per target to Hill View Informal Settlement Project and Eastern Cape Intervention
		AMCHUD Secretariat and UN Habitat Governing Council	Participate in ad hoc team/s as the need arises	No reporting requirements for the period under review
		SALGA/ Cities network	-Participate in the Task Team and coordinate the execution of the resultant tasks	-No engagements with the sector for the period under review
		Support rendered to PHDs et. al., as these are requested by said offices	Timely responses to incidental requests, with an accurate record of all requests kept on file	Requests were responded to timeously and accurate records kept
Programme Implementation Support	The provision of support to provinces and municipalities to unblock stalled projects	Recovery plans in respect of identified priority blocked projects	Facilitate and support the development and implementation of recovery plans in respect of 50 projects	Twelve projects in three provinces were unblocked and five projects were closed

Subprogramme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievments**
Programme Implementation Support	The provision of support to provinces and municipalities for the implementation of housing programmes	Facilitating the implementation of projects	Facilitate the support and development of 40 projects	Not fully achieved 37 projects were identified for support and 3 projects were earmarked for dolomite investigations. Advice/project support was provided to a further 15 projects
	The provision of support to provinces and municipalities to upgrade informal settlements	Facilitating the implementation of identified projects for upgrading informal settlements	Facilitate and support the development and implementation of 40 projects	Achieved
		An enhanced and approved strategy for upgrading informal settlements	An approved enhanced strategy for upgrading informal settlements	
Priority Projects Facilitation	Promote inter-sectoral collaboration for the achievement of sustainable human settlements	Number of progress reports on the priority projects	Finalise the Implementation Agreements on identified projects	Partially achieved
			Provide technical and project management support to the provinces and municipalities where priority projects are located	Partially achieved
			Identify blockages and facilitate progress with identified projects	Partially achieved
			Assess project business plans	Not achieved
			Ensure compliance with national housing policy and programmes	Partially achieved

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievements**
People's Housing process (PHP)	Develop, manage and support implementation and oversight of PHP and related programmes	Nine PHDs supported in the delivery of at least 15 000 units by 2012	Support provinces in piloting the enhanced PHP Policy Framework and prepare for the rollout of PHP	Components of the target partially achieved and other component targets achieved as per target
				Achieved: the sector support agencies are operationalised on a continuous basis throughout the year for old and new sector support agencies Partially achieved: draft strategy was formulated to resolve old debt Not achieved: pilot in Mpumalanga will be completed at end April 2010; report on lessons learnt will be compiled afterwards Not achieved: PHP Indaba to be informed by the completion of the pilot in Mpumalanga
Rental Sector Regulation Support	Regulatory support and oversight of the rental housing sector and dealing with tenant protection issues	Institutional arrangements for rental housing sector regulation and oversight operational in all nine provincial housing departments	Oversight of performance of regulatory institutions and institutional arrangements for the rental housing sector	Partially achieved: Terms of Reference for the appointment of service provider to develop and implement the case management system were compiled and approved Achieved: quarterly meetings were held to identify the technical assistance required Achieved: the organisational structure was developed and remuneration guidelines were compiled for tribunals and tribunal members, respectively Achieved: administrative support was provided for the establishment of the Social Housing Regulatory Authority Achieved: mediation training was presented

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Private Public Rental Housing Development	The development, management and support of the implementation of Government's Rental Housing Programmes	"Ready" public and private rental housing projects in all nine provincial housing departments (PHDs)	Request and assess public and private rental housing projects from all PHD Roll out the support programme in nine PHDs on public and private rental housing	Achieved. Requested and assessed public and private rental housing projects from all PHD Achieved. Support programme rolled out in 9 PHDs on public and private rental housing
		Support tools for supporting the implementation of rental housing programmes developed and communicated to stakeholders	Identify Support Tools and information required for rental projects Development of support tools and information required for rental housing projects Communication and implementation of Support Tools for rental housing projects	Partially achieved Rental Housing Support Tools were identified and are at different stages of development
		Three Position Papers	Backyard, Incentives and EEDBS	Achieved 3 Position Papers were compiled
		4 Rental Sector Forum meetings held through various task teams	Mobilising support for rental housing delivery in the sector through sector forums	Achieved In total 23 Rental Sector meetings were held through various task teams
Stakeholder Management	Manage the liaison and involvement of stakeholders in Human Settlement projects	Social compacts implemented	Social Contract and Rural Compact Strategies implemented	Partially achieved
		Targeted agreements signed with stakeholders	Negotiations with identified stakeholders concluded	Achieved
		Support for the national quarterly forums and the social compacts task teams	Support for the national implementation forum on: The Govan Mbeki Housing Awards Women and Youth in Housing	Achieved
			Six-monthly Social Contract Preplenary and Plenary held	Achieved

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievments
Stakeholder Management	Manage the liaison and involvement of stakeholders in Human Settlement projects	Production of the quarterly stakeholder newsletter	Stakeholders' newsletter compiled and circulated	Achieved
		Update stakeholder database twice a year	Develop and update stakeholder database	Achieved
	Manage collaboration on projects with sector stakeholders	Partnership agreements implemented	Signed MOUs for partnership projects identified and implemented	Achieved –progress was as per portfolio of evidence
		Stakeholder engagement plans and guidelines developed	Stakeholder engagement plans and guidelines approved	Achieved
		Co-operation with national and provincial departments	Engaged provincial departments in supporting the implementation process of projects	Achieved
		Organised the National Govan Mbeki Human Settlements Awards	Annual Awards coordinated	Not achieved
		Supported Provincial Govan Mbeki Awards	Provincial Govan Mbeki Awards supported	7 out of 9 provinces successfully hosted their awards with national support
			Stakeholder support for housing awards and builds mobilised	Achieved
	Manage the empowerment and support of women and youth in Human Settlement Programmes	Women in Human Settlements Programme implemented	WIH Framework approved and implemented	Achieved
		Mentorship programme model approved	Mentorship programme model for WIH developed and implemented	Partially achieved.
		% of WiHS initiatives supported	100% rollout of housing units delivered through women's initiatives during women's month	Partially achieved
		Number of reports on WiHS Forums	National and Provincial Women in Housing Forums coordinated and supported	Achieved

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievments
Stakeholder Management	Manage the empowerment and support of women and youth in Human Settlement Programmes	Number of reports on WiHS Forums	Advisory support rendered to sector stakeholders	Achieved
		Youth in Human Settlements (YHS) Framework implemented	YIH Framework i mplemented	Achieved
			100% housing units delivered through youth initiatives during youth month	Partially achieved
			Exit Opportunity Strategy developed and implemented; 00% housing units delivered through Youth Build Projects	Partially achieved
			National and Provincial Youth in Housing Forums coordinated and supported	Achieved
			Provincial Youth in Housing Forums supported	Achieved
			Advisory support rendered to sector stakeholders	Achieved

Reasons for major variances

There are many reasons for not achieving the targets that were originally envisaged These reasons include the following:

- A shortage of staff, largely due to restrictions on funding and accommodation
- A shortage of funds to implement the required mandate effectively
- The late appointment of staff owing to cumbersome administrative processes
- The intervention in the Eastern Cape, which necessitated the use of resources in that province
- Limited number of capacitated delivery agents
- The hesitancy and/or unwillingness of provinces to support and take part in the unit's activities.
- Lack of political support at local level and at provincial level, which is reflected in the lack of commitment to funding the programme
- Lack of support from the private sector
- Lack of serviced land for development

2.8.4   Programme 4: Housing Development Finance

Purpose

To fund national housing and human settlement development programmes in terms of the Housing Act, 1997 (Act No. 107 of 1997); to provide financial, grant and housing institutions management; and to manage all matters provided for by the Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000).

Measurable objective

Funding of housing and human settlement development programmes; providing financial, grant and housing institutional management, as well as oversight of financial and non-financial compliance with relevant legislation.

- The Chief Directorate: Financial and Grant Management provides overall financial and grant management services.
- The Chief Directorate: Housing Equity promotes human settlement equity.

Service delivery objectives and indicators

The following are the strategic objectives of the programme for the MTEF period for the 2008/2011:

- Providing financial administration and supply chain management services
- Providing overall budgetary and grant management services
- The Chief Directorate: Housing Equity manages the activities related to the functioning of the Office of Disclosure and Financial Sector Charter, to facilitate, promote and monitor access to affordable housing

Recent outputs

A summary of the progress made in the recent past with the business activities of the branch is given below:

- Monthly reconciliation was done between the BAS and LOGIS fixed asset register;
- Redundant movable fixed assets worth R1 157 208,90 were disposed of;
- Better compliance with financial prescripts was ensured by amending financial management policies and improving controls through the introduction of new measures;
- The Department's budget and adjustment budget were approved and published;
- Monthly expenditure reports to National Treasury and provincial reports on the conditional grant were submitted and all deadlines were met;
- Visits were made to provinces as part of the monitoring function, reports in this regard were prepared, and key aspects emanating from the visits were incorporated in the DORA reports;
- The number of visits to provinces and engagements with provinces for hands-on assistance were increased;
- The Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000), its Regulations and reporting format were implemented in terms of the provisions of the Act;
- Information from financial institutions was received, analysed and an annual report on lending patterns

and practices by financial institutions on home loans was prepared in terms of the Act;

- Information on the mandate, Home Loan and Mortgage Disclosure Act and its supporting tools was disseminated to all local authorities;

- Advertisements for and short-listing of the Members of the Office of Disclosure were completed;

- The impact and challenges of micro finance, the Financial Sector Charter and Financial Risk Factors on housing delivery were analysed;

- Requests for official development assistance were made through National Treasury for housing projects;

- Anglo Plats, Rustenburg Municipality and the North West Province were engaged to resolve the blockages of the Seraleng employer-assisted housing project.

The funding of the Integrated Housing and Human Settlement Development Grant is allocated to this programme and therefore accounts for the bulk of Departmental expenditure. The funds in this programme are transferred directly from the Department's budget vote to the nine provincial treasuries for onward transmission to the provincial housing departments to finance housing delivery. Expenditure on the grant has increased steadily from R4,8 billion in 2005/2006 to R10,1 billion in 2008/2009.

Sections 26 and 27 of DORA were enforced in the Eastern Cape Province because that province could not indicate that it could spend all its funds. The amounts of R270 million and R52 million were stopped to the Eastern Cape and North West Provinces respectively, in terms of section 26 of DORA. It should be pointed out that the R52 million for the North West Province was stopped and reallocated to the Northern Cape Province in order to finance projects in the former cross-border towns. The funds were stopped in terms of an inter-provincial agreement between the two provinces concerned. The amount stopped in respect of the Eastern Cape Province was reallocated and transferred as follows: Gauteng – R152 million, Free State – R68 million and Mpumalanga – R50 million.

It is confirmed that the monthly rate of expenditure of the various provinces was closely monitored and appropriately reported on to the Executive Authority and Accounting Officer. In addition, various periodic reports were submitted to and discussed with the Heads of Department Committee, known as the Housing Technical MinMEC, and the intergovernmental structure of the executive authorities of the nine provincial housing departments and the National Department of Housing, known as MinMEC.

Stopping a portion of the Eastern Cape's funds was sanctioned by MinMEC at its meeting held on 22 November 2009. In addition, it was indicated that the cabinet had approved the use of section 100(a) of the Constitution to intervene and assist the Eastern Cape Provincial Housing Department during the period under review. The National Department of Human Settlements visited the provincial staff members more frequently and at the same time viewed the projects, inter alia in the North West Province, selected by the Department to establish and ensure that quality housing units were delivered and that value for money was received.

Together We Can Do More

Service delivery achievements
Programme 4: Housing Development Funding

Sub-programme	Outputs	Performance measure indicator	Actual performance against target	
			Target	Actual achievments
Financial and Funds Management	Manage financial support, internal control and compliance checking	Annual Financial Statements	Annual Financial Statements	Annual Financial Statements were submitted
		Reconciliations	12 monthly reconciliations	12 monthly reconciliations were submitted
		System and document reviews	12 monthly system and document reviews	12 monthly system reviews were submitted
		% of trained officials	100% trained officials	5 workshops were held
	Manage the provision of supply chain management services	Periodic and full stock-taking reports	1 stock count report	1 stock count report was submitted
		Reconciliations (LOGIS and BAS)	12 reconciliation reports	12 reconciliation reports were submitted
		Fixed Asset register	Fixed Asset register	Fixed Asset Register was updated
		Reports on SMME and HDI	12 reports	12 reports were submitted
		Bid report to National Treasury and Stratman	Submit 12 reports to National Treasury and 4 quarterly reports to Stratman	12 monthly reports and 4 quarterly reports were submitted
		Number of travelling reports	4 quarterly reports	4 quarterly reports were submitted
		Number of reports on Government Fleet	12 monthly reports	12 monthly reports were submitted
		Provide customer care service	4 workshops to be held	5 workshops were held
	Provide overall budgetary and grant management services	Approved budget	2010 Budget approved	2010 Budget was approved
		% of funds transferred	100% of funds transferred	100% achieved
		Number of reports on system support provided	4 management reports	4 management reports were provided
Housing Equity	Provide a secretariat function for the Office of Disclosure and also manage and analyse the information disclosed by financial institutions	Reports on engagements and agreements with financial institutions and other stakeholders	4 reports on engagements with financial institutions and other stakeholders related to HLAMDA	4 reports on engagements with financial institutions and other stakeholders related to HLAMDA were produced

Sub-programme	Outputs	Performance measure indicator	Actual performance against target	
			Target	Actual achievments
Housing Equity	Provide a secretariat function for the Office of Disclosure and also manage and analyse the information disclosed by financial institutions	4 reports on training provided to other spheres of government on HLAMDA	4 reports on training provided to other spheres of government on HLAMDA	2 reports were produced on the training provided to other spheres of government on HLAMDA
		2 reports on dissemination of information to provincial housing departments and municipalities' help desks (district and local municipalities)	2 reports on dissemination of information to provincial housing departments and municipalities' help desks (district and local municipalities)	2 reports were produced on the dissemination of information to provincial housing departments and municipalities' help desks (district and local municipalities)
		4 reports on secretariat functions to the OOD in terms of the Act	4 reports on secretariat functions to the OOD in terms of the Act	3 reports were produced on secretariat functions to the OOD in terms of the Act
		Reports on lending patterns and practices by financial institutions on home loans	4 reports on lending patterns and practices	4 reports were produced on lending patterns and practices
	Manage public complaints related to HLAMDA	Reports on rating of financial institutions in terms of their performance	Reports on rating of financial institutions in terms of their performance	Achieved
		Reports on public complaints about home loans and mortgages received, investigated and resolved	Reports on public complaints about home loans and mortgages received, investigated and resolved	4 reports were produced on public complaints about home loans and mortgages received, investigated and resolved
	Propose affordable housing finance instruments/products	2 reports on housing finance instruments or products explored/ encouraged for housing developments	2 reports on housing finance instruments or products explored/ encouraged for housing developments	2 reports were produced on finance instruments for human settlements development purposes
	Evaluate impact of various housing finance instruments/ products on housing delivery	1 report on funding investments promoted for human settlement	1 report on funding investments promoted for human settlement	1 report was produced
		2 reports on the housing finance institutional products and their impact on housing delivery	2 reports on the housing finance institutional products and their impact on housing delivery	2 reports were produced on the housing finance institutional products and their impact on human settlements delivery

Sub-programme	Outputs	Performance measure indicator	Actual performance against target	
			Target	**Actual achievments**
Housing Equity	Evaluate impact of various housing finance instruments/ products on housing delivery	2 reports on the housing finance institutional products and their impact on housing delivery	2 reports on the housing finance institutional products and their impact on housing delivery	2 reports were produced on the housing finance institutional products and their impact on human settlements delivery
		2 reports on the impact made by Official Development Assistance funding on housing delivery	2 reports on the impact made by Official Development Assistance funding on housing delivery	2 reports were produced on the impact of ODA on human settlements
		2 reports on the progress and the impact of FSC on housing delivery	2 reports on the progress and the impact of FSC on housing delivery	2 reports were produced on the progress and the impact of FSC on human settlements delivery

Reasons for major variances

Housing Equity: Reports on Secretariat functions to the OOD in terms of the Act.

-       There was no achievement on the performance measure/indicator because no meetings had been held in relation to the indicator during the third quarter of the financial year 2009/10.

2.8.5   Programme 5: Strategic Relations and Governance

Purpose

To coordinate the Department's mandate within intergovernmental and international relations and promote good governance practices in the Department and its public entities, as well as to provide timely and integrated business information to the Department.

Measurable objectives

The branch has the following measurable objectives:

-       Provide oversight management of housing institutions by monitoring performance and corporate planning as well as by governance oversight, measured by compliance with regulations and the delivery of mandates

-       Provide integrated business solutions and support as well as business information and related products by maintaining databases on housing and human settlements and ensuring quality control, measured by the availability of accurate information, data and solutions

- Provide an integrated communication service through public information and marketing, corporate communications and media relations, measured by sustainable awareness and the dissemination of knowledge and information that empowers stakeholders in and outside the Department

- Provide governance management by co-ordinating transversal programmes, measured by adequate comprehensive risk management, internal auditing, programme alignment and reporting

Service delivery objectives and indicators

Recent outputs

The branch, through the Sub-programme: Management Information Services, continued to support Breaking New Ground (BNG) by ensuring that an enabling environment for planning, implementation and monitoring was facilitated through the provision of housing and housing-related information. Management was timeously provided with reports on important economic, financial and service delivery indicators.

The Sub-programme: Management Information Services continued to maintain and manage the operational and control system environment to ensure effective service delivery. Assistance was given to provincial housing departments to enable them to administer their housing subsidies on the HSS effectively. The draft Housing Delivery Business Model was developed, which addresses planning and budgeting, contract management, project management, beneficiary management, and claims and payments. The model was discussed at provincial and national workshops.

The HSS Steering Committee held meetings with provinces on a quarterly basis and discussed the following: issues related to cross-border projects; recording the procurement of land; electronic filing of application forms; inspection, planning and budgeting processes; beneficiary approval process; and the moving of approved beneficiaries between projects. Quarterly meetings of the Change Committee were held, where provincial representatives endorsed the change requests implemented in the various releases of the HSS.

The National Demand Database is now called the National Housing Needs Register. The National Housing Needs Register provides for the capturing, editing, viewing and reporting of the questionnaires completed at a household level by various provincial departments and municipalities. Support and training were provided to role players on a continuous basis.

The Minister's Information Management Portal was developed, based on requirements and feedback received from the Ministry. The portal is operational and maintained on the basis of the requests received.

The project to develop and publish a Human Settlement Investment Atlas has been concluded. The Atlas was distributed in the National Department and to provincial departments.

The project to develop an atlas of housing demand in informal settlements in respect of 70 municipalities has been completed. The compact discs and folders were distributed to all Chief Directors in the Department, and the verification and updates of the informal areas are being undertaken on an ongoing basis.

The data from the operational system was restored to the Department's data warehouse. Queries were run and reports generated for ad hoc requests. Monthly housing delivery statistics were obtained from the provinces for the non-financial performance report. Business information reports were updated and analysed, and the information was presented in the Human Settlement Journal for all four quarters.

Six information products were made available during the year (MapServer, Human Settlement Journal, Information Handbook, Fact sheets and Information reports, Informal Settlements Atlas and the Human Settlement Investment Atlas).

Accessibility to information about human settlements and knowledge services was ensured through the Library and Resource Centre. The knowledge zone was maintained and updated with e-books and housing-related articles.

Three Knowledge Services Reports were made available in the year. Accessibility to housing-related information and knowledge services was ensured through the Library and Resource Centre, the official Departmental website was maintained and made available on the Internet. Internally the Info Hub was maintained. Three requests in terms of Promotion of access to information (PAIA) were received. Two requests were granted in full and one request was transferred to another public body.

The branch, through the Sub-programme: Intergovernmental Relations and International Relations, has achieved its three objectives in the year under review, namely to coordinate the convergence of mandates through interdepartmental co-operation, to manage and facilitate inter-sphere co-operation, and to leverage international partnerships and best practice in support of the development of sustainable human settlements.

In the area of inter-sphere coordination, the branch coordinated and facilitated five National Accreditation Task Team meetings and provincial accreditation engagements in order to provide a platform for the sharing of lessons and experiences. These meetings provided a platform for the provinces and accreditation priority municipalities to share lessons and best practices on managing accredited municipalities and on sustainable human settlement planning and delivery for the provinces and municipalities respectively. The lessons will inform future interventions and support in the planning and delivery of housing/human settlements to ensure the alignment of municipal housing development planning with provincial multi-year housing development planning. Furthermore, continuous engagements are important as they enable stakeholders to identify challenges and solutions collectively and also to identify areas that require early intervention. As part of monitoring the programme, the provinces also report on the process of accreditation implementation. During the period under review, the Buffalo City and Polokwane municipalities were granted accreditation, bringing the number of level-one accredited municipalities to five.

The implementation of the municipal accreditation programme has been slower in other provinces, owing to different approaches to managing the provincial housing/human settlements delivery model and streamlining housing development with the existing institutional arrangement and governance. However, the sub-programme recently completed the municipal accreditation capacity and compliance assessments of six metropolitan and four local municipalities to determine their state of readiness to administer national housing programmes.

As envisaged in the municipal accreditation framework, the sub-programme provided a measure to ensure that accreditation municipalities can also benefit from forward planning by gazetting a three-year horizon funding allocation and concluding payment schedules with provinces.

Accordingly, section 15 of DORA 2010 gives effect to this rationale to ensure that accredited municipalities have funding certainty and predictability. The intervention is aimed at improving the transparency of municipal allocations, which will allow for the better planning, budgeting and integration of delivery objectives.

In ensuring that the Department coordinates and aligns its engagement with the provinces and municipalities, the sub-programme facilitated the quarterly provincial performance and delivery reviews to monitor overall provincial financial and non-financial performance on the housing and human settlements delivery programmes, as funded through the Housing and Integrated Human Settlement Development Grant and other sectoral grants.

Though the Department is repositioning itself to deliver on its mandate for human settlements, it is equally important to heighten and improve co-operative governance among national, provincial and local governments (metros/cities) through structured dialogue/engagements on the development of human settlements. The Intergovernmental (IGR) Human Settlements Planning and Alignment Reviews were held to promote this objective. The reviews furthermore created a platform for strategic engagement, the comprehensive analysis and assessment of the provincial housing/human settlements multi-year development plans (projects), spatial plans and land availability over the Medium Term Expenditure Framework (MTEF) period, Key municipalities and sector departments participated to share information and foster joint planning, alignment and coordination in the human settlement sector.

One of the key areas of work for the Department has been the development of the Framework: Macro Coordination and Alignment for Sustainable Human Settlements, which was consulted extensively with sector departments and spheres of government.

The Framework: Macro Coordination and Alignment is intended to ensure a convergence of government mandates across spheres and sector departments in terms of planning, public sector grants and implementation. Therefore the location of the framework is varied internally in the Department, as it affects the IGR, planning and funding functions in the Department.

Since the development of the Framework: Macro Coordination and Alignment, it has been informed by the Polokwane Resolutions, namely to develop a Central Planning Framework for Human Settlements. This has resulted from the shift in mandate from housing to human settlements and has been key to the development of the Outcomes-Based Approach to Create Sustainable Human Settlements and Improved Quality of Household Life. The delivery agreement process will be the key aspect of measuring performance and strengthening coordination.

The area of international relations was severely affected by the financial austerity measures imposed on international travel. Accordingly, new ways of ensuring that existing partnerships would be maintained and provide the Department with the intended benefit were devised. The international programme has had to be significantly reduced to include only the Department's crucial international commitments. All study and exposure visits were removed from the programme, and even servicing the Department's international commitments has proved difficult owing to the financial austerity measures. Alternative means of servicing our commitments are being devised, so that we will be able to meet our commitments without incurring many costs.

However, expansion over the medium term will not be possible. On the contrary, the trend is towards dramatically scaling back our international activities.

This implies that the South African voice in international debates on human settlements will not be as audible as in the past, where we were seen as a role model and key advocate for the human settlement issues affecting the poor and developing countries. It will also mean a reduction in exposure to international best practice and to emerging approaches to human settlement development.

To reduce this risk, stronger partnerships are being pursued with the local presence of UN Habitat and the World Bank and, wherever possible, partners and experts are invited to meetings in South Africa to reduce costs.

Nonetheless, the branch has made significant achievements in the period under review. At the 22nd Session of the Governing Council of the United Nations Programme on Human Settlements (UN-HABITAT), in Nairobi in April 2009, a resolution was taken that greater South-South co-operation would be earnestly explored by UN-HABITAT, both within regions and between regions, to create opportunities for learning networks and knowledge-exchange platforms among developing countries. This resolution led to a Special Session on South-South Co-operation, co-chaired by Brazil and India during the World Urban Forum in Rio de Janeiro, Brazil, in March 2010.

As Secretariat of the African Ministers' Conference on Housing and Urban Development (AMCHUD), the branch prepared a work programme and a series of proposals for implementing the decisions taken by AMCHUD at the Abuja Conference in July 2008. The AMCHUD Bureau adopted the work programme and resolved to deal with other issues at the next bureau meeting. Unfortunately, resource constraints prevented a further bureau meeting from taking place until March 2010 during the World Urban Forum in Rio de Janeiro, and even so a full quorum was not present. Therefore the implementation of the AMCHUD Bureau's work programme remains a challenge. South Africa will remain as interim secretariat of AMCHUD until the next AMCHUD Conference scheduled for the 2010/2011 financial year.

In its role as AMCHUD Secretariat, the branch has been lobbying for greater South-South co-operation opportunities to be facilitated by partners such as UN-HABITAT, the World Bank and the Cities Alliance. As member of the Executive Committee of the Cities Alliance, the Department has been participating in discussions on changing the business model of the institution, arguing for a stronger focus on the Cities Alliance as a knowledge hub and a stronger advocacy role for best practice in human settlements.

As an example of the model for South-South co-operation, India, Brazil and South Africa (IBSA) have established an IBSA Working Group on Human Settlements Co-operation which is implementing a work programme to facilitate the exchange of knowledge and experience by human settlements experts and practitioners. Unfortunately a seminar on slum upgrading best practice in the three countries had to be cancelled as part of the financial austerity measures in the current economic climate. However the preparatory work was then put to use to prepare for a session at the World Urban Forum, where the three countries exchanged ideas and perspectives on slum upgrading. This co-operation will continue to be strengthened going forward, with the support of partners such as the Cities Alliance and the World Bank.

South Africa and Angola concluded a Memorandum of Understanding on Co-operation in the Field of Human Settlements, signed by Minister Sexwale and his Angolan counterpart during the State Visit of President Zuma to Angola in August 2009.

The MOU provides for co-operation in planning and management systems; population migration and urbanisation; basic services including sanitation and potable water; land tenure and other pertinent issues related to land; urban employment and poverty alleviation; strategies for the integration of vulnerable groups; and the development of the informal sector and of communities; and co-operation with multilateral organisations on these matters. The MOU may also be an impetus for South African companies to participate in the construction of housing projects in Angola.

South Africa and the Netherlands have had a long-standing relationship of co-operation in the field of social (rental) housing. The Arrangement on Co-operation in the Field of Social Rental Housing for 2009 to 2014 has been finalised and an annual work programme agreed upon, which is currently being implemented. For the initial part of 2010, the focus will be on support for the establishment of the Social Housing Regulatory Authority (SHRA). In addition, the co-operation includes capacity building and technical support for the implementation of South Africa's social rental housing strategy, as well as financial assistance in the form of guarantees to social housing institutions in South Africa.

Co-operation with Cuba continues, and the third phase of the Cuban Technical Support Programme commenced in April 2010. A review of phases one and two has resulted in considerable strengthening and improvement of the already highly successful programme of seconding Cuban engineers and architects to various provinces to assist with the development of capacity and skills.

With regard to co-operation between South Africa and Denmark, Denmark has provided funding for an energy-efficiency pilot project for low-income housing. A total of 49 show houses in Joe Slovo 3 at the N2 Gateway have been completed. A further rollout is planned for 2010, and the intention is to have the project completed by the 2010/11 financial year.

The branch, through the Sub-programme: Communication Services, which comprises the Corporate Communication, Media Service and Public Information and Marketing Units, succeeded in achieving its objective to develop, implement and manage the corporate strategy and plans in support of Sub-programme: Communication Services' aim of managing communication and public relations. Furthermore, the sub-programme implemented a sustained media campaign to profile the Departmental programme. The Minister was profiled and beneficiaries were informed of the available subsidies. In addition, the sub-programme promoted public awareness and knowledge of human settlement programmes, developments, achievements and challenges to all the relevant target audiences in the housing delivery chain.

The Sub-programme: Communication Services also ensured that the Minister's office and the Department received overall positive media profiling as a result of the enhanced efforts of the Communication Programme. In line with these deliverables, the sub-programme participated in all programmes and events aimed at creating awareness of the mandate, deliverables and achievements of the Department during the 2009/10 financial year.

One of the branch's most notable achievements through the Sub-programme: Communication Services was the development of the Presidential Call Centre, in line with the Presidency's request for all departments to establish call centres by 1 September 2009.

The primary objective of the Call Centre is to deal with public queries related to the development of human settlements nationally. The Call Centre currently employs 16 agents, including individuals able to interact with members of the public in six of the official languages, in line with the minimum standard set by government.

The Call Centre agents receive continuous training in Human Settlements policies and procedures, and are kept updated with relevant information so that they can respond effectively to public queries. Since the establishment of the Call Centre in September 2009 to date, 6 571 calls have been received from the public. Of that number, only four cases have not yet been resolved. In addition there are 11 active cases awaiting further client information to give the Department the requested information about the query, and two pending cases waiting for responses from project managers as to where and when the housing project will commence in those provinces.

A recent report from the Presidency shows that the Department of Human Settlements received the second-highest number of queries totalling 5 571, after the Department of Labour. In terms of the percentage of solving these queries; the Department is the second-highest with a score of 86%. The Presidency congratulated the Department on its turnaround time in responding to the queries received through the Presidential Hotline.

The Department also received compliments from the public for rendering effective and efficient services to all citizens of South Africa. The successful cases handled and resolved by the Call Centre include the following: Mr Steven Makgafole of 52/1929 Block XX Soshanguve received his house through the help of the Call Centre, and the Parliament Constituency Office informed the Department that Ms Mthetwa is now living on her property after being helped by the National Call Centre.

The queries come in the form of communications such as email messages, written letters, SMSs and faxes, and through the toll-free number which caters for all the nine provinces in South Africa. There is a growing tendency for the public to direct enquiries, concerns and complaints to the national office, while disregarding the role of the service delivery arms of government, i.e. the provinces and local government. Consequently it is imperative for the National Call Centre to be given capacity with all the required resources. A large number of community representatives visited the Department's Help Desk on a daily basis for assistance with resolving their concerns.

The Sub-programme: Communication Services through the Corporate Communication Unit produced regular publications and information posters, which keep the Department's employees aware of developments relating to the Department.

The in-house Desktop Publishing Unit was able to provide cost-effective support for all programmes in the Department through the unit's design, layout and production services, whereas the Event Management Unit managed the planning of all major Departmental and Ministerial events. In the year under review, the Events Management Unit supported and provided logistics on several ministerial projects/activities, including the following:

- Deputy Minister's visit to Port Elizabeth
- Minister's outreach visit to N2 Gateway
- Minister's visit to Thokoza Hostel
- Youth Build
- Women's Build Project in Mpumalanga

- Social Contract conference
- National Audit Launch in Eastern Cape

In the year under review, the key achievements of the Sub-programme: Communication Services through the Media Services Unit included introducing the Minister to the media, stakeholders and the community at large. The warm reception that the Minister received from these various stakeholders has created hope that the challenges we face in providing decent human settlements are appreciated by all role players and stakeholders, who are willing to partner the Department to contribute to overcoming these challenges.

The positive media coverage that the Department received as it announced measures to tackle fraud and corruption, remains one of the highlights of the year as it demonstrated the Department's commitment to rooting out undesirable elements in the housing delivery chain. Another highlight was the launch of the National Audit Task Team that is headed by the National Special Investigation Unit and the Auditor-General.

The Sub-programme: Communication Services, through the Media Services Unit, also provided a daily media-monitoring and analysis service to the Department, provincial departments and other stakeholders. Through the Human Settlements Communicators' Forum, the branch supported the projects of provincial and sector partners.

Some of the significant activities of the Media Services Unit in the Sub-programme: Communication Services during the year under review, are as follows:

- First National Department of Human Settlements (housing) MinMEC briefing under the new Minister
- Youth Build ceremony at Sunnydale, Eshowe, KZN on 26 June 2009
- Minister's visits to various projects in the country were supported
- Cluster Briefing 2010 inputs
- Media support for Human Settlements Week
- Media support for the Social Contract Plenary
- Media support for the National Audit Task Team (fraud and corruption)
- Media support for the Rectification Programme
- Establishment of media support for the Social Housing Regulatory Authority
- The statement issued to the media after the Constitutional Court's ruling on the relocation of Joe Slovo residents

Through the Public Information and Marketing Unit, the Sub-programme: Communication Services' effectiveness levels continued to be enhanced through the implementation of innovative strategies and improved sector partnerships. The Public Information and Marketing Unit also put a great deal of effort into conceptualising high-visibility external marketing and branding campaigns aimed at using a variety of multimedia platforms and exhibitions.

The focus on consumer awareness through scheduled exhibitions and participation at government-wide events has had a positive impact because it broadened access to consumer information about basic human settlements. Accordingly, beneficiaries and other members of the public have become better informed about the processes, roles and responsibilities of role players and stakeholders, as well as the achievements of the government in relation to the Human Settlements Development Programme.

Among the notable achievements of the Public Information and Marketing Unit for the year under review was the production of corporate and generic beneficiary publications.

These included Human Settlements Programmes and Subsidies, Economic Opportunities Created by Human Settlements and a comic book. Generic beneficiary publications were updated and produced in the 11 official languages. In addition, two of the primary generic publications – Human Settlements Programmes and Subsidies and Economic opportunities created by Human Settlements – have been translated into Braille. Two issues of the quarterly corporate publication – "Building the Nation" – were produced. The unit produced a one-off publication "Women in Human Settlements" commissioned by the Sub-programme: Stakeholder Management Unit in the Department.

The front page of the Departmental website has been reviewed. A bigger project to revise the entire website will be rolled out in the new financial year.

The Public Information and Marketing Unit assisted with planning and implementing the Social Contract Plenary, National Audit Launch at Alphandale and with the Deputy Minister's visit to the Eastern Cape. The unit also participated in all the GCIS Fora called to plan for the 2009 Imbizo Focus Week, 16 Days of Activism and also represented the Department at the NCOP hearings in Limpopo.

The Human Settlements brand and products were showcased at a number of sector and general public events, including the annual Pretoria Show and the South African Housing Foundation Exhibition. The Johannesburg Easter Festival Show was implemented in partnership with some of the housing institutions during the first quarter of 2009/10. At these exhibitions. the Department's primary objective was to interact with all sectors of the public interested in State-provided housing via interactive displays of housing products, the on-site ability to verify waiting list status on the HSS and the dramatisation of housing issues. The showcasing of the different life-size housing products at the Easter Exhibition pavilion enhanced the Department's ability to demonstrate to visitors the wide variety of housing typologies, their quality and increased size. Accordingly, three typologies were displayed on the stand, namely a 40^2 metre BNG unit, a 65^2 metre affordable unit and the 35^2 metre social housing unit.

The Public Information and Marketing Unit also played a pivotal role in supporting the programmes of other units in the Department. These include the annual stakeholder interactions such as the Youth and Women's Builds hosted in KwaZulu-Natal and Mpumalanga respectively, planning for the Govan Mbeki Housing Awards as well as participating in the Social Housing Regulatory Agency (SHRA) Establishment Task Team, and planning the Alternative Technologies workshop and the 16 Days of Activism campaign. During these events the unit's role was to maximise public awareness and understanding of the Human Settlements programme and to promote co-operation with relevant units in the province.

The unit facilitated the advertisement of programmes in relevant publications, namely the announcements of the Govan Mbeki Awards, scholarship announcements, the Commuta Net publication, announcement of SHRA nominations and A call for Alternative Technology Builders.

The dissemination of Human Settlements messages was maximised through a multi-pronged dissemination strategy which utilised sector and general exhibition opportunities, Government-wide events, the Government Communication Information System (GCIS), Thusong Centres and provincial information centres. In addition use was also made of customised profiles published in various publications aimed at target audiences.

Partnerships with institutions such as the GCIS, provincial housing departments and housing institutions are a continuing area of focus for the unit, as these relationships enhance the implementation and effectiveness of projects. Accordingly, the housing institutions are formally engaged to participate at events and the Directorate obtains sponsorship, where appropriate.

Beneficiaries across the country have been exposed to common messages from the Department of Human Settlements, enabling them to gain a common understanding of the Department's processes, challenges, achievements and their own role in the housing programme.

The achievements of the Public Information and Marketing Unit mentioned in this report were aimed at reaching and promoting internal and external audiences' enhanced awareness of the human settlements mandate, challenges and achievements. During the year under review, the Chief Directorate's output continued to strengthen and existing capacity gaps were filled.

The commitment of the staff in the Sub-programme: Communication Services has ensured that the work of the Public Information and Marketing Unit continues to be achieved. Participation in provincial and local government campaigns continues to grow.

For the year under review, the branch, through the Sub-programme: Housing Entities Governance, continued to exercise its oversight over its entities. The subdirectorate facilitated the development and approval of institutional strategic plans to ensure alignment with national priorities, and continuously analysed and reported on the actual outputs achieved. Furthermore, analysis reports included reporting on housing institutions' compliance with good corporate governance practices. On various occasions the Department engaged with institutions on issues pertaining to financial and non-financial performance as well as entity governance. The sub-programme conducted visits to institutions for verification purposes. Though some Institutions are progressing well, others lag behind and require coercion to play the role that is the reason for their existence.

During the year under review the Board, Chief Executive Officer and Chief Financial Officer of the Housing Development Agency (HDA) were appointed and the agency commenced its operations. The institution identified four projects, namely Cornubia in KwaZulu-Natal, Lephalale in Limpopo, Northern Cape informal settlements and eradicating the housing backlog and redeveloping buildings in the inner city of Johannesburg. For these projects, the agency will facilitate land acquisition, assembly, planning, project structuring and funding.

The General Manager for the Land Acquisition and Management Unit was appointed in October 2009. As a result, the activities of this key focus area, the HDA started to take shape. The institution entered into negotiations with Transnet, the nine provinces and the major municipalities, relating to their land requirements over the next three years.

A new Council for the National Home Builder's Registration Council was appointed with effect from May 2009 and a Council Advisory Committee (CAC) Secretariat appointed to facilitate the effective discharge of the duties of the CAC.

Closure Steering Committees provided oversight over the closure processes of Thubelisha Homes and Servcon Housing Solutions. These institutions ceased operations as planned by 31 July 2009 and 31 August 2009, respectively.

The project management of the N2 Gateway and Zanemvula mega-projects was transferred to the HDA.

The Department constituted an Establishment Task Team to drive the establishment of the Social Housing Regulatory Authority (SHRA), as provided for in the Social Housing Act (Act No. 16 of 2008). Nominations of individuals to serve on the SHRA Council have been received and appointments are being considered by the Minister. The first strategic plan for the institution is being developed and should be finalised in April 2010.

In the absence of SHRA, the implementation of the Interim Social Housing Programme was extended through the Social Housing Foundation (SHF). Nine projects located in four provinces from four social housing institutions were selected to receive the Restructuring Capital Grant (RCG).

A Closure Plan for the Closure of the Social Housing Foundation (SHF) was approved and the implementation of the plan commenced.

Following the national review of development finance institutions (DFIs), the Department commenced a sector review of housing development finance institutions, namely the National Housing Finance Corporation (NHFC), the National Urban Reconstruction and Housing Agency (NURCHA) and the Rural Housing Loan Fund (RHLF). Workshops were held with the institutions concerned, and Terms of Reference were issued for a service provider to assess the appropriate institutional arrangement required for adequately addressing the development finance gap throughout the human settlement development chain.

The branch, through Sub-programme: Strategic Management, is mandated to manage overall organisational planning and supports the strategic management and operations of the Department. The sub-programme comprises the Organisational Performance Monitoring Unit and the Organisational Planning Unit. In the year under review, the sub-programme could timeously submit the Departmental consolidated annual and quarterly performance reports for the financial year as well as the corresponding performance evaluation reports, to the Director-General for discussion with the Minister. The purpose of the performance evaluation reports is to provide a progress report on the implementation of the approved Departmental Strategic and Performance Plans. The determination is therefore made on the factual correctness or accuracy of the programmes' actual achievements compared with the approved targets during each performance-reporting period.

The performance evaluation report also covers the issues that need urgent and ongoing attention as regards the performance of the Department.

The Departmental verification reports were also compiled and submitted to the Accounting Officer. The verification process is aimed at determining the factual correctness or accuracy of programmes' actual achievements compared with the targets that are detailed and predetermined in the Annual Performance Plan, with specific emphasis on the quarterly targets that have been set.

The Departmental Annual Report for the financial year 2008/09 was tabled in Parliament as per the parliamentary schedule.

Guidance was provided during the planning and performance review and information sessions were held on planning and performance monitoring and reporting in the Department. In its endeavour to improve its service to officials of the Department, the Chief Directorate: Strategic Management also developed an information session evaluation form, to obtain feedback from participants on the presentations made during the sessions.

All presentations on planning and performance monitoring reports were timeously compiled and prepared for the Departmental Strategic Management Committee, the Departmental Audit Committee and the Oversight Committees of Parliament.

The existing approved Departmental Strategic Planning and Monitoring Policies, Frameworks and Tools were reviewed and updated with the latest information from the relevant policies and legislation in order to guide Departmental planning and performance-monitoring processes.

During the period under review, an annual calendar of submission dates and review sessions for Departmental strategic and performance plans as well as for Departmental performance reports for the rest of the 2010/2011 financial year was developed and distributed.

The Chief Directorate has also facilitated the completion of worksheets on the description and implementation of performance-monitoring controls in the Department.

In view of the transition, name change and changed mandate for the Department, the sub-programme facilitated strategic planning review sessions with all branches of the Department, which culminated in a three-day Department-wide strategic planning session held in December 2009 to finalise the 2009 – 14 Strategy and the 2009 – 12 Strategic and Performance Plans.

The sub-programme was also able to develop and submit to the Executing Authority for approval the Departmental Strategic and Performance Plans 2009 – 14 and 2010 – 13. All these documents were approved by the Accounting Officer and then submitted to the Office of the Minister for further processing. The 2009 – 14 Strategic and Performance Plans were submitted to Parliament through presentations developed by the Strategic Management Sub-programme.

The sub-programme has, during the period under review, aligned and verified SMS performance agreements with the approved operational plans for 2009/10 and submitted a report to the Accounting Officer.

Even though the Chief Directorate: Strategic Management performed all strategic support and coordination functions, compliance reports were not produced because of staff shortages in the Directorate: Organisational Planning.

The branch, through the sub-programme: Transformation is mandated to oversee and ensure Departmental transformation processes, systems, procedures and culture. This sub-programme is comprised of two units, namely the Organisational Transformation Unit and the Sector Transformation Unit, whose functions are to develop and manage organisational transformation and transformation in the human settlements sector, respectively.

During the year under review, the Assistant Director who had initially been appointed in the Organisational Transformation Unit, under the Subdirectorate: Employment Equity; Change Management and Batho Pele, was transferred to Sector Transformation with effect from 1 September 2009.

During the year under review, the branch, through the Sub-programme: Transformation, made the following notable achievements.

As part of the Batho Pele Flagship Projects, a report was compiled for the DPSA on Departmental participation during the Public Service Week deployments. Project assessment questionnaires were also distributed to participants in the KHAEDU training course.

The branch also compiled and submitted the quarterly Employment Equity Reports and the Annual Departmental Employment Equity Report to the Department of Labour. The Annual Departmental Employment Equity Report was compiled for presentation to the Strategic Management Team. The sub-programme formulated the Change Management Strategy; and conducted the Departmental 16 Days of Activism, Aids Day and Disability Day, and the Departmental Wellness Day, HIV and Aids Day during the period under review. Coordinated Employment Equity training was provided to members of the Employment Equity Forum and the sub-programme also coordinated the Sports and Recreation Promotion Programme of the top four tournaments as well as compiling a conceptual paper on Change Management and a draft Disability Policy.

The Sub-programme: Transformation furthermore developed a draft Service Delivery Improvement Programme (SDIP). A Departmental Wellness Management Policy was compiled and approved, and a draft Life after VCT Programme was also developed and is awaiting approval. Also developed were the draft Peer Educators Programme, and the Departmental National Strategy on HIV and Aids and TB. The Departmental Retirement Programme was developed too. Partnerships were established with the provinces of Limpopo and the Northern Cape in rolling out the KYSRC. A partnership was also established with the DPSA on the Know Your Service Rights Campaign (KYSRC), including wall murals on the KYSRC during the 2009 Women's Month at Thekwane North (Mpumalanga).

In addition, the sub-programme facilitated and coordinated a sport and recreation promotion programme; facilitated and participated in children's activities – an MDG (Take a Girl Child to Work initiative); facilitated and participated in the HIV/Aids and TB awareness (Candlelight Memorial); participated in the events of Africa Public Service Day and Public Service Week; participated in youth events – Eshowe (EHWP); and submitted the Job Access Quarterly Report to the DPSA.

Targets not achieved

In the Sub-programme: Communication Services, some of the planned annual media services deliverables were adversely affected by a number of limitations which included, but were not limited to, adequate skills and refocusing the media strategy to accommodate Ministerial communication priorities. Previously there were a number of media campaigns but the Minister's current communication strategy requires a different form of communication, which is less prominent in terms of occupying media space.

Some of the planned annual public information and marketing deliverables were negatively affected by funding and policy revisions. Among these were the development and implementation of a multimedia advertising campaign which was approved in principle by the Office of the Accounting Officer but now awaits alignment with the revised communication strategy and funding in the new financial year (2010/11).

The branch, through the planned annual deliverables of the Sub-programme: Housing Entities Governance, was by funding and capacity limitations, including the final closure of Thubelisha Homes and Servcon Housing Solutions as well as the establishment of SHRA.

The conclusion of shareholder compacts between the executive authorities of the institution and government was put on hold, pending the enactment of the new Companies Act (Act No. 71 of 2008).

The total budget appropriation to housing institutions could not be transferred as a result of administrative delays in obtaining approval for the opening of a bank account for SHRA.

During the year under review, the branch, through the Sub-programme: Transformation was not able to carry out the following planned activities:

- Benchmarking with other departments' best practices on issues affecting youth could not be done;
- Could not facilitate and review the implementation of the mainstreaming guideline on special programmes (gender);
- The National Human Settlement Batho Pele Forum Programme of Action has not been approved because the unit is currently still constituting a national task team for the establishment of the National Human Settlement Batho Pele Forum;
- The Human Settlements Sector Transformation Charter has not been approved because the unit was consolidating the inputs from various stakeholders and is awaiting approval of the terms of reference.

The unit is in currently developing the Batho Pele Revitalisation Programme in consultation with relevant stakeholders in the Department; The unit is currently finalising the development and review of EHW policies that are aligned to the DPSA's Framework; the unit is still involved in a research process with the Department of Social Development and the Ministry of Women, Children and People with Disabilities aimed at the development of the mainstreaming guideline on transformation special programmes; a draft mainstreaming guideline has been developed for the Sector Transformation Special Programmes. The draft has not yet been approved due to the continuing process of benchmarking with the newly established Ministry of Women, Children and People with Disabilities.

Challenges

Among the challenges faced by the Sub-programme: Communication Services and the Sub-programme: Transformation, the following had the greatest impact:

During the reporting period there was no appointed Chief Director for 75% of the 2009/10 financial year; the changes in policy imperatives have necessitated a review of the communication sub-programme's planned activities in the absence of a Chief Director which has been a major challenge; the changed focus from communication about housing to human settlements has necessitated the re-focusing of messages to include

issues such as sanitation but management and structural clarity is still needed; the re-branding of the Department has had cost implications across the board and the branding process has not yet been completed.

Shortages of office accommodation have impacted on the ability to fill vacant posts and also affected the management of officials who are accommodated far away from their line function colleagues; the ever-increasing volume of enquiries received at Call Centre and the Help Desk due to the service delivery protests is another area of concern and has the potential for credibility risks when enquirers do not receive the kind of responses they expect; the number of referrals from the Presidential Hotline continue to grow; and the Department is required to deal with communities who demand the opportunity to address the Minister about their grievances.

The natural attrition of staff also deprives the sub-programme of key skills at a time when the recruitment processes are unfolding at a snail's pace; some of the events are not included in the sub-programmes' calendar of events so that the unit is unable to prepare in advance. Project managers are still outsourcing the event management function to service providers. Commissioning the services of an organisation or individual to organise on behalf of the Department is interpreted negatively because the subdirectorate believes that they regarded as not being capable of performing their duties. Some events are planned and prepared without the involvement of the unit.

Although some events are done on an ad hoc basis, Project Managers should at least inform Corporate Function about the event well in advance. Currently, most of the service providers require a deposit before we can confirm a booking. As a result, the unit enquires about the availability of a venue through agencies and this costs more because the agencies add a service fee to the invoice price. There is a need for the directorate to be in touch with the calendar of events and any other activities that are planned for the Department in or outside the Department. There is a lack of clarity about the functional mandate between the Sub-programme: Transformation and the Sub-programme: Stakeholder Mobilisation on youth and gender issues. In addition, the National Disability Policy Framework and Implementation Strategy require attention.

Management responses to address the challenges

The Department is currently appointing a Chief Director and Director Media Services; the Chief Directorate is making efforts aimed at strengthening communication with the Ministry; Departmental publications have played a large role in explaining the new mandate to internal and external publics; the re-branding of all aspects of the Department continues to be rolled out internally and externally in order to minimise public confusion; the issue of office accommodation is being addressed through Programme Corporate Services; and management is increasingly recognising the need to develop management capacity at the Call Centre and Helpdesk,

The Sub-programme: Communication Services is currently filling the approved vacant positions in order to optimise delivery; it is also developing an Events Management Framework document; the Branch Head will engage with Branch: Service Delivery on clarifying the functional mandate between the sub-programmes of Transformation and Service Delivery; the Sub-programme: Transformation is involved in continuous engagement with the Office on the Status of Disabled People.

Service delivery achievements
Programme 5: Strategic Relations and Governance

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievments**
Management Information Services	Provide integrated business solutions	Change requests approved for development	Approved change requests	43 change requests were approved
		% of hours of support provided	100% of hours of support provided	100% of hours of support services were provided to the nine provincial human settlements departments
		Number of HSS-related training sessions conducted	Number of training sessions conducted	42 training sessions were conducted, based on requests received from various role players
	Manage data and information, and provide knowledge services	Business Information available for reporting	A developed and enhanced business information portal / tool	Business information was available in 4 quarters. The data in the warehouse for HUIMS as the portal / tool was maintained, and data and information were made available. National Housing Journal was updated to reflect the analysed data.
		Reports on the availability of business information and data	4 reports on business information and data available for report-ing	4 reports on business information and data were available for reporting
		Number of information products available	4 information products available	6 information products were produced and available
		Number of information and knowledge services available	3 information and knowledge services (Library, Online and PAIA) available	3 information and knowledge services were made available
Intergovernmental Relations and International Relations	Coordinate the convergence of mandates in support of sustainable human settlements development through interdepartmental co-operation	Framework developed for IGR collaboration for the creation of sustainable human settlements	Approved IGR collaboration framework	Framework for IGR collaboration for the creation of sustainable human settlement developed and approved

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievments
Intergovernmental Relations and International Relations	Coordinate the convergence of mandates in support of sustainable human settlements development through interdepartmental co-operation	4 reports to reflect participation in, and compliance with the requirements of the relevant interdepartmental forums	4 reports to reflect participation in, and compliance with the requirements of the relevant interdepartmental forums	4 reports were submitted to reflect participation in, and compliance with the requirements of the relevant interdepartmental forums
	Manage and facilitate Inter-sphere co-operation in support of housing development	Completed municipal accreditation capacity and compliance audit	Terms of reference for the municipal accreditation capacity and compliance audit completed and municipal accreditation capacity and compliance audit completed	Terms of reference for the municipal accreditation capacity and compliance audit were developed and approved but the audit has not yet been completed
		% support to priority municipalities for accreditation of housing functions	100% support to priority municipalities for accreditation of housing functions	100% support provided to priority municipalities for accreditation of housing functions
		4 reports to reflect facilitation of and participation in IGR Fora to enhance vertical integration across spheres of government with regard to human settlement issues	4 reports to reflect facilitation of the Department's participation in the various IGR structures to enhance vertical integration across spheres	4 reports were submitted to reflect facilitation of the Department's participation in the various IGR structures' initiatives
	Leverage international partnerships and best practice for the development of sustainable human settlements	Develop a framework and programme of international engagements	Approved framework and programme of international engagements	Framework and programme for international relations was not approved owing to financial austerity measures
		4 reports on implementation of agreements, action plans and project plans with key strategic countries	4 reports on mplementation of agreements, action plans and project plans with key strategic countries	4 reports were submitted on the implementation of agreements, action plans and project plans with key strategic countries

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievments**
Intergovernmental Relations and International Relations	Leverage international partnerships and best practice for the development of sustainable human settlements	4 reports to reflect participation in strategic international forums to articulate South Africa's position *vis-à-vis* human settlement issues	4 reports to reflect participation in strategic international forums	4 reports to reflect participation in strategic international forums were submitted
Communication Services	Manage the Communication and Public Relations functions	An approved corporate communication strategy and plan	Hold 4 workshops to develop a corporate communication strategy and plans, streamline corporate communication activities, assess progress with the implementation of the strategy and plans, and review strategy and plans	Partially achieved and reasons are given in the portfolio of evidence
			Train and develop staff competencies	3 staff members were trained during the year
			Manage content on the Departmental INFOHUB	Partially achieved and target was revised
			Develop and disseminate information messages to internal stakeholders through posters, emails, brochures and information boards	Relevant posters, emails, brochures and information boards were developed and disseminated
			Manage the Departmental Call Centre and Helpdesk and produce 12 monthly reports	12 monthly reports and 48 weekly reports were produced.
			Produce 8 internal publications (Human Settlements Communiqué)	6 Human Settlements Communiqués were produced
			Manage information from staff collected via suggestion boxes and write reports for management's attention	Not achieved

Together We Can Do More

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievments**
Communication Services	Manage the Communication and Public Relations functions	An approved corporate communication strategy and plan	Manage Ministerial and Departmental events, functions and projects launches and human settlement handovers	100% of commissioned functions and events were managed
			Manage the production and design of Departmental publications	100% of Ministerial and Departmental branded material was produced and designed
			Manage and oversee the correct usage of the Department's brand on all promotional items/ material produced in-house	100% achieved
			Manage the Department's participation in transversal activities of government such as Internal Communication for a Social Cluster, organised by the GCIS	3 GCIS meetings were attended
	Develop and manage the Public Information and Marketing Strategy and plans (Annual Communication Strategy)	Implemented strategy and plan developed to prioritise communication of programmes/ campaigns	Develop a prioritised plan for Public Information and Marketing activities Implement the PI&M prioritised plan of activities and review the plan	Achieved
			Cost the prioritised PI&M campaigns in line with the disbursed budget and implement the prioritised PI&M programmes/ campaigns	Partially achieved
		Develop and implement a content management schedule for external publications and website	External Publications Schedule developed and implemented	Annual publications plan was developed
			External printing of publications commissioned	External printing of publications were commissioned
	Develop a distribution strategy	Distribution strategy implemented	Distribution strategy reviewed for accuracy and implemented	The Distribution Strategy was developed

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Communication Services	Develop a distribution strategy	Develop interactive beneficiary campaigns	Face-to-face beneficiary and stakeholder interaction campaigns developed and implemented	Partially achieved
			Human Settlements Week Campaign programme developed and implemented	Developed and implemented activities for Human Settlements Week
			16 Days of Activism campaign developed and implemented	Activities for the public awareness plan for 16 Days of Activism were developed and implemented
		External Corporate Branding Management	External Branding implemented	Target achieved
			Programmed participation at sector-related exhibitions	Target achieved
			Advertising campaigns developed and implemented	Target achieved
		Develop Consumer Awareness Campaigns	Multi-media programme campaigns implemented.	Target achieved
		Perceptions research	Research on public opinion completed	Not achieved
	Manage the communication and public relations functions	Provide comprehensive management of media services to the Department and stakeholders	Media monitoring and reports provided to Management and Minister per quarter	240 reports were provided on media monitoring
			Features and articles on housing for print media	48 features and articles on housing were published in the print media
			48 provincial hotline (individual communicators)	48 calls were made to individual communicators on a weekly basis to get their weekly programmes
			Forty media releases	A total of 40 media releases were issued
			Support 12 ministerial media events	12 ministerial media events were supported

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Communication Services	Manage the communication and public relations functions	Provide comprehensive management of media services to the Department and stakeholders	12 media events of national importance	12 media events of national importance were supported
Housing Entities Governance Oversight	Oversight management of housing institutions, including monitoring, analysing and reporting on financial and non-financial performance and corporate governance	Approved the business plans and reports on corporate governance and performance monitoring of housing institutions	Approved business plans, budgets and corporate governance issues of housing institutions	The strategic plans of six housing entities and two closure plans were approved
			Number of Performance Monitoring Reports produced on financial, non-financial and corporate governance	4 quarterly reports were produced
			Mid-term performance monitoring report produced (financial, non-financial and corporate governance)	1 mid-term and 1 annual performance report were produced
			Percentage of transfers of funds requested approved	(91%) of the funds requested were transferred
		Number of institutions rationalised	Number of institutions rationalised Closure of Thubelisha Homes	Closure of Thubelisha Homes is at an advanced stage
			Closure of Servcon	Closure of Servcon is at an advanced stage
			•Establish SHRA	Establishment of SHRA is at an advanced stage
			Closure of Social Housing Foundation	Closure Plan was approved and the implementation of the Closure Plan has commenced
	Provide policy advocacy, govern-ance oversight and compliance monitoring	Reminder letters with regard to compliance with PFMA and Treasury Regulations by housing entities	Reminder letters for submission of quarterly reports as well as Draft Strategic Plans sent to all entities	Completed
		Number of reports produced on housing institutions' governance status	1 report on housing institutions' governance status produced	1 report was produced on housing institutions' governance status
		Approved shareholder compact per institution	Approved shareholder compact per institution	Not achieved

Subprogramme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievments
Housing Entities Governance Oversight	Provide policy advocacy, governance oversight and compliance monitoring	Reminder letters with regard to c ompliance with PFMA and Treasury Regulations by housing entities	Reminder letters for submission of quarterly reports as well as Draft Strategic Plans sent to all entities	Completed
		Number of reports produced on housing institutions' governance status	1 report on housing institutions' governance status produced	1 report was produced on housing institutions' governance status
		Approved shareholder compact per institution	Approved shareholder compact per institution	Not achieved
		Approved frameworks developed for Board Charters and for the evaluation of Board members of housing entities	Approved framework for Board Charters developed	Approved framework for Board Charters was developed
			Provide secretarial service to the NHBRC Council Advisory Committee meeting and produce report	Completed
Strategic Management	Management of the development of Departmental Strategic and Performance Plans	Approved Departmental Strategic and Performance Plans	Approved Departmental Strategic and Performance Plans	Achieved
	Provision of Strategic Management support to transversal functions of the Department	Number of Departmental Strategy Management Compliance reports	Four Departmental Strategy Management Compliance reports	Not achieved
	Monitor the implementation of the Departmental Strategic and Performance Plans	Departmental Annual Report	Departmental Annual Performance Report	Completed

Subprogramme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	**Actual achievments**
Transformation	Develop and manage sector transformation programmes	Approved Human Settlements Sector Transformation Charter	Approved Human Settlements Sector Transformation Charter	Terms of reference for the development of a Human Settlements Sector Transformation Charter were submitted to the Acting DG
		Approved mainstreaming guideline on sector transformation special programmes	Developed and approved mainstreaming guideline on sector transformation special programmes	Achieved
	Develop and manage organisational transformation programmes	Approved EE Plan implementation strategy	Approved EE Plan implementation strategy	EE Plan implementation strategy was approved
		Annual report on the implementation of the EE Plan	Annual report on the strategy for the implementation of the EE Plan	Achieved
		Approved Change Management Programme	Approved Change Management Programme	Achieved
		Approved mainstreaming guideline on organisational transformation special programmes	Approved mainstreaming guideline on organisational transformation special programmes	Achieved
		Approved Batho Pele revitalisation programmes	Approved Batho Pele revitalisation programme	Achieved
		Approved Employee Health and Wellness (EHW) Policies	Developed and approved Health and Wellness (EHW) Policies	Completed
		Approved Employee Health and Wellness Strategy	Formulated and approved Employee Health and Wellness Strategy	Completed
		Approved HIV and Aids and TB mainstreaming guideline	Developed and approved HIV and Aids and TB mainstreaming guideline	Completed
		4 reports on the implementation of the EHW programme	4 reports on the implementation of the EHW programme	Achieved

Reason for major variences

None.
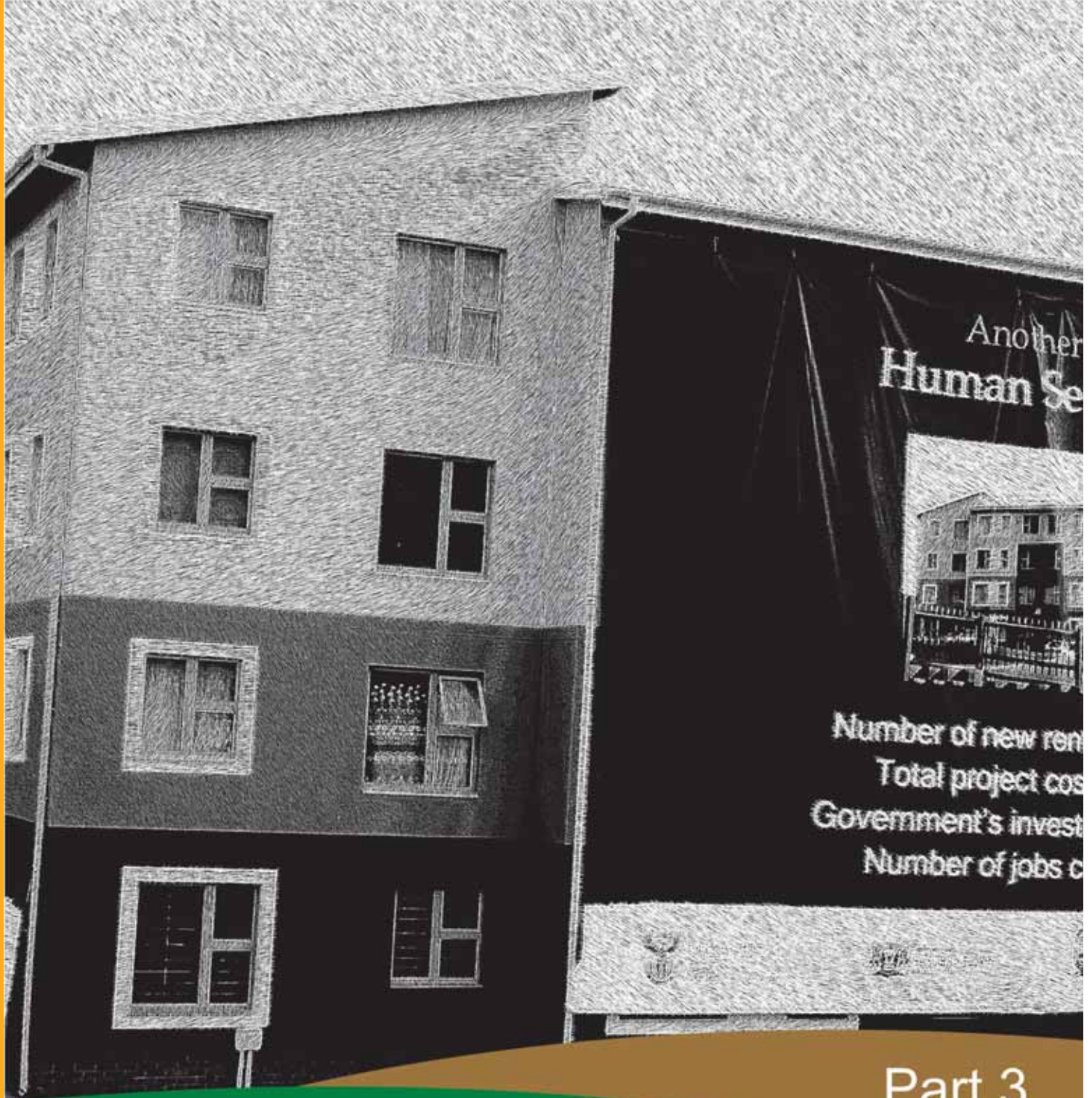
Part 3

Report of the Audit Committee

human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDIT COMMITTEE for the year ended 31 March 2010

We are pleased to present our report for the financial year ended 31 March 2010

Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and meets 4 times per annum as per its approved terms of reference. During the current year 4 meetings were held.

Name of Member	Number of Meetings Attended
Ms M Nyathi (Chairperson) (Resigned 31 July 2010)	4
Ms S Hari (Resigned May 2010)	4
Mr T T Ntuli	4
Ms T Moja	2
Ms Y Reilly	4
Mr J Weapond	2
Mr K Buthelezi	4

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **section 38(1)(a) of the PFMA** and **Treasury Regulation 3.1**

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

The effectiveness of internal control

The system of internal control applied by the department over financial risk and risk management are adequate, however there is room for improvement to enhance the effectiveness of the control systems. From the various reports of the Internal Auditors and the interim management report of the Auditor-General South Africa it was noted that there are some deficiencies in the systems of internal control. Corrective actions and enhancement recommendations to the control systems are being addressed by the Department.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the Accounting Officer;
- reviewed the Auditor-General's interim management report and management's response thereto;

The Audit Committee will consider the Auditor-General's South Africa conclusion on the annual financial statements once audited.

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively and Internal Audit strives to address the risks pertinent to the department in its audits.

Auditor-General South Africa

The Audit Committee has met with the Auditor-General South Africa to ensure that there are not unresolved issues. The Auditor-General South Africa brought to the attention of the Audit Committee that there were two management comments which were outstanding at the time of the finalisation of the audit.

The Audit Committee concurs and accepts the Auditor-General South Africa's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the
Auditor-General South Africa.

Other

The Audit Committee is aware of an investigation currently underway relating to the R100 million rand guarantee given by the Department to one of its entities which was in breach of the provisions of the Public Finance Management Act of 1999.

MS M Nyathi
Chairperson of the Audit Committee
31 May 2010
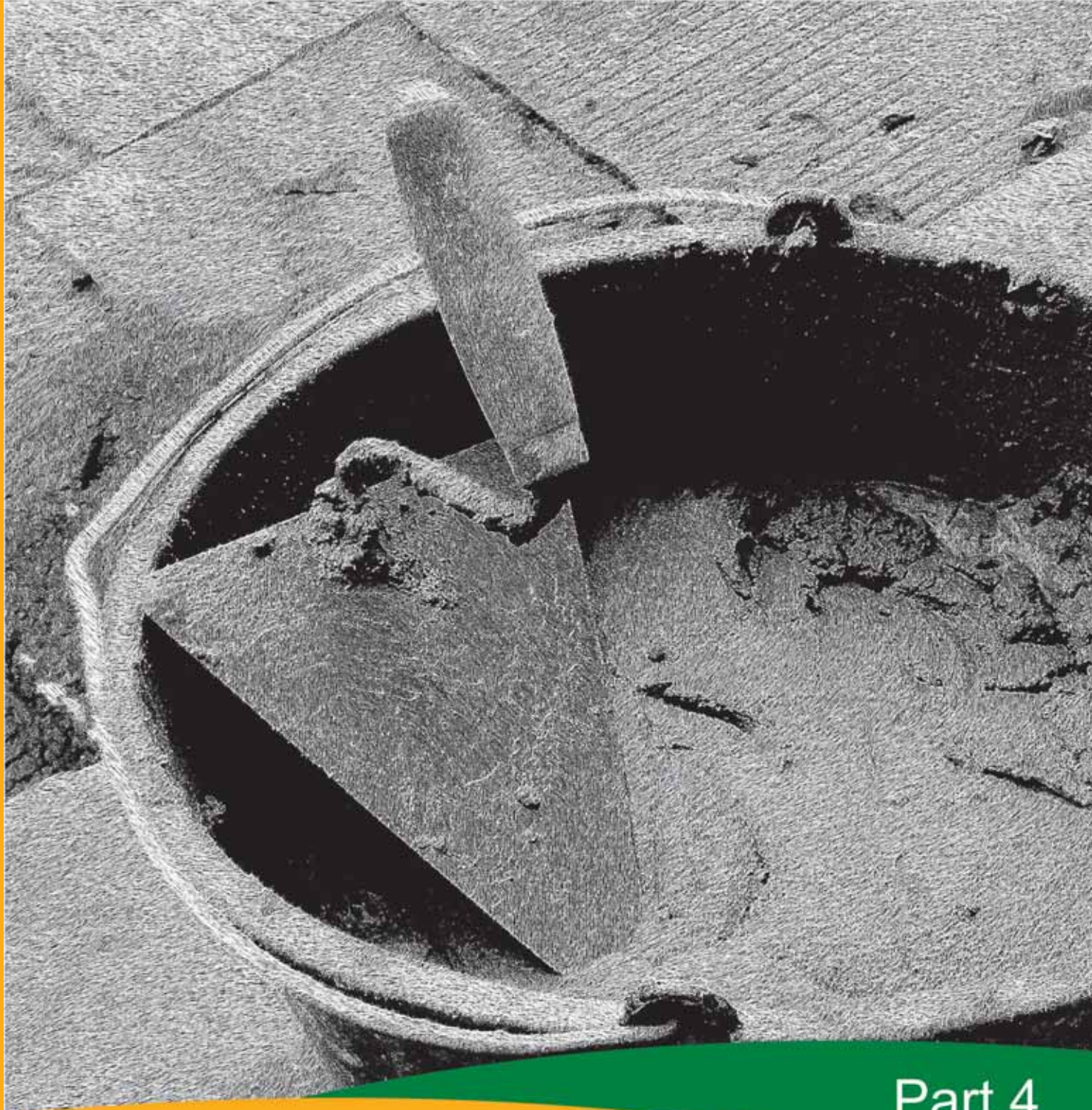
Part 4

Annual Financial Statements

human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

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Together We Can Do More

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA
for the year ended 31 March 2010

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1. Strategic Overview

With the year under review being an election year, the department experienced changes taking place after the elections. These included a change of the department's name from housing to human settlements, expansion of the department's mandate to include the sanitation function which previously was with the Department of Water Affairs and Forestry. The changes may be seen as part of steps taken in moving the department towards a centre stage on the work of co-ordinating activities in the development of sustainable human settlements.

This happened at a time when the world economy was experiencing a recession. The effect of the economic down turn on the country's economy was a substantial decrease on the tax revenue collected, a higher budget deficit coupled with increased state borrowings, increased unemployment in the country as well as increase in business and individual insolvencies.

The declining economic and the fiscal situation lead to a call by the National Treasury and the Minister of Finance that departments should implement cost containment measures. The Minister of Human Settlements lead from the front in ensuring that the department responds and achieves the desired savings on its budget. A number of steps were taken to achieve this.

These included amending some of the financial policies and financial delegations to tighten control and monitoring on expenditure. Placing a moratorium on advertising, marketing and expenditure on promotional items as well as taking steps to reduce spending on items such as travelling and accommodation. This saw substantial savings being achieved some of which were used in other areas of need as shown on paragraph 1.3 below.

Due to delays in acquisition of office accommodation the department could not fill all vacant positions resulting in under expenditure on the compensation budget as will be shown below under spending analysis. This situation was also compounded by the fact that the department's structure was not fully funded resulting in a higher vacancy rate. In addition it is expected that posts will remain vacant until proper realignment has been done in line with the Department's new mandate.

The year also saw the publishing of the new Housing Code which will bring to the provinces and local authorities a more user friendly guide flexible enough to cater for the diversity of local development conditions. Working with other spheres of government we have during the year focused more on finding ways of expediting the completion of human settlement projects. This has resulted in a project process guide being completed which will provide a tool and help guide project implementers in following a correct process as they manage and monitor their projects. A mapping exercise of the provincial department's housing delivery processes was completed with most of the provinces. This will assist in identifying areas of focus in expediting delivery.

As land is critical in human settlements, an agreement with the Department of Public Works giving human settlements a first right of refusal on state land being considered for disposal was another important achievement

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

for the year. The rationalisation of human settlement public entities as envisaged in the comprehensive plan continued during the year and saw some of the actions in the winding up of Thubelisha (mainly terminating its operations) and commencing the process of establishing the Social Housing Regulatory Authority (SHRA).

Our efforts to address corruption continued to bear fruits during the year with the SIU recovering R5,5 million from incorrect housing subsidy allocations and achieving more arrests and convictions.

As part of our contribution in acquisition of scarce and critical skills in the country, 110 students were during the year awarded study bursaries. This adds to a pool of 86 students that we have already been sponsoring to study Human Settlements higher education qualification at tertiary within the country, giving us a total of 196 students in our books. This initiative is in line with and supports the objectives of the National Skills Development Strategy as well as ASGISA. The intended outcome is to produce a cadre of highly competent human settlements practitioners and professionals who will be of service to government and the country.

In our quest to manage and strengthen our interaction and partnership with stakeholders, a social contract plenary called by the Minister enabled the Department of Human Settlements to retool its Social Contract with stakeholders who committed and pledged to work with the Department in achieving its revised mandate. A R1 billion guarantee fund was during the financial year announced. This is intended to assist in addressing the gap market which is made up of beneficiaries who do not qualify for a housing subsidy but still do not earn enough to qualify for a normal bank mortgage loan.

1.2   Spending Trends

The Departments' adjusted budget amounts to R13,605 billion for the year under review and represents a 24% increase over the R10,928 billion adjusted budget for the previous financial year.

About 95% of the adjusted budget is made up of transfers and subsidies amounting to R12,990 billion while the remaining 5% or (R614,636 million) was budgeted for the departmental operations into various programmes as detailed below.

Table1

PROGRAMME	DETAILS	BUDGET R'000	PERCENTAGE
Programme 1	Administration	167,630	27.3%
Programme 2	Housing Policy Research and Monitoring	67,175	10.9%
Programme 3	Housing Planning and Delivery Support	162,442	26.4%
Programme 4	Housing Development Finance	52,259	8.5%
Programme 5	Strategic Relations and Governance	165,130	26.9%
Total		**614,636**	**100%**

Together We Can Do More

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

The Department spent R13,370 billion of the total R13,605 billion which is inclusive of transfers and subsidies. This represents 98.3% spending on the vote (2008/09 99.9%). If transfers and subsidies are excluded total spending by the department is R417,121 million which represents 67.9% expenditure on the operational budget (2008/09 98.5%).

Areas of under-spending are compensation of employees, goods and services, transfers and subsidies as well as payments for capital assets.

1.2.1   Compensation of employees

Under-spending on this item amounts to R29,024 million and is mainly due to vacant positions which were filled late in the year under review or subsequent to year end or could not be filled due to non availability of office accommodation.

1.2.2   Goods and services

The combined under-spending on this item amounts to R155,326 million. Below are the affected programmes indicating under-spending as a percentage to the total:

Table 2

PROGRAMME	PROGRAMME DETAILS	AMOUNT R'000	PERCENTAGE
Programme 1	Administration	41,444	26.6%
Programme 2	Housing Policy Research and Monitoring	15,089	10%
Programme 3	Housing Planning and Delivery Support	62,729	40.4%
Programme 4	Housing Development Finance	6,574	4.2%
Programme 5	Strategic Relations and Governance	29,490	18.8%
Total		**155,326**	**100%**

1.2.3   Transfers and Subsidies

The combined under-spending on this item amounts to R37,217 million and is mainly made up of transfer payments to departmental agencies. This is due to the delayed establishment of the Social Housing Regulatory Authority (SHRA).

1.2.4   Payments for Capital Assets

The combined under-spending on this item is R12,746 million. This under-spending is mainly personnel related and is due to the fact that assets which would have been purchased had positions been filled or filled on time were not procured. This has been compounded by the delays in the acquisition of space as indicated above.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

There is also a dire need to procure a vehicle for the Deputy Minister. Her car was involved in an accident while her second vehicle has already exceeded 120 000 kilometres of which in terms of the Ministerial Handbook the second car qualifies for replacement; however the Deputy Minister did not request for the vehicles to be replaced.

The Department approached State Information Technology Agency (SITA) to assist with the Request for Quotation (RFQ) process for the SUN Storage Solution in early 2009. However the process delayed due to the tender evaluation process being prolonged.

The contributing programmes are listed below:

Table 3

PROGRAMME	PROGRAMME DETAILS	AMOUNT R'000	PERCENTAGE
Programme 1	Administration	4,442	34.9%
Programme 2	Housing Policy Research and Monitoring	1,355	10.6%
Programme 3	Housing Planning and Delivery Support	2,622	20.6%
Programme 4	Housing Development Finance	989	7.8%
Programme 5	Strategic Relations and Governance	3,338	26.1%
Total		**12,746**	**100%**

1.3   Virements

1.3.1   The following virements were part of the adjustment estimate:

Table 4

FROM:			TO:		
Programme by economic classification	Motivation	R'000	Programme by economic clas- sification	Motivation	R'000
Programme 4		**(3,380)**	**Programme 4**		**50**
Compensation of employees	Funds shifted to payments for capital assets because items cost more than R5 000	(20)	Machinery and equipment	Funds shifted from current payments because items cost more than R5 000	20
	Reduction in sala- ries and wages	(30)	Goods and services	For stationery	30
			Programme 3		**3,246**
Goods and serv- ices	Reduction in travel and subsistence	(3,246)	Goods and services	For additional management support for priority projects, such as N2 Gateway and Zanemvula	3,246

Together We Can Do More

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic clas-sification	Motivation	R thousand
			Programme 4		**84**
	Funds shifted to payments for capital assets because items cost more than R5 000	(84)	Machinery and equipment	Funds shifted from current payments because items cost more than R5 000	84
Programme 5		**(21,768)**	**Programme 5**		**456**
Goods and services	Funds shifted to payments for capital assets because items cost more than R5,000	(456)	Machinery and equipment	Funds shifted to payments for capital assets because items cost more than R5 000	456
			Programme 4		**11,000**
	Reduction in advertising	(11,373)	Departmental agencies and accounts (current)	For Thubelisha closure costs	11,000
			Programme 5		**363**
			Households (current)	For gifts for various stakeholders	363
			Programme 5		**10**
			Financial transactions in assets and liabilities	For approved losses	10
			Programme 3		**9,349**
	Reduction in agency support/ outsourced services	(9,349)	Goods and services	For additional management support for priority projects, such as N2 Gateway and Zanemvula	9,349
			Programme 5		**42**
Compensation of employees	Reduction due to vacant posts	(572)	Goods and services	For bursaries for new incumbents	42
			Programme 2		**530**
			Goods and services	For the occupancy audit	530
			Programme 5		**18**
Software and other intangible assets	Reduction due to vacant posts	(18)	Machinery and equipment	For computer equipment	18
Total		**(89,444)**			**89,444**

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

The following virements were approved after the adjustment estimate:

Table 5

Originating Programme	Receiving Programme	Amount R' 000	Reason	Approved by
Programme 4: Housing Development Finance	Programme 5: Strategic Relations and Governance	10,000	Establishment costs of Social Housing Regulatory Authority	National Treasury
Programme 2: Housing Policy, Research and Monitoring	Programme 4: Housing Development Finance	5,000	For the Housing Development agency to offset costs associated with taking over project previously managed by Thubelisha Homes	National Treasury
Programme 5: Strategic Relations and Governance	Programme 4: Housing Development Finance	8,000	For the Housing Development agency to offset costs associated with taking over project previously managed by Thubelisha Homes	National Treasury
Total		**23,000**		

1.4   Any other matter – Soccer World Cup clothing and tickets

No expenditure in respect of soccer world cup were incurred.

2   SERVICES RENDERED BY THE DEPARTMENT

2.1   List of Services

The main purpose, task and mandate of the National Department of Human Settlements is that of co-ordinating, communicating, and monitoring the implementation of policy.

This includes:

- The setting of appropriate norms and standards for housing development,
- Implementation support, monitoring and evaluation,
- Research on human settlements related matters,
- Maintenance of a housing subsidy data bank (for housing information derived from, and for the other
- spheres of government, i.e. The housing and urbanisation information system (HUIS),
- housing subsidies system (HSS) and housing debtors' systems),
- Assessment and analysis of appropriate information related to key housing indicators necessary for informed decision-making.

2.2   Tariff policy

As previously indicated the Department does not render any direct services to the public and therefore does not have any tariff policy.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

Department of Human Settlements Annual Report 2009-2010

2.3   Free services

No free services were rendered by the Department to the public during the year under review.

2.4   Inventories

Inventories on hand at year end are disclosed on the Financial Statements disclosure notes.

3   CAPACITY CONSTRAINTS

The Department's structure was not fully funded and its implementation is being phased in over a period. Shortage of office space to accommodate additional staff has also proved to be a constraint. The Department has through Public Works Department secured additional accommodation in respect of which occupation will only happen during the new financial year. This meant that some staff members had to do more work or work overtime and in some instances operational plans were not achieved.

4   UTILISATION OF DONOR FUNDS

No donor funding was received during this year and no donor funds were disbursed.

5   TRADING ENTITIES AND PUBLIC ENTITIES

The following is a list of public entities established through the Department of Human Settlements:

5.1   South African Housing Fund

The South African Housing Fund was established for availing funds to provincial governments to finance national and provincial housing programmes in terms of the Housing Act, 1997 (Act 107 of 1997).

The intention was that all funds transferred through the South African Housing Fund be utilised according to prescripts set out in the Housing Code. In addition, funds transferred to the South African Housing Fund had to be distributed to provinces as conditional grants. These provincial allocations were and are still determined according to an allocation formula which is based on a number of factors and is approved by Housing MinMEC.

Subsequent to the introduction of the Division of Revenue Act, MinMEC, during the 2003/04 financial year approved the disestablishment of the Fund as its continued existence was no longer necessary. The Fund was subsequently de-listed. In compliance with the Division of Revenue Act funds to provinces have since 2003/04 been transferred to the provinces in terms of that act while the Fund has continued to be dormant. The legislative process to facilitate the disestablishment of not only the South African Housing Fund but also all other provincial Funds is underway.

5.2   Servcon

Servcon Housing Solutions was established in 1995 as a result of the "Record of Understanding", entered into between the Department of Housing (representing government) and the Banking Council (representing participating banks).

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The company was established in terms of the Company's Act of 1973 and was mandated to provide exclusive management services effective from 1 April 1998, with respect to a documented "ring-fenced" portfolio of 33,310 properties comprising Properties in Possession (PIP's) and Non Performing Loans (NPL's) worth R1, 277 billion for a period of eight years from 1 April 1998 to 31 March 2006.

In 2006 the shareholders represented by the Banking Council and the Department of Human Settlements parted, in terms of the "sale of shares and claims agreement". During 2007 the institution undertook to assist

provinces through a normalization and regularization programme. This entails conducting an occupancy and verification audit of properties funded by public funds on behalf of Provincial Departments and the Department of Public Works. These would include subsidy houses, rental stock and hostels.

During the year under review, Servcon Housing Solutions continued with the implementation of a closure plan, approved by the executive authority in February 2009.

The institution ceased operations in September 2009. Voluntary severance packages were offered to the staff. Options are being considered to accommodate the remaining permanent staff members.

5.3   Social Housing Foundation

The Social Housing Foundation is a section 21 company established in 1996. The foundation aims to develop a sustainable social housing sector by providing support on social housing policy and research, technical support, coordination support, as well as monitoring and evaluation services to various public and private stakeholders. The institution was appointed to be an implementation agent for the Interim Social Housing Programme in order to ensure continuous support for the development of the sector whilst the establishment processes for the Social Housing Regulatory Authority (SHRA) unfolds.

A closure plan has been developed to guide the closure of the Social Housing Foundation over the MTEF period. The foundation will therefore no longer be required to facilitate the disbursement of the restructuring capital grant to social housing institutions. However, the foundation will continue to implement the interim social housing programme until the regulatory authority is sufficiently capacitated to take over.

5.4   National Urban Reconstruction and Housing Agency (NURCHA)

The National Urban Reconstruction and Housing Agency was established as a Presidential Lead project in 1995 by the South African government in partnership with the Open Society Institute as a section 21 company in terms of the Companies Act 1973.

The institution's strategic focus is on the financing of building contractors in the housing industry, specifically subsidised, affordable housing and related community infrastructures. The institution differentiates between established and emerging contractors. Finance is provided to established contractors directly whilst a separate, specialised intermediary channel is used for the provision of finance to emerging contractors, resulting in the normalisation of risks associated with this market segment by the traditional financial institutions. In this regard, the intermediaries assist the emerging contractors with a range of construction support services.

During the year under review, Nurcha enhanced its regional presence by forging a close relationship with contractor support institutions.

5.5   National Home Builder's Registration Council (NHBRC)

The National Home Builders Registration Council was established in terms of the Housing Consumer Protection Measures Act, 95 (Act 95 of 1998). Its mandate is to protect housing consumers from unscrupulous homebuilders. It provides an exclusive regulatory function in the home building environment. Since its inception, it has been striving to regulate and provide better services to the consumers through the registration of homebuilders, the enrolment of homes and home inspections. The institution continues to manage the housing consumers warranty fund. Training home builders, includes emerging builders, the unemployed, the youth, women and people with disabilities, remains a critical strategic and operational focus for the council.

The inspection model and the cross-subsidisation of the subsidy and non-subsidy market will be reviewed. The council will continue to promote the quality of homes, especially in the subsidy market.

5.6   National Housing Finance Corporation (NHFC)

The National Housing Finance Corporation was established following a Cabinet decision in May 1996, as envisaged in the White Paper on Housing. The institution was established as a development finance institution and is mandated to make housing finance accessible and affordable to low to middle income households. The corporation is also responsible for mobilising and raising private sector funding for housing purposes.

The corporation disburses its funds through wholesale, commercial and retail business programmes. The retail programme, which was introduced in 2008/09, is currently under review. The corporation expects to significantly increase funding for rental and ownership initiatives by extensively leveraging off resources of other partners in the target market. NHFC is working with local and provincial governments to accelerate the development of integrated sustainable human settlements. The institution intends to accelerate developer finance initiatives with private sector partners over the medium term.

5.7   Thubelisha Homes

Thubelisha Homes was established as a non-profit, special purpose vehicle to create appropriate housing stock for rightsizing the Servcon Housing Solutions portfolio.

In 2009/10, Thubelisha Homes began with the implementation of a closure plan. The institution ceased operations in July 2009. Arrangements are in place for the project management of the mega projects to be handed over to the Housing Development Agency. The remaining projects will revert to their respective owners. Voluntary severance packages were offered to the staff. Options are being considered to accommodate the remaining permanent staff members.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

5.8   Rural Housing Loan Fund (RHLF)

The Rural Housing Loan Fund (RHLF) is a development finance institution, established in August 1996 as an association not for gain. The company operates as a wholesale lender to retail intermediaries with the main aim to provide housing development finance to the low income rural market, in order to create or improve the housing conditions of the poor.

In support of the comprehensive rural development programme, the fund has developed the individual rural subsidy voucher scheme in collaboration with the Department of Human Settlements. The scheme maximises housing layout and design choices by allowing rural households to participate in the planning, design and construction of housing units using accredited building materials. The scheme was postponed pending the completion of the housing development finance review. The housing development finance review is being conducted by the Department of Human Settlements to assess the appropriateness of the current development finance institutional arrangement in the context of sustainable human settlements. The review follows the national review of development finance institutions spearheaded by National Treasury in 2007.

5.9   Housing Development Agency

In 2004, the comprehensive plan for human settlement development proposed that a special purpose vehicle be established to expedite housing delivery in South Africa. The Housing Development Agency (HDA) was established in terms of the Housing Development Agency Act (2008) and began operations in April 2009. The purpose of the agency is to identify, acquire, hold, develop and release state and privately owned land for residential and community purposes and for the creation of sustainable human settlements.

The agency is required to facilitate the acquisition of land in a way that supplements the capacities of government across all spheres. It also provides project management expertise in human settlement projects and facilitates the development of projects through accelerated and innovative project packaging.

The HDA is in the process of completing the preparation, planning, funding and implementation of the priority projects identified.

Over the medium term, the HDA will target municipalities for the development of low cost housing. The agency will then secure land for the municipalities and develop a mechanism for the disposal of public land.

5.10   The Social Housing Regulatory Authority

The Social Housing Act (Act 16 of 2008), as promulgated on 5 November 2008 provides for the establishment of the Social Housing Regulatory Authority (SHRA) to regulate social housing institutions receiving public funds and to regulate the assessment, approval, administration and disbursement of institutional investment and capital grants to social housing institutions. The Act provides for the disbursement of three types of institutional investment grants, namely project acquisition & feasibility grants, a pre-accreditation grants and general capacity building grants.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

6   ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

The Department transferred funds to the following organisations:

Table 6

	Organisation	Amount R'000	Remarks
1	Provinces - Integrated Housing and Human Settlement Development	12,442,276	This is to fund the national and provincial housing programmes.
2	Habitat Foundation	360	Annual contribution to the forum
3	Cities Alliance	398	Annual Contribution to the forum
4	Social Housing Foundation	262,960	In terms of the founding legislation
5	Thubelisha Homes	24,966	In terms of the founding legislation
6	National Urban Reconstruction and Housing Agency	3,500	In terms of the founding legislation
7	Housing Development Agency	62,650	In terms of the founding legislation
	Total	**12,797,110**	

7   PUBLIC-PRIVATE PARTNERSHIP

No Public Private Partnership as contemplated in terms of the Treasury Regulations is in place.

8   CORPORATE GOVERNANCE ARRANGEMENTS

8.1   Internal Audit

The Department's Internal Audit Directorate operates in accordance with the PFMA, Treasury Regulations and the approved Internal Audit Charter which defines the purpose, authority and responsibility of the unit. The audit approach and methodologies of the unit are based on the Standards for the Professional Practice of Internal Auditors and in accordance with Treasury Regulation 3.2.6 and the unit has also adopted a risk-based auditing approach. The Internal Audit Unit focuses mainly on providing assurance and consultancy services to management and the Audit Committee on matters pertaining to systems of control, risk management and governance processes. The unit through its Chief Audit Executive reports to the Audit Committee on a quarterly basis.

The Audit Committee continuously assesses the performance of the Internal Audit Directorate to determine the level of its effectiveness and recommends areas which need improvement.

The unit as per requirements of IIA's Standards and Treasury Regulations developed a three year operational and one year operational audit plan based on the Departmental risk assessment. This plan was approved by the Audit Committee with management inputs. The unit executed its operational audit plan and completed 22 of 24 planned audits including adhoc project requested by management. The audits conducted clearly indicate that there are adequate systems of control in the department; however of concern is the effectiveness of those controls. Recommendations were made on weaknesses identified and management committed itself to implement agreed actions plans.

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During the period under review the unit also strengthened its in-house capacity through the appointment of six (6) additional staff, which has increased the capacity of the unit both for specialised audits (performance audit) and assurance services.

8.2 Audit Committee

The Department has an Audit Committee (AC) which operates in accordance with the requirements of the PFMA and Treasury Regulations. The audit committee comprises of members who are not in the employ of the department. In addition the committee also operates in terms of written Terms of Reference (Charter), which was reviewed and approved in the current period.

The committee has an unrestricted access to information and personnel of the Department. A 3600 assessment of the Audit Committee performance reflects that the committee is performing at a high level and its adding value to the Department.

8.3 Risk Management

The Department has a fully functional Risk Management Committee whose responsibility is to assist the Accounting Officer in addressing its oversight requirements of risk management, evaluating and monitoring the institution's performance with regards to risk management.

Furthermore the committee's role is to formulate, promote and review the institution's Enterprise Risk Management objectives, strategy and policy and monitor the process at strategic management and operational levels.

The Committee is composed of executive and non executive members including a representative from the Audit Committee and the Chairperson who is a non executive member. The Risk Management Committee operates in accordance with the approved Terms of Reference and Risk Management Policy and Framework which is updated on an annual basis. During the restructuring of the Risk Management Committee, branch heads had been appointed as Risk Owners as well as branch Risk Champions at a Chief Director level who will be working very closely with the branch heads during the implementation of risk management process.

The committee is supported by a Risk Management Directorate. The committee meets on a quarterly basis to review processes and discuss critical issues in respect of risk management, fraud and corruption which are also tabled before the Audit Committee. A strategic risk assessment process is undertaken annually through which the department identifies, evaluates and allocates responsibility for managing and controlling the business risks confronting the department.

8.4 Special Investigations

The department also has in place a Special Investigations Directorate whose mandate is the prevention and detection of corrupt activities and to ensure that we achieve reduction of corruption in the human settlements sector. In implementing its mandate the Directorate has developed a Fraud Prevention Policy and plan with the following principles:

- Creating a culture which is intolerant to fraud and corruption;
- Deterrence of fraud and corruption;
- Preventing fraud and corruption which cannot be deterred;
- Taking appropriate action against fraudsters and corrupt individuals, e.g. prosecution, disciplinary action etc.;
- Applying sanctions which include redress in respect of financial losses

There is a whistle blowing policy which protects employees who choose to report corrupt and other criminal activities. The department subscribes to the National Anti-Corruption Hotline (0800 701 701).

A strategic partnership between the Department and the Special Investigating Unit (SIU) is in place for investigations into allegations of improper conduct in the housing subsidy systems and resulted in the arrest of 1692 government officials who defrauded the low income housing subsidy scheme and securing 1489 convictions from these arrest. In addition, a total of 3185 Acknowledgements of Debt to the value of R38,4 million were signed on behalf of the department (for the recovery of financial loss to government). For the current year, a total amount of R5,5 million was recovered by the department from these investigations.

The department has strengthened its partnership with SIU by instituting a national audit to examine the causes of chronic problems in the delivery of housing.

The SIU is in charge of this process and the scope of the national audit covers an evaluation of the beneficiary administration system to determine inefficacies, problems relating to the procurement and awarding of tenders to contractors, procedures and management of projects, poor workmanship by developers/ contractors and broken houses, illegal sales of subsidised houses and blocked and delayed projects. Currently two projects have been selected and are under the process of investigation.

As a deterrent measure, the Department intends to publish the outcomes of court cases and details of civil recoveries both in the print media, radio and internal newsletter.

9   DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The South African Housing Fund was de-listed during 2004/05. The delisting of the Fund is due to the agreement with National Treasury that the continued existence of the Fund is no longer necessary. This decision was approved by MinMEC in November 2003.

The legislative process is underway to:
- Amend Housing Act in order to effect alignments between the Housing Act, the Public Finance Management Act and the Division of Revenue Act.
- Disestablish the Fund.

The effect of the abovementioned is that funding for housing development is, and will be, transferred to the provinces in terms of the Division of Revenue Act (DoRA) and not channelled through the Funds.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

The winding up of Thubelisha Homes and the Social Housing Foundation is still in process. A closure plan for the closure of Thubelisha Homes is being implemented and is overseen by a Joint Management Committee. Plans on the closure of the Social Housing Foundation have been finalised.

10   NEW/PROPOSED ACTIVITIES

The process of establishing the Social Housing Regulatory Authority (SHRA) is still under way. Below are financial implications as reflected on the Estimates of National Expenditure (ENE) over the MTEF period for the establishment of the SHRA. This institution is being established to regulate social housing institutions receiving public funds and to regulate the assessment, approval, administration and disbursement of institutional investment and capital grants to social housing institutions.

Subsequent to the elections the president announced changes in government. As previously highlighted one of these changes was that the sanitation function was moved from previous Department of Water Affairs and Forestry to the Department of Human Settlements. In doing this the government emphasized that housing is not just about building houses, but it is also about transforming our residential areas and building communities with closer access to work and social amenities, including sports and recreation.

Table 7

Entity/Function	Medium-Term Expenditure Estimate			
	2010/11 R'000	2011/12 R'000	2012/13 R'000	Total R'000
The Social Housing Regulatory Authority	151,772	120,473	86,497	358,742
Sanitation Services	97,677	49,230	51,955	198,862

11   ASSET MANAGEMENT

The Department's fixed asset register is on the LOGIS system. This system is supplemented by the "e asset system" which has a bar coding module that assists in managing physical location of assets and facilitating physical verification. The department's compliance to the Asset Management Reform has been delayed due to capacity constraints as the departmental structure was not fully funded. In order to achieve the Asset Management Reform (AMR) milestones a draft Asset Management Strategy has been finalised and ready for approval in the new financial year.

12   EVENTS AFTER THE REPORTING DATE

Cabinet approved the appointment of a new Director General for the Department as well as a new Chief of Operations. In addition cabinet approved the transfer of the Chief Financial Officer to the Department of Defence.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

13   PERFORMANCE INFORMATION

13.1   Departmental Performance

The Strategic Management Chief Directorate (Organisational Performance Monitoring unit) is responsible for ongoing monitoring of Departmental Programmes' performance and has the prime responsibility to identify performance problems and work towards their successful resolution.

Effective monitoring enables both the Department and the Programme Managers to act before the problems get too far advanced for effective solution. The Chief Directorate also facilitates the development and manages the strategic and operational planning framework so as to provide impetus to the strategic intent of the Department. The Chief Directorate therefore renders advisory services to the Department on matters relating to planning and performance monitoring. In addition to giving advice to Chief Directorates or Programmes on matters relating to planning, monitoring and evaluation, the Chief Directorate also provides strategic support to transversal functions within the department. in addition to giving advice to the accounting officer on matters relating to internal performance monitoring and evaluation, the functions of the Chief Directorate Unit include assisting the Office of the Director General in amongst others, the following processes:

- In facilitating the development of Departmental Strategic and Performance Plans (including for Provincial Departments on request)
- In coordinating the development of Departmental Strategic and Performance plans and monitoring the implementation thereof
- In identifying gaps and conducting research to strengthen the Departmental Strategic Planning process.
- In consolidating performance reports and monitoring Departmental Performance against approved Departmental plans.
- In consolidating and analysing Departmental performance reports, which reflect progress of the department with regard to the implementation of Departmental Strategic and Performance Plans.
- In analysing, evaluating and submitting quarterly performance monitoring and evaluation reports to the Accounting Officer with recommendations on appropriate action to take in response to Departmental performance.
- In developing new or amending existing monitoring and evaluation framework for service delivery within the Department in line with National Treasury, Accounting Officer and Ministerial prescripts.
- The Departmental Organisational Performance Monitoring Unit analyses and evaluates the Departmental Programme Performance on annual and quarterly basis. The purpose of such analysis and evaluation is to:

    - To determine the factual correctness or accuracy of Programmes' Actual Achievements against targets as detailed in the Annual and Quarterly Performance Reports.

    - Determine whether the Strategic Objectives, Measurable Objectives and targets as detailed in the performance reports are similar to those indicated in the approved Departmental Strategic and Performance plans.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

- Verify whether the reported actual achievements have been achieved as reported in the Annual and Quarterly Performance Reports.

- Sound an early warning to the Director General on underperformance by the different programmes of the Department.

- Advise the Director General on the implementation of the Departmental Strategic and Performance Plans.

This is achieved through the following:

- Comparative analysis of the approved Departmental Strategic and Performance Plans and the Depart mental Performance Reports
- Verification of actual achievements against targets as detailed in the Performance Reports.
- Submission of Quarterly Performance Monitoring and Evaluation reports with recommendations to the Accounting Officer

In order to complete the analysis and assessment the following is done:

- Programme Quarterly Performance Reports inputs are obtained from the Branch Managers for comparative analysis of the approved Departmental Strategic and Performance Plans and the Departmental Performance Reports.

In conducting the analysis a further cross-reference to the Estimates of National Expenditure and the five year Strategic and Performance Plans document is also done.

13.2   Public Entities Performance Management and Monitoring

All public entities reporting to the National Department of Human Settlements are required to comply with the "Policy Framework and Implementation Guideline for Public Entities reporting to the Department of Human Settlements". The policy framework facilitates compliance with the Public Finance Management Act (Act No.1 of 1999 as amended), in as far as public entities are concerned.

All the public entities are classified as schedule 3A public entities. As such, all are required to report to the executive authority on their performance on a quarterly basis, in terms of Treasury Regulation 26.1. In addition public entities are required to establish procedures for regular reporting to the executive authority in terms of Treasury Regulation 29.3. The "Policy Framework and Implementation Guidelines for Public Entities reporting

to the Department of Human Settlements" stipulates the quarterly financial and non financial reporting requirements of the institutions. The shareholder compacts entered into between the Executive Authority and the institutions provide for quarterly reporting requirements on corporate governance.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

14   SCOPA RESOLUTIONS

Table 8

Reference to previous audit report and SCOPA resolutions	Subject	Resolution	Progress
2005/06 Performance Audit report	Approval and allocation of Housing subsidies at Provincial Housing Departments.	On its report number 76 dated 6 September 2006 the SCOPA resolved that:	
		(a) The practice of separation of duties is complied with and that only duly authorised senior management is allowed to effect overrides to subsidy applications.	(a) SEPARATION OF DUTIES This was addressed and reported in the previous year's annual report.
		(b) The department establishes an ID verification mechanism that is linked to data on the Home Affairs database.	(b) ID VERIFICATION MECHA-NISM This was addressed and reported in the previous year's annual report.
		(c) The department must ensure that policy guidelines with respect to the administration and awarding of subsidies are enforced.	(c) POLICY GUIDELINES The revision of the current National Housing Code was approved by the Minister and has now been published.
		(d) The department must report to Parliament on disci-plinary action taken against employees who engaged in fraudulent and corrupt activi-ties.	(d) DISCIPLINARY ACTION TAKEN AGAINST EMPLOYEES The SIU is now involved with as-sisting the provinces investigate various cases of fraud. Since the prosecutions started (on the 1/04/08), 940 cases have been prepared and are ready to be handed over to the different depart-ments.
		(e) All missing applications are presented for audit purposes and that henceforth the archiving system is in line with best practice.	(e) RECORDS MANAGEMENT This was addressed and reported in the previous year's annual report.
		(f) The National Department of Housing institutes a comprehensive strategy of co-operation and integration with Provincial departments.	(f) STRATEGY OF CO-OPERATION AND INTEGRATION WITH PROVINCIAL DEPARTMENTS This was addressed and reported in the previous year's annual report.

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

Reference to previous audit report and SCOPA resolutions	Subject	Resolution	Progress
2005/06 Performance Audit report	Approval and allocation of Housing subsidies at Provincial Housing Departments.	(g) The department submits a progress report to Parliament on the status of implementation of instructions from the Minister.	(g) STATUS OF IMPLEMENTATION OF STATE-MENTS BY THE MINISTER Previous statements by the Minister were addressed and reported in regular progress reports that were submitted to Parliament.
2008/09 Performance Audit report	Approval of Housing Subsidies to Municipal Employees and the Administration of Low-Cost Housing Projects by certain Provincial Housing Departments	On its 27th report dated 18 November 2008 the SCOPA recommended that:	
		(a) applicants submit adequate proof of income and updated payslips;	(a) This was addressed and reported in the previous year's annual report.
		(b) applicants submit supporting documentation regarding spouses and dependents;	(b) This was addressed and reported in the previous year's annual report
		(c) affidavits must accompany application forms;	(c) This was addressed and reported in the previous year's annual report.
		(d) there is collaboration with municipalities where applicants are employed with a view of instituting disciplinary action against municipal employees who made false affidavits, and legal action should be considered accordingly;	(d) Special Investigation Unit is assisting the Provincial Depart-ments to prepare files for dis-ciplinary action where cases of fraud were proven. The Special Investigation Unit reports on a monthly basis to the national and provincial departments on the number of case files opened.
		(e) measures are instituted to ensure the safe keeping of completed subsidy application forms;	(e) This was addressed and reported in the previous year's annual report.
		(f) where properties were allocated to individuals who should have been disqualified as a result of their household income, consideration should be given to give those properties to qualifying applicants and that forensic investigations into corruption and collusion are conducted;	(f) This was addressed and reported in the previous year's annual report.

Together We Can Do More

Reference to previous audit report and SCOPA resolutions	Subject	Resolution	Progress
2008/09 Performance Audit report	Approval of Housing Subsidies to Municipal Employees and the Administration of Low-Cost Housing Projects by certain Provincial Housing Departments	(g) contracts with developers include retention and penalty clauses to ensure that contractors will forfeit money for bad workmanship;	(g) This was addressed and reported in the previous year's annual report.
		(h) disciplinary actions are taken against inspectors who certified on inspection certificates that top structures had been successfully completed by developers when the general condition of the houses was poor and unsatisfactory; and	(h) This was addressed and reported in the previous year's annual report.
		(i) there is integration of their database with that of SARS to verify eligibility through PAYE information.	(i) This was addressed and reported in the previous year's annual report.

15   PRIOR MODIFICATIONS TO AUDIT REPORTS

In order to address issues raised by the Auditor General South Africa during the previous financial year's statutory audit, the department developed an action plan which was monitored and updated on a monthly basis. The action plan was also submitted to the National Treasury. The table below indicates progress:

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA for the year ended 31 March 2010

Table 9

	Financial year in which it first arose	Progress made in clearing / resolving the matter
1. Non-compliance: Public Finance Management Act. The department was a party to an agency agreement with the National Housing Finance Corporation and Thubelisha Homes for a loan to the value of R100 million for the N2 Gateway Project without complying with sections 66, 70(1)(a), 38(1)(c) (ii) and 38(2) of the PFMA, which requires the approval of the minister of Finance and states that the accounting officer of a department may not commit a department to any liability for which money has not been appropriated or issue a guarantee without the approval of the executive authority in concurrence with the minister of Finance. Consequently, the department has a contingent liability as disclosed in note 28 to the financial statements	2008/2009	A circular was sent out to all staff formally instructing staff that all agreements or contracts that bind the Department must be presented to Legal Services for scrutiny and assurance to ensure that such agreements or contracts do comply with the national legislation. Letters have been sent to both public entities affected to terminate the agreement and not to revive it again. The matter was investigated and a disciplinary enquiry instituted. The hearing has been proceeding since October 2009 and is still in process. The evidence of the employer is therefore still being presented.
2. Non compliance Treasury Regulations The accounting officer did not in all instances pay creditors within 30 days from receipt of invoice as required by Treasury Regulation 8.2.3	2008/2009	Letters have been sent out to service providers requesting that all invoices to the department be submitted at SCM. The Request For Quotations (RFQ) has been enhanced such that it outlines the terms and conditions one of them being that the invoices should be submitted to SCM or be posted where they will be received by the registry. Where original invoices can be sent by mail, the SCM has created an email address to which suppliers may send the department's invoices (invoices@dhs.gov.za) Receiving and distribution of invoices to Responsibility Managers has been centralised with one person A circular has been sent out to all managers on the importance of timely payments. The turn around time in respect of invoices distributed to Responsibility Managers for approval has been fixed at three working days.

Together We Can Do More

16   EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

No exemptions and deviations have been received from the National Treasury.

17   OTHER MATERIAL MATTERS

There are no other material matters to be reported.

18   APPROVAL

The Annual Financial statements starting from pages 150 to 202 have been approved by the Accounting Officer.

MR T W ZULU
DIRECTOR-GENERAL
31 MAY 2010

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE NO. 26: NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
for the year ended 31 March 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the national Department of Human Settlements, which comprise the appropriation statement, the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 150 to 197.

Accounting officer's responsibility for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 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 and *General Notice 1570 of 2009* issued in *Government Gazette No. 32758 of 27 November 2009.* 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.

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the national Department of Human Settlements as at 31 March 2010, and its financial performance and its cash flows for the year

then ended in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act of South Africa.

Emphasis of matter

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

Basis of accounting

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, described in accounting policy note 1.1.

Irregular expenditure

As disclosed in note 24 to the financial statements, irregular expenditure to the amount of R 920 000 was incurred, as proper procurement processes had not been followed as well as non compliance with the Public Service Regulations, 2001 resulting from officials acting in vacant positions without the relevant approval.

Significant uncertainties

With reference to note 19 in the financial statements, the department is a defendant in various lawsuits. The outcome of these matters cannot presently be determined, and an amount of R72,438,000 has been disclosed as a contingent liability in the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and *General Notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the PFMA, DoRA, and financial management (internal control).

Findings

Predetermined objectives

Non-compliance with regulatory and reporting requirements
- **Submission of strategic plan**
  The accounting officer of the national Department of Human Settlements did not provide Parliament or the relevant legislature with the strategic plan at least 10 days prior to the discussion of the department's budget vote, as required by Treasury Regulation 5.2.1 and 5.2.2.

Presentation of reported performance information
- **Reasons for major variances between planned and actual reported targets were not explained**
  Adequate explanations for major variances between the planned and the actual reported targets for Programme 3: Housing Planning and Delivery Support were not reported as required in terms of the relevant reporting guidance. In total 21% of the reported targets with major variances had no explanations for those variances.

Timeliness of the reported performance information

- Reported performance information not received in time

The reliability of 54% of the targets of Programme 3: Housing Planning and Delivery Support, as set out on pages 59 to 90 of the annual report, could not be verified, since the information was not received in time for audit purposes.

Usefulness of reported performance information

The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

Changes to planned performance information not approved

The national Department of Human Settlements reported on objectives, indicators and targets in addition to and different from those as per the approved 2009/10 Operational Plan. Furthermore, these additional and different objectives, indicators and targets were not approved subsequent to the strategic planning process.

Changes to planned performance not disclosed in annual performance report

Changes to the indicators and targets from the approved 2009/10 Operational Plan for the year under review, were not disclosed and explained as required in terms of the relevant National Treasury preparation guide.

Incomplete reporting on all predetermined objectives, indicators and targets

For the selected Programme 3: Housing Planning and Delivery Support and Programme 4: Housing Development Finance, the actual achievements with regard to 30% and 35% respectively of all planned indicators and targets specified in the 2009/10 Operational Plan for the year under review, were not reported in the annual performance report submitted for audit purposes.

Planned and reported performance targets not specific, measurable and time bound

For the selected Programme 3: Housing Planning and Delivery Support,

- 52% of the planned and reported targets were not measurable in identifying the required performance;
- 34% of the planned and reported targets were not time bound in specifying the period or deadline for delivery.

Planned and reported indicators not verifiable

For the selected Programme 3: Housing Planning and Delivery Support, 38% of the planned and reported indicators were not verifiable, as it was not possible to validate the indicator

Usefulness of reported performance information

The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan, corporate plan, annual performance plan and integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?

- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable; and are targets specific, measurable and time bound?

The following audit finding relates to the above criteria:

Reported targets not accurate, as inadequate supporting source information was provided
For the selected Programme 4: Housing Development Finance, the accuracy of 21% of the reported targets could not be established, as sufficient relevant source documentation could not be provided for audit purposes.

Compliance with laws and regulations
- **Public Finance Management Act No. 1 of 1999 and Treasury Regulations of 2005**
    ○ Non-adherence
    Contrary to the requirements of Treasury Regulation 8.2.3 and section 38(1)(f) of the PFMA, the accounting officer did not in all instances pay creditors within 30 days from receipt of invoice.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA and DoRA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

- **Leadership**
    The department of Human Setlements did not have sufficient monitoring controls to ensure adherence to the laws and regulations with regards to the approval of the Strategic Plan and framework on performance information with regards to the changes on predetermined objectives in the operational plan not being disclosed in the annual performance report

- **Financial and performance management**
    The department of Human Settlements does not have reliable performance management systems for identifying and capturing information as per the Framework for Managing Programme Performance Information and the Reporting Framework from National Treasury to support performance reporting. The financial systems in place do not cater for the timeous capturing and payment of invoices within the legislative deadlines.
    The department does not have appropriate systems to facilitate the preparation of performance reports.

- **Governance**
    The effectiveness of internal control over supply chain management is not properly monitored and supervised.

Auditor-General

Pretoria
29 July 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPROPRIATION STATEMENT for the year ended 31 March 2010

Appropiation per programme									
	2009/10							**2008/09**	
APPROPRIATION STATEMENT	**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									
Current payment	162,514	(3,461)	-	159,053	109,578	49,475	68.9%	122,898	121,590
Transfers and subsidies	10	130	-	140	135	5	96.4%	161	160
Payment for capital assets	5,246	3,331	-	8,577	4,136	4,441	48.2%	7,133	6,869
2. HOUSING POLICY RESEARCH & MONITORING									
Current payment	70,689	(190)	(5,000)	65,499	44,651	20,848	68.2%	28,054	25,669
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Payment for capital assets	1,486	190	-	1,676	320	1,356	19.1%	631	536
3. HOUSING PLANNING & DELIVERY SUPPORT									
Current payment	161,595	(2,571)	-	159,024	90,782	68,242	57.1%	64,412	63,594
Transfers and subsidies	5,130	1,934	-	7,064	7,012	52	99.3%	2,523	2,408
Payment for capital assets	2,781	637	-	3,418	795	2,623	23.3%	1,391	1,282
4. HOUSING DEVELOPMENT FINANCE									
Current payment	51,378	(464)	-	50,914	41,046	9,868	80.6%	39,149	38,535
Transfers and subsidies	12,978,351	85	3,000	12,981,436	12,944,894	36,542	99.7%	10,405,684	10,405,684
Payment for capital assets	966	379	-	1,345	358	987	26.6%	601	556
5. STRATEGIC RELATION AND GOVERNANCE									
Current payment	159,680	(633)	2,000	161,047	124,999	36,048	77.6%	251,866	249,756
Transfers and subsidies	1,363	166	-	1,529	911	618	59.6%	1,160	848
Payment for capital assets	3,616	467	-	4,083	744	3,339	18.2%	2,822	2,783
Subtotal	13,604,805	-	-	13,604,805	13,370,361	234,444	98.3%	10,928,487	10,920,272
Statutory Appropriation				-					
Current payment				-					
Transfers and subsidies				-					
Payment for capital assets				-					
TOTAL	**13,604,805**	**-**	**-**	**13,604,805**	**13,370,361**	**234,444**	**98.3%**	**10,928,487**	**10,920,272**

APPROPRIATION STATEMENT for the year ended 31 March 2010

	2009/10		2008/09	
	Final Appropriation	**Actual Expenditure**	**Final Appropriation**	**Actual Expenditure**
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	749		2,392	
Direct Exchequer receipts	-	-		-
Aid assistance				
Actual amounts per statement of financial performance (total revenue)	**13,605,554**		**10,930,879**	
ADD		**1,463**		
Aid assistance				
Direct Exchequer payments				
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (total expenditure)		**13,371,824**		**10,920,272**

APPROPRIATION STATEMENT for the year ended 31 March 2010

	Appropriation per economic classification								
	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	204,837	(15,899)	(3,500)	185,438	156,414	29,024	84.3%	126,066	125,942
Goods and services	401,007	7,992	500	409,499	254,173	155,326	62.1%	380,048	372,936
Interest and rent on land	-	357	-	357	250	107	70%	264	264
Financial transactions in assets and liabilities	13	233	-	246	222	24	90.2%	2	2
Transfers and subsidies									
Provinces and municipalities	12,592,276	-	-	12,592,276	12,592,276	-	100.0%	10,177,938	10,177,939
Departmental agencies and accounts	386,075	-	3,000	389,075	352,613	36,462	90.6%	227,739	227,738
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	1,000	-	-	1,000	745	255	74.5%	1,000	845
Public corporations and private enterprises	-	109	-	109	108	1	99.1%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	5,503	2,206	-	7,709	7,210	499	93.5%	2,852	2,578
Payments for capital assets									
Buildings and other fixed structures	152	-	-	152	-	152	-	-	-
Machinery and equipment	11,996	4,394	-	16,390	5,724	10,666	34.9%	10,952	10,417
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	1,946	608	-	2,554	626	1,928	24.5%	1,626	1,611
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	**13,604,805**	**-**	**-**	**13,604,805**	**13,370,361**	**234,444**	**98.3%**	**10,928,487**	**10,920,272**

APPROPRIATION STATEMENT for the year ended 31 March 2010

Statutory Appropriation									
	2009/10							2008/09	
Direct charges against the National / Provincial Revenue Fund	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
List all direct charges against the National/Provincial Revenue Fund									
President and Deputy President salaries									
Member of executive committee / parliamentary officers									
Judges and magistrates salaries									
Sector education and training authorities (SETA)									
National Skills Fund									
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

DETAIL PER PROGRAMME 1 ADMINISTRATION for the year ended 31 March 2010

Detail per sub-programme	2009/10							2008/09	
	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
1.1 MINISTER									
Current payment	1,372	357	-	1,729	1,718	11	99.4%	1,578	1,578
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
1.2 DEPUTY MINISTER									
Current payment	1,020	255	-	1,275	1,275	-	100.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
1.3 MANAGEMENT									
Current payment	72,266	2,162	-	74,428	54,895	19,533	73.8%	66,750	65,531
Transfers and subsidies	5	130	-	135	130	5	96.3%	137	137
Payment for capital assets	2,617	671	-	3,288	2,068	1,220	62.9%	1,456	1,441
1.4 CORPORATE SERVICES									
Current payment	78,306	(6,235)	-	72,071	47,614	24,457	66.1%	44,358	44,269
Transfers and subsidies	5	-	-	5	5	-	100.0%	24	23
Payment for capital assets	2,629	2,660	-	5,289	2,068	3,221	39.1%	5,677	5,428
1.5 PROPERTY MANAGEMENT									
Current payment	9,550	-	-	9,550	4,076	5,474	42.7%	10,212	10,212
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Total	**167,770**	**-**	**-**	**167,770**	**113,849**	**53,921**	**67.9%**	**130,192**	**128,619**

Together We Can Do More

DETAIL PER PROGRAMME 1 ADMINISTRATION for the year ended 31 March 2010

Detail per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	64,096	(1,023)	-	63,073	55,146	7,927	87.4%	46,089	46,046
Goods and services	98,415	(2,805)	-	95,610	54,166	41,444	56.7%	76,738	75,473
Interest and rent on land	-	201	-	201	116	85	57.7%	71	71
Financial transactions in assets and liabilities	3	165	-	168	150	18	89.3%	-	-
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	109	-	109	108	1	99.1%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	10	21	-	31	27	4	87.1%	161	160
Payment for capital assets									
Buildings and other fixed structures	152	-	-	152	-	152	-	-	-
Machinery and equipment	4,579	3,001	-	7,580	3,800	3,780	50.1%	7,047	6,783
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	515	331	-	846	336	510	39.7%	86	86
Land and subsoil assets	-	-	-	-	-	-	-	-	-
TOTAL	**167,770**	**-**	**-**	**167,770**	**113,849**	**53,921**	**67.9%**	**130,192**	**128,619**

DETAIL PER PROGRAMME 2 HOUSING POLICY, RESEARCH AND MONITORING
for the year ended 31 March 2010

Detail per sub-programme	2009/10							2008/09	
	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
2.1 MANAGEMENT									
Current payment	2,700	(55)	(486)	2,159	1,657	502	76.7%	2,163	1,963
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	55	-	55	21	34	38.2%	77	11
2.2 POLICY DEVELOPMENT									
Current payment	9,857	(25)	(196)	9,636	7,237	2,399	75.1%	6,530	6,382
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Payment for capital assets	310	25		335	94	241	28.1%	61	61
2.3 RESEARCH									
Current payment	14,473	(92)	(4,318)	10,063	5,095	4,968	50.6%	5,621	5,494
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	517	92	-	609	69	540	11.3%	150	150
2.4 MONITORING & EVALUATION									
Current payment	43,659	(18)	-	43,641	30,662	12,979	70.3%	13,740	11,830
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	659	18	-	677	136	541	20.1%	343	314
Total	**72,175**		**(5,000)**	**67,175**	**44,971**	**22,204**	**66.9%**	**28,687**	**26,207**

DETAIL PER PROGRAMME 2 HOUSING POLICY, RESEARCH AND MONITORING
for the year ended 31 March 2010

Detail per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Current payments	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Compensation of employees	23,004	(454)	-	22,550	16,811	5,739	74.5%	13,625	13,577
Goods and services	47,685	208	(5000)	42,893	27,804	15,089	64.8%	14,388	12,050
Interest and rent on land	-	55	-	55	34	21	61.8%	42	42
Financial transactions in assets and liabilities	-	2	-	2	2	-	100.0%	-	-
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-		2	2
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1,176	189	-	1,365	320	1,045	23.4%	543	464
Biological assets	-	-	-	-		-	-	-	-
Software and other intangible assets	310	-	-	310	-	310	-	87	72
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	**72,175**	**-**	**(5,000)**	**67,175**	**44,971**	**22,204**	**66.9%**	**28,687**	**26,207**

DETAIL PER PROGRAMME 3 HOUSING PLANNING AND DELIVERY SUPPORT
for the year ended 31 March 2010

Detail per sub-programme	2009/10							2008/09	
	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
3.1 MANAGEMENT									
Current payments	19,038	10,056	-	29,094	28,430	664	97.7%	11,994	11,937
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	515	40	-	555	74	481	13.3%	322	287
3.2 PROGRAMME IMPLEMENTATION SUPPORT									
Current payments	8,718	(2,286)	-	6,432	5,283	1,149	82.1%	4,510	4,246
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	531	-	-	531	79	452	14.9%	97	75
3.3. RENTAL HOUSING & PEOPLE'S PROCESS									
Current payments	19,041	(1,265)	-	17,776	11,432	6,344	64.3%	8,240	8,130
Transfers and subsidies	-	30	-	30	24	6	80%	-	-
Payment for capital assets	351	109	-	460	24	436	5.2%	259	256
3.4. STAKEHOLDER MANAGEMENT									
Current payments	15,718	(2,352)	-	13,566	10,895	2,471	81.5%	7,968	7,917
Transfers and subsidies	-		-	-	-	-		57	57
Payment for capital assets	443	386	-	829	134	695	16.2%	142	104
3.5 CAPACITY DEVELOPMENT									
Current payments	28,502	(1,941)	-	26,561	24,434	2,127	92%	21,186	20,892
Transfers and subsidies	5,130	1,904	-	7,034	6,988	46	99.3%	2,466	2,351
Payment for capital assets	380	57	-	437	81	356	18.5%	196	196
3.6 PRIORITY PROJECT									
Current payments	58,990	(739)	-	58,251	3,665	54,586	6.3%	4,291	4,263
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	341	1	-	342	231	111	67.5%	174	174
3.7 HUMAN SETTLEMENT PLANNING									
Current payments	11,588	(4,044)	-	(7,544)	6,643	901	88.1%	6,223	6,209
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	220	44	-	264	172	92	65.2%	201	190
Total	**169,506**	**-**	**-**	**169,506**	**98,589**	**70,917**	**58.2%**	**68,326**	**67,284**

Together We Can Do More

DETAIL PER PROGRAMME 3 HOUSING PLANNING AND DELIVERY SUPPORT
for the year ended 31 March 2010

Detail per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	44,929	(10,489)	-	34,440	28,926	5,514	84%	21,891	21,957
Goods and services	116,666	7,859	-	124,525	61,796	62,729	49.6%	42,508	41,624
Interest and rent on land	-	40	-	40	40	-	100%	12	12
Financial transactions in assets and liabilities	-	20	-	20	20	-	100%	1	1
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	5,130	1,934	-	7,064	7,012	52	99.3%	2,522	2,406
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2,375	666	-	3,041	795	2,246	26.1%	1,343	1,236
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	406	(30)	-	376	-	376	-	49	48
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	**169,506**	**-**	**-**	**169,506**	**98,589**	**70,917**	**58.2%**	**68,326**	**67,284**

DETAIL PER PROGRAMME 4 HOUSING DEVELOPMENT FINANCE
for the year ended 31 March 2010

Detail per sub-programme	2009/10							2008/09	
	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
4.1. MANAGEMENT									
Current payments	2,371	132	-	2,503	2,368	135	94.6%	2,343	2,283
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	46	11	-	57	21	36	36.8%	15	15
4.2 FINANCIAL & FUNDS MANAGEMENT									
Current payments	36,126	(2,067)	-	34,059	29,056	5,003	85.3%	26,043	25,643
Transfers and subsidies	150,000	85	-	150,085	150,005	80	99.9%	7	7
Payment for capital assets	370	356	-	726	273	453	37.6%	533	488
4.3 HOUSING EQUITY									
Current payments	12,881	1,471	-	14,352	9,622	4,730	67%	10,763	10,609
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	550	12	-	562	64	498	11.4%	53	53
4.4. INTEGRATED HOUSING & HUMAN SETTLEMENT DEVELOPMENT									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	12,442,276			12,442,276	12,442,276	-	100%	227,739	227,738
Payment for capital assets	-	-	-	-	-	-	-	-	-
4.5. CONTRIBUTIONS									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	386,075		3,000	389,075	352,613	36,462	90.6%	10,177,938	10,177,939
Payment for capital assets	-	-	-	-	-	-	-	-	-
Total	**130,030,695**	**-**	**3,000**	**13,033,695**	**12,986,298**	**47,397**	**99.6%**	**10,445,434**	**10,444,775**

Together We Can Do More

DETAIL PER PROGRAMME 4 HOUSING DEVELOPMENT FINANCE
for the year ended 31 March 2010

Detail per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	28,325	(1,771)	-	26,554	23,263	3,291	87.6%	16,767	16,694
Goods and services	23,053	1,260	-	24,313	17,739	6,574	73%	22,335	21,794
Interest and rent on land	-	25	-	25	25	-	100%	47	47
Financial transactions in assets and liabilities	-	23	-	23	22	1	95.7%	-	-
Transfers and subsidies									
Provinces and municipalities	12,592,276	-	-	12,592,276	12,592,276	-	100%	10,177,938	10,177,939
Departmental agencies and accounts	386,075	-	3,000	389,075	352,613	36,462	90.6%	227,739	227,738
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	85	-	85	5	80	5.9%	7	7
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	966	342	-	1,308	319	989	24.6%	601	556
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	36	-	36	36	-	100%	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	**13,030,695**	**-**	**3,000**	**13,033,695**	**12,986,298**	**47,397**	**99.6%**	**10,445,434**	**10,444,775**

DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE
for the year ended 31 March 2010

Detail per sub-programme	2009/10							2008/09	
	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
5.1 MANAGEMENT									
Current payments	4,003	-	(585)	3,418	2,693	725	78.8%	2,714	2,706
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	109	-	-	109	-	109	-	21	21
5.2 MANAGEMENT INFORMATION SERVICES									
Current payments	55,767	1,181	13,743	70,691	58,467	12,224	82.7%	54,473	54,158
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	755	352	-	1,107	338	769	30.5%	1,459	1,436
5.3 INTERGOVERNMENTAL AND INTERNATIONAL RELATION									
Current payments	22,092	(1,011)	(6,020)	15,061	7,586	7,475	50.4%	55,545	55,507
Transfers and subsidies	363	-	-	363	-	363	-	-	-
Payment for capital assets	169	91	-	260	74	186	28.5%	98	96
5.4 COMMUNICATION									
Current payments	54,570	(253)	(8,208)	46,109	37,956	8,153	82.3%	116,013	115,348
Transfers and subsidies	-	166	-	166	166	-	100%	160	3
Payment for capital assets	548	87	-	635	193	442	30.4%	775	772
5.5 HOUSING INSTITUTIONS									
Current payments	11,126	(17)	3,070	14,179	8,910	5,269	62.8%	15,914	14,917
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	332	17	-	349	57	292	16.3%	294	291
5.6 STRATEGIC MANAGEMENT									
Current payments	5,760	(176)	-	5,584	3,842	1,742	68.8%	2,787	2,760
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	815	11	-	826	38	788	4.6%	118	115
5.7 TRANSFORMATION									
Current payments	6,362	(357)	-	6,005	5,545	460	92.3%	4,420	4,360
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	888	(91)	-	797	44	753	5.5%	57	52
5.8 CONTRIBUTIONS									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,000	-	-	1,000	745	255	74.5%	1,000	845
Payment for capital assets	-	-	-	-	-	-	-	-	-
Total	**164,659**	**-**	**2,000**	**166,659**	**126,654**	**40,005**	**76%**	**255,848**	**253,387**

DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE
for the year ended 31 March 2010

Detail per Economic classification	2009/10							2008/09	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	44,483	(2,162)	(3,500)	38,821	32,268	6,553	83.1%	27,694	27,668
Goods and services	115,188	1,470	5,500	122,158	92,668	29,490	75.9%	224,079	221,995
Interest and rent on land	-	39	-	36	35	1	97.2%	92	92
Financial transactions in assets and liabilities	10	23	-	33	28	5	84.8%	1	1
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	1,000	-	-	1,000	745	255	74,5%	1,000	845
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	363	166	-	529	166	363	31.4%	160	3
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2,900	196	-	3,096	490	2,606	15.8%	1,418	1,378
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	715	271	-	986	254	732	25.8%	1,404	1,405
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	**164,659**	**-**	**2,000**	**166,659**	**126,654**	**40,005**	**76%**	**255,848**	**253,387**

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2010

The financial year under review also experienced a budget structure change in the Department. In the previous financial year the Department had four programmes and in the current financial year the number of programmes has increased to five. The structure change was introduced to align functions to the new strategy and enhance delivery support. The department did not increase the number of sub programmes but moved some between programmes.

A new programme called Governance and Strategic Support was introduced as Programme 5. The following Sub-programmes were moved to Programme 5,

- From: Programme 1 (Administration)
    - Management
    - Strategic Planning and
    - Transformation
- From: Programme 2: (Housing Policy, Research and Planning)
    - Information Management and
    - Contributions
- From: Programme 3: (Housing Delivery Support)
    - Inter-Governmental & International Relations and
    - Communication
- From: Programme 4: Housing Development Finance
    - Housing Institutions

Programme 2's name was changed from Housing Policy, Research and Planning to Housing Policy, Research and Monitoring.

Programme 3's name was changed from Housing Delivery Support to Housing Planning & Delivery Support. This was because the Sub-Programme Housing Settlement planning moved from Programme 2(Housing Policy, Research and Planning) to Programme 3(Housing Planning & Delivery Support).
The result of the above structure change was that the 2008/09 comparative figures as reflected in the appropriation account had to be restated.

1.   Detail of transfers and subsidies as per Appropriation Act (after Virement):
Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2.   Detail of specifically and exclusively appropriated amounts voted (after Virement):
Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3.   Detail on financial transactions in assets and liabilities
Detail of these transactions per programme can be viewed in the note on financial transactions in assets and liabilities to the Annual Financial Statements.

4.   Explanations of material variances from amounts voted (after Virement):

4.1   Per programme

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	**R'000**	**R'000**	**%**
Administration	167,770	113,849	53,921	32%
Housing Policy, Research & Monitoring	67,175	44,971	22,204	33%
Housing Planning & Delivery Support	169,506	98,589	70,917	42%
Housing Development Finance	13,033,695	12,986,298	47,397	0%
Strategic Relation and Governance	166,659	126,654	40,005	24%
Total	**13,604,805**	**13,370,361**	**234,444**	**2%**

1.   Administration

Cost saving measures resulted in savings on goods and services. Although savings were achieved throughout goods and services, the majority of the savings were realized by reducing the travel and subsistence expenditure and expenditure on advertisements. Under spending in the programme was as a result of a delay by the Special Investigation Unit to produce and submit the last invoices for the year. Another factor that contributed to the under spending is the delay in securing additional building, which resulted in the funds provided for leasing, refurbishment of offices, the moving of staff and the acquiring of furniture not being utilised. The non availability of additional office space resulted in the non filling of vacancies and expenditure associated with posts could also not be achieved.

2.   Housing Policy, Research & Monitoring

Cost saving measures resulted in savings on goods and services. Although savings were achieved throughout goods and services, the majority of the savings were realized by reducing the travel and subsistence expenditure and other administrative costs. Under spending in the programme can also be attributed to the delay in printing of the National Housing code. Vacancies that could not be filled or filled in the last quarter of the financial year impacted on the operational costs as the budget related to expenditure associated with those vacant positions could not be spent.

3.   Housing Planning & Delivery Support

Cost saving measures resulted in savings on goods and services. Although savings were achieved throughout goods and services, the majority of the savings were realized by reducing the travel and subsistence expenditure and other administrative costs. The main reason for under spending in the Programme is as a result of R50 million which was provided for the community outreach programme from savings within the department and allocated in October during the adjustment estimate process and of which no funds were utilised. The unspent funds formed part of the roll over request. Another contributing factor is cost associated with the non filled posts.

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2010

4.   Housing Development Finance

Cost saving measures resulted in savings on goods and services. Although savings were achieved throughout goods and services, the majority of the savings were realized by reducing the travel and subsistence expenditure and other administrative costs. Under spending was due to the non appointment of Office of Disclosure members.

Another contributing factor to under spending is an amount of R34,9 million that could not be transferred to the Social Housing Regulatory Authority as the process of establishing the institution could not be finalised by year end.

5.   Strategic Relation and Governance

Cost saving measures resulted in savings on goods and services. Although savings were achieved throughout goods and services, the majority of the savings were realized by reducing the travel and subsistence expenditure and other administrative costs. Under spending is partly due to the fact that the establishment of Social Housing Regulatory Authority could not be finalised during the year under review. Another contributing factor is that the department could not make payments to SITA on the Business Information Systems. This was due to the fact that SITA was experiencing challenges in printing invoices as their debtor's management system crashed in March.

4.2   Per economic classification:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	**R'000**	**R'000**	**%**
Current expenditure	**595,540**	411,059	184,481	31%
Compensation of employees	185,438	156,414	29,024	16%
Goods and services	409,499	254,173	155,326	38%
Interest and rent on land	357	250	107	30%
Financial transactions in assets and liabilities	246	222	24	10%
Unauthorised expenditure approved	-	-	-	-
Transfers and subsidies	**12,990,169**	**12,952,952**	**37,217**	**0%**
Provinces and municipalities	12,592,276	12,592,276	-	0%
Departmental agencies and accounts	389,075	352,613	36,462	9%
Public corporations and private enterprises	1,000	745	255	26%
Foreign governments and international organisations	109	108	1	1%
Households	7,709	7,210	499	6%
Payments for capital assets	**19,096**	**6,350**	**12,746**	**67%**
Buildings and other fixed structures	152	-	152	100%
Machinery and equipment	16,390	5,724	10,666	65%
Software and other intangible assets	2,554	626	1,928	75%

Together We Can Do More

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2010

Current Payments

Cost saving measures resulted in savings on goods and services. Although savings were achieved throughout goods and services, the majority of the savings were realized by reducing the travel and subsistence expenditure and expenditure on advertisements. Under spending was mainly as a result of a delay by the Special Investigation Unit and SITA to produce and submit the last invoices for the year. Other contributing factors to under spending is the delay in printing of the National Housing code and R50 million which was provided for the community outreach programme. from savings within the department and allocated in October during the adjustment estimate process of which no funds were utilised.

Another factor that contributed to the under spending is the delay in securing additional office accommodation, which resulted in the funds provided for leasing, refurbishment of offices, the moving of staff and the acquiring of furniture not being utilised and also resulted in the non filling of vacancies.

Transfers and subsidies

Under spending is due to an amount of R34,9 million that could not be transferred to the Social Housing Regulatory Authority as the process of establishing the institution could not be finalised by year end.

Payments for capital assets

Under spending can be attributed to the delay in acquiring of furniture and equipment due to none securing of an additional office building.

STATEMENT OF THE FINANCIAL PERFORMANCE for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
REVENUE			
Annual appropriation	1	13,604,805	10,928,487
Departmental revenue	2	749	2,392
TOTAL REVENUE		**13,605,554**	**10,930,879**
EXPENDITURE			
Current expenditure			
Compensation of employees	4	156,414	125,942
Goods and services	5	254,173	372,939
Interest and rent on land	6	250	264
Financial transactions in assets and liabilities	7	222	2
Total current expenditure		**411,059**	**499,147**
Transfers and subsidies		**12,954,415**	**10,409,099**
Transfers and subsidies	8	12,952,952	10,409,099
Aid assistance	3	1,463	-
Expenditure for capital assets			
Tangible capital assets	9	5,724	10,417
Software and other intangible assets	9	626	1,609
Total expenditure for capital assets		**6,350**	**12,026**
TOTAL EXPENDITURE		**13,371,824**	**10,920,272**
SURPLUS/(DEFICIT) FOR THE YEAR		**233,730**	**10,607**
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		234,444	8,215
Annual appropriation		234,739	8,215
Departmental revenue	22	749	2,392
Aid assistance	6	(1,463)	-
SURPLUS/(DEFICIT) FOR THE YEAR		**233,730**	**10,607**

STATEMENT OF THE FINANCIAL POSITION for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
ASSETS			
Current assets		**234,738**	**10,054**
Cash and cash equivalents	10	229,962	1,952
Prepayments and advances	11	58	84
Receivables	12	4,718	8,018
Non-current assets		**880,604**	**880,604**
Investments	13	880,604	880,604
TOTAL ASSETS		**1,115,342**	**890,658**
LIABILITIES			
Current liabilities		**234,526**	**9,773**
Voted funds to be surrendered to the Revenue Fund	15	234,444	8,215
Departmental revenue to be surrendered to the Revenue Fund	16	31	34
Payables	17	51	61
Aid assistance unutilised	6	-	1,463
TOTAL LIABILITIES		**234,526**	**9,773**
NET ASSETS		**880,816**	**880,885**

	Note	2009/10 R'000	2008/09 R'000
Represented by:			
Capitalisation reserve		880,604	880,604
Recoverable revenue		212	281
TOTAL		**880,816**	**880,885**

STATEMENT CHANGES IN NET ASSET for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
Capitalisation Reserves		880,604	880,604
Opening balance		-	-
Closing balance		**880,604**	**880,604**
Recoverable revenue			
Opening balance		281	196
Transfers:		**(69)**	**85**
Debts recovered (included in departmental receipts)		(69)	-
Debts raised		-	85
Closing balance		**212**	**281**
TOTAL		**880,816**	**880,885**

CASHFLOW STATEMENTS for the year ended 31 March 2010

	Note	2009/10 R'000	2008/09 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**13,605,554**	**10,930,879**
Annual appropriated funds received	1.1	13,604,805	10,928,487
Departmental revenue received	2	749	2,392
Net (increase)/decrease in working capital		3,316	4,660
Surrendered to Revenue Fund		(8,967)	(282,016)
Current payments		(411,059)	(499,147)
Transfers and subsidies paid		(12,954,415)	(10,409,099)
Net cash flow available from operating activities	18	**234,429**	**(254,723)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(6,350)	(12,026)
Net cash flows from investing activities		**(6,350)**	**(12,026)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(69)	85
Net cash flows from financing activities		**(69)**	**85**
Net increase/(decrease) in cash and cash equivalents		228,010	(266,664)
Cash and cash equivalents at beginning of period		1,952	268,616
Cash and cash equivalents at end of period	19	**229,962**	**1,952**

ACCOUNTING POLICIES for the year ended 31 March 2010

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1.   Presentation of the Financial Statements

1.1   Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2   Presentation currency

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

1.3   Rounding

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

1.4   Comparative figures

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

1.5   Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2.   Revenue

2.1   Appropriated funds

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

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

The total appropriated funds received during the year are presented in the statement of financial performance.

ACCOUNTING POLICIES for the year ended 31 March 2010

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the statement of financial position. No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Direct Exchequer receipts / payments

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and subsequently paid into the National/Provincial Revenue Fund, unless otherwise stated.

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Aid assistance

Aid assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year).

ACCOUNTING POLICIES for the year ended 31 March 2010

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

3.   Expenditure

3.1   Compensation of employees

3.1.1   Short-term employee benefits

The cost of short-term employee benefits are expensed in the statement of financial performance when financial authorisation for payment is effected on the system (by no later than 31 March each year)

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements.

These amounts must not be recognised in the statement of financial performance or position.Employee cost are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time in the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2   Post retirement benefits

Employer contribution (i.e. social contributions) are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Funds and not in the financial statements of the employer department.

Social contribution (such as medical benefits) made by the department for certain of its ex-employees are classified as transfers to households in the statement of financial performance.

3.1.3   Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4   Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements.

3.2   Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

3.3   Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.   If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4   Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statement amounts.

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

3.5   Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6   Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7   Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

ACCOUNTING POLICIES for the year ended 31 March 2010

3.8   Irregular expenditure

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

4.   Assets

4.1   Cash and cash equivalents

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

Bank overdrafts are shown separately on the face of the statement of financial position.

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.

4.2   Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3   Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and where the goods and services have not been received by year end.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4   Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party or from the sale of goods/rendering of services.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5   Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6   Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7   **Inventory**

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

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

4.8   **Capital assets**

4.8.1   **Movable assets**

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.2   **Immovable assets**

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national department of public works.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

5.   Liabilities

5.1   **Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

ACCOUNTING POLICIES for the year ended 31 March 2010

5.2   Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3   Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

5.4   Commitments

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

5.5   Accruals

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

5.6   Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7   Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

5.8   Provisions

Provisions are disclosed 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 will be required to settle the obligation and a reliable estimate of the obligation can be made.

6.   Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7.   Net Assets

7.1   Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlining asset is disposed and the related funds are received.

7.2   Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8.   Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9.   Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10.   Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

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:

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2008/09
	R'000	R'000	R'000	R'000
Administration	167,770	167,770	-	140,309
Housing Policy Research & Monitoring	67,175	67,175	-	92,042
Housing Planning & Delivery Support	169,506	169,506	-	234,494
Housing Development Finance	13,033,695	13,033,695	-	10,461,642
Strategic Relation and Governance	166,659	166,659	-	-
Total	**13,604,805**	**13,604,805**	**-**	**10,928,487**

2. Departmental revenue

	Note	2009/10	2008/09
		R'000	R'000
Sales of goods and services other than capital assets	2.1	91	74
Interest, dividends and rent on land	2.2	46	246
Financial transactions in assets and liabilities	2.3	612	2,072
Total revenue collected		**749**	**2,392**
Departmental revenue collected		**749**	**2,392**

2.1 Sales of goods and services other than capital assets

	Note 2	2009/10 R'000	2008/09 R'000
Sales of goods and services produced by the department		90	72
Sales by market establishment		31	27
Other sales		59	45
Sales of scrap, waste and other used current goods		1	2
Total		**91**	**74**

2.2 Interest, dividends and rent on land

	Note 2	2009/10 R'000	2008/09 R'000
Interest		46	246
Total		**46**	**246**

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2.3   Financial transactions in assets and liabilities

	Note	2009/10	2008/09
	2	R'000	R'000
Receivables		132	-
Proceeds from investment		-	70
Other Receipts including Recoverable Revenue		480	2,002
Total		**612**	**2,072**

3.   Aid assistance

3.1   Aid assistance received in cash from RDP

	Note	2009/10	2008/09
		R'000	R'000
Foreign			
Opening Balance		1,463	1,463
Expenditure		**(1,463)**	-
Transfers		**1,463**	**-**
Surrendered to the RDP			
Closing Balance		**-**	**1,463**

3.2   Total assistance

	Note	2009/10	2008/09
		R'000	R'000
Opening Balance		1,463	-
Expenditure		1,463	-
Transfers		(1,463)	-
Surrendered/Transferred to retained funds			
Closing Balance		**-**	**-**

4.   Compensation of employees

4.1   Salaries and Wages

	Note	2009/10	2008/09
		R'000	R'000
Basic salary		104,120	80,493
Performance award		3,425	4,527
Service Based		906	619
Compensative/circumstantial		3,558	4,631
Other non-pensionable allowances		27,703	23,088
Total		**139,712**	**113,358**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

4.2   Social contributions

	Note	2009/10 R'000	2008/09 R'000
Employer contributions			
Pension		12,188	9,388
Medical		4,500	3,184
Bargaining council		14	12
Total		**16,702**	**12,584**
Total compensation of employees		**156,414**	**125,942**
Average number of employees		552	426

5.   Goods and services

	Note	2009/10 R'000	2008/09 R'000
Administrative fees		77	71
Advertising		24,346	100,432
Assets less then R5,000	5.1	1,466	2,315
Bursaries (employees)		789	401
Catering		3,844	2,641
Communication		6,762	6,128
Computer services	5.2	57,763	53,241
Consultants, contractors and agency/outsourced services	5.3	79,367	107,780
Entertainment		225	307
Audit cost – external	5.4	5,184	4,592
Inventory	5.5	8,155	9,455
Operating leases		1,431	938
Owned and leasehold property expenditure	5.6	4,790	11,711
Travel and subsistence	5.7	43,858	60,679
Venues and facilities		10,374	6,311
Training and staff development		2,301	2,870
Other operating expenditure	5.8	3,441	3,067
Total		**254,173**	**372,939**

5.1   Assets less than R5,000

	Note 5	2009/10 R'000	2008/09 R'000
Tangible assets		1,466	2,315
Buildings and other fixed structures		-	2,315
Machinery and equipment		1,466	-
Total		**1,466**	**2,315**

5.2 Computer services

	Note	2009/10	2008/09
	5	R'000	R'000
SITA computer services		53,623	50,213
External computer service providers		4,140	3,028
Total		**57,763**	**53,241**

5.3 Consultants, contractors and agency/outsourced services

	Note	2009/10	2008/09
	5	R'000	R'000
Business and advisory services		46,971	76,950
Legal costs		2,081	975
Contractors		1,715	2,496
Agency and support/outsourced services		28,600	27,359
Total		**79,367**	**107,780**

5.4 Audit cost – External

	Note	2009/10	2008/09
	5	R'000	R'000
Regularity audits		5,184	4,592
Total		**5,184**	**4,592**

5.5 Inventory

	Note	2009/10	2008/09
	5	R'000	R'000
Learning and teaching support material		4	-
Food and food supplies		9	33
Fuel, oil and gas		312	256
Other consumable materials		758	253
Maintenance material		20	35
Stationery and printing		7,052	8,874
Medical supplies		-	4
Total		**8,155**	**9,455**

5.6 Owned and leasehold property expenditure

	Note	2009/10	2008/09
	5	R'000	R'000
Municipal services		4,076	10,212
Property maintenance and repairs		-	1,499
Other		714	-
Total		**4,790**	**11,711**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

5.7   Travel and subsistence

	Note	2009/10	2008/09
	5	**R'000**	**R'000**
Local		42,047	50,299
Foreign		1,811	10,380
Total		**43,858**	**60,679**

5.8   Other operating expenditure

	Note	2009/10	2008/09
	5	**R'000**	**R'000**
Professional bodies, membership and subscription fees		164	251
Resettlement costs		1,294	687
Other		1,983	2,129
Total		**3,441**	**3,067**

6.   Interest and rent on land

	Note	2009/10	2008/09
		R'000	**R'000**
Interest paid		250	264
Total		**250**	**264**

7.   Financial transactions in assets and liabilities

	Note	2009/10	2008/09
		R'000	**R'000**
Debts written off	*7.1*	222	2
Total		**222**	**2**

7.1   Debts written off

	Note	2009/10	2008/09
	7	**R'000**	**R'000**
Nature of debts written off			
No shows		11	2
Bad Debts		35	-
Damage Vehicle		176	-
Total		**222**	**2**

7.2   Assets written off

	Note	2009/10 R'000	2008/09 R'000
Nature of write off			
(Group major categories, but list material items)			
Minor – Computer equipment		-	35
Capital Computer equipment		-	410
Minor – Office furniture		-	133
Capital – Office furniture		-	115
Minor – Other equipment		-	27
Capital – Other equipment		-	63
Total		**-**	**783**

8.   Transfers and subsidies

	Note	2009/10 R'000	2008/09 R'000
Provinces and municipalities	29	12,592,276	10,177,939
Departmental agencies and accounts	Annex 1A	352,613	227,738
Foreign governments and international organisations	Annex 1B	745	845
Public corporations and private enterprises	Annex 1C	108	-
Households	Annex 1D	6,986	2,349
Gifts, donations and sponsorships made	Annex 1E	224	228
Total		**12,952,952**	**10,409,099**

9.   Expenditure for capital assets

	Note	2009/10 R'000	2008/09 R'000
Tangible assets		**5,724**	**10,417**
Machinery and equipment	28	5,724	10,417
Software and other intangible assets		**626**	**1,609**
Computer software	29	626	1,609
Total		**6,350**	**12,026**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

9.1   Analysis of funds utilised to acquire capital assets – 2009/10

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	5,724	-	**5,724**
Machinery and equipment	5,724	-	5,724
Software and other intangible assets	626	-	**626**
Computer software	626	-	626
Total	**6,350**	**-**	**6,350**

9.2   Analysis of funds utilised to acquire capital assets – 2008/09

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	10,417	-	**10,417**
Machinery and equipment	10,417	-	10,417
Software and other intangible assets	1,609	-	**1,609**
Computer software	1,609	-	1,609
Total	**12,026**	**-**	**12,026**

10.   Cash and cash equivalents

	Note	2009/10	2008/09
		R'000	R'000
Consolidated Paymaster General Account		240,442	4,992
Cash receipts		-	5
Disbursements		(10,505)	(3,070)
Cash on hand		25	25
Total		**229,962**	**1,952**

11.   Prepayments and advances

	Note	2009/10	2008/09
		R'000	R'000
Travel and subsistence		58	84
Total		**58**	**84**

12.   Receivables

	Note	2009/10 R'000 Less than one year	R'000 One to three years	R'000 Older than three years	R'000 Total	2008/09 R'000 Total
Claims recoverable	*12.1*	3,734	-	18	3,753	6,959
	Annex 3					
Staff debt	*12.2*	636	84	246	965	1,059
Total		**4,370**	**84**	**264**	**4,718**	**8,018**

12.1   Claims recoverable

	Note 18	2009/10 R'000	2008/09 R'000
National departments		3,753	6,805
Provincial departments		-	117
Private enterprises		-	37
Total		**3,753**	**6,959**

12.2   Staff debt

	Note 18	2009/10 R'000	2008/09 R'000
Telephone & Cell phone		13	49
Study		82	173
Vehicle		55	19
Tax		8	17
Damage Vehicles		367	475
Housing Guarantee		11	13
Resettlement		5	6
Salaries		116	121
Suppliers		573	186
Disallowance Miscellaneous		(265)	-
Total		**965**	**1,059**

13. Investments

	Note	2009/10	2008/09
		R'000	R'000
Non-Current			
Shares and other equity			
NHFC		880,000	880,000
SERVCON		604	604
Total		**880,604**	**880,604**
Analysis of non current investments			
Opening balance		880,604	880,604
Closing balance		**880,604**	**880,604**

14. Voted funds to be surrendered to the Revenue Fund

	Note	2009/10	2008/09
		R'000	R'000
Opening balance		8,215	279,639
Transfer from statement of financial performance		234,444	8,215
Paid during the year		(8,215)	(279,639)
Closing balance		**234,444**	**8,215**

15. Departmental revenue to be surrendered to the Revenue Fund

	Note	2009/10	2008/09
		R'000	R'000
Opening balance		34	19
Transfer from Statement of Financial Performance		749	2,392
Paid during the year		(752)	(2,377)
Closing balance		**31**	**34**

16. Payables – current

	Note	2009/10	2008/09
		R'000	R'000
Clearing accounts	16.1	51	61
Total		**51**	**61**

16.1   Clearing accounts

	Note	2009/10	2008/09
	16	R'000	R'000
Salary Income Tax:CL		42	9
Third Party Transport Control Acc		-	52
Pension fund		8	-
Medical Aid		1	-
Total		**51**	**61**

17.   Net cash flow available from operating activities

	Note	2009/10	2008/09
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		233,730	10,607
Add back non cash/cash movements not deemed operating activities		699	(265,330)
(Increase)/decrease in receivables – current		3,300	4,591
(Increase)/decrease in prepayments and advances		26	22
Increase/(decrease) in payables – current		(10)	47
Expenditure on capital assets		6,350	12,026
Surrenders to Revenue Fund		(8,967)	(282,016)
Net cash flow generated by operating activities		**234,429**	**(254,723)**

18.   Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2009/10	2008/09
		R'000	R'000
Consolidated Paymaster General account		240,442	4,992
Disbursements		(10,505)	(3,070)
Cash receipts		-	5
Cash on hand		25	25
Total		**229,962**	**1,952**

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

Liable to	Nature	Note	2009/10 R'000	2008/09 R'000
Motor vehicle guarantees	Employees	Annex 2A	36	76
Housing loan guarantees	Employees	Annex 2A	398	427
Claims against the department		Annex 2B	72,438	1,500
Other departments (interdepartmental unconfirmed balances)			22	168
Other		Annex 2B	-	113,214
Total			**72,894**	**115,385**

20. Commitments

	Note	2009/10 R'000	2008/09 R'000
Current expenditure			
Approved and contracted		67,926	82,290
Approved but not yet contracted		113	38
		68,039	82,328
Capital expenditure			
Approved and contracted		6,019	1,411
		6,019	1,411
Total Commitments		**74,058**	**83,739**

21. Accruals

			2009/10 R'000	2008/09 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1,257	12,378	13,635	28,270
Other	374		374	82
Total	**1,631**	**12,378**	**14,009**	**28,352**

	Note	2009/10 R'000	2008/09 R'000
Listed by programme level			
Administration		5,657	3,106
Housing Policy Research and Planning		61	12,880
Housing Implementation Support		2,991	7,222
Housing Development Finance		178	5,144
Strategic Relations and Governance		5,122	-
Total		**14,009**	**28,352**

	Note	2009/10 R'000	2008/09 R'000
Confirmed balances with other departments	Annex 3	1	109
Total		**1**	**109**

22.   Employee benefits

	Note	2009/10 R'000	2008/09 R'000
Leave entitlement		4,059	5,320
Service bonus (Thirteenth cheque)		4,115	3,048
Capped leave commitments		6,951	5,527
Total		**15,125**	**13,895**
Staff receivable		**775**	**135**

23.   Lease commitments

23.1   Finance leases expenditure**

2009/10	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	1,879	1,879
Later than 1 year and not later than 5 years	-	-	611	611
Total lease commitments	**-**	**-**	**2,490**	**2,490**
LESS: finance costs	-	-	181	181
Total present value of lease liabilities	**-**	**-**	**2,309**	**2,309**

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	1,220	1,220
Later than 1 year and not later than 5 years	-	-	1,138	1,138
Total lease commitments	**-**	**-**	**2,358**	**2,358**
LESS: finance costs	-	-	247	247
Total present value of lease liabilities	**-**	**-**	**2,111**	**2,111**

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

**This note excludes leases relating to public private partnership as they are separately disclosed to note no.39.

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

	Note	2009/10 R'000	2008/09 R'000
Opening balance		1,739	639
Add: Irregular expenditure – relating to prior year		-	1,100
Add: Irregular expenditure – relating to current year		920	1,272
Less: Amounts condoned		-	(1,272)
Less: Amounts not recoverable (not condoned)		-	-
Irregular expenditure awaiting condonation		**2,659**	**1,739**
Analysis of awaiting condonation per age classification			
Current year		920	-
Prior years		1,739	-
Total		**2,659**	**-**

24.2 Details of irregular expenditures under investigation

Incident	2009/10 R'000
Gifts for various stakeholders at the minister's end of term function.	166
Payment in excess of bid amount	295
Exceeding PSR, Chapter 1, Part VII, paragraph B.5.3 – Acting allowance more than 12 months.	459
Total	**920**

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	2009/10 R`000	2008/09 R`000
Opening balance		
Fruitless and wasteful expenditure – relating to current year	3	-
Fruitless and wasteful expenditure awaiting condonement	3	-
Analysis of awaiting condonement per economic classification		
Current	3	-
Total	**3**	**-**

25.2 Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2009/10 R'000
Red carpet for former Minister's farewell function	None	1
Cancellation of performance assessment meeting	None	2
Total		**3**

26. Key management personnel

	No. of Individuals	2009/10 R'000	2008/09 R'000
Political office bearers (provide detail below)	3	2,956	1,617
Officials:			
Level 15 to 16	11	10,715	8,530
Level 14 (incl. CFO if at a lower level)	26	18,535	18,860
Total		**32,206**	**29,007**

27. Provisions

	Note	2009/10 R'000	2008/09 R'000
Potential irrecoverable debts			
Staff debtors		269	373
Total		**269**	**373**

28. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	38,216	481	5,724	2,857	41,564
Transport assets	1,221	-	574	602	1,193
Computer equipment	15,911	18	2,425	1,573	16,781
Furniture and office equipment	12,619	171	1,678	438	14,030
Other machinery and equipment	8,465	292	1,047	244	9,560
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**38,216**	**481**	**5,724**	**2,857**	**41,564**

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

28.1   Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	5,724	-	-	-	5,724
Transport assets	574	-	-	-	574
Computer equipment	2,425	-	-	-	2,425
Furniture and office equipment	1,678	-	-	-	1,678
Other machinery and equipment	1,047	-	-	-	1,047
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	**5,724**	**-**	**-**	**-**	**5,724**

28.2   Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	2,857	2,857	432
Transport assets	-	602	602	432
Computer equipment	-	1,573	1,573	-
Furniture and office equipment	-	438	438	-
Other machinery and equipment	-	244	244	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	**-**	**2,857**	**2,857**	**432**

28.3   Movement for 2008/09

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	29,742	9,435	961	38,216
Transport assets	1,221	-	-	1,221
Computer equipment	13,323	3,303	715	15,911
Furniture and office equipment	10,149	2,699	229	12,619
Other machinery and equipment	5,049	3,433	17	8,465
TOTAL MOVABLE TANGIBLE ASSETS	**29,742**	**9,435**	**961**	**38,216**

28.4   Minor assets

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor assets	1,069	-	10,240	-	11,309
TOTAL	1,069	-	10,240	-	11,309
Number of R1 minor assets	-	-	89	-	89
Number of minor assets at cost	1,017	-	6,790	-	7,807
TOTAL NUMBER OF MINOR ASSETS	**1,017**	**-**	**6,879**	**-**	**7,896**

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2009

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor assets	1,069	-	9,382	-	10,451
TOTAL	**1,069**	**-**	**9,382**	**-**	**10,451**

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	1,017	-	6,636	-	7,653
TOTAL NUMBER OF MINOR ASSETS	**1,017**	**-**	**6,636**	**-**	**7,653**

29.   Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance	Current Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	2,575	1	626	-	3,202
TOTAL INTANGIBLE CAPITAL ASSETS	**2,575**	**1**	**626**	**-**	**3,202**

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

29.1   Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Cash	Non-Cash	(Develop-ment 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
COMPUTER SOFTWARE	626				626
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	**626**				**626**

29.2   Movement for 2008/09

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	966	1,609	-	2,575
TOTAL INTANGIBLE CAPITAL ASSETS	**966**	**1,609**		**2,575**

30.   Statement of conditional grants paid to the provinces

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2008/09
	Division of Revenue Act	Roll Overs	Ad-just-ments	Total Available	Actual Transfer	Funds With-held	Re-alloca-tions by National Treas-ury or National Depart-ment	Amount received by depart-ment	Amount spent by depart-ment	% of avail-able funds spent by de-part-ment	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Eastern Cape	1,313,378			1,313,378	1,313,378			1,313,378	1,313,378	100%	981,018
Free State	962,759			962,759	962,759			962,759	962,759	100%	859,122
Gauteng	3,187,086			3,187,086	3,187,086			3,187,086	3,117,107	98%	2,806,672
KwaZulu-Natal	2,180,448			2,180,448	2,180,448			2,180,448	2,103,424	96%	1,622,053
Limpopo	996,667			996,667	996,667			996,667	996,667	100%	824,806
Mpumalanga	795,447			795,447	795,447			795,447	760,277	96%	696,670
Northern Cape	325,011			325,011	325,011			325,011	325,011	100%	219,274
North West	1,100,055			1,100,055	1,100,055			1,100,055	1,099,918	100%	862,462
Western Cape	1,581,425			1,581,425	1,581,425			1,581,425	1,497,437	95%	1,305,862
KwaZulu-Natal	150,000			150,000	150,000			150,000	150,000	100%	-
Total	**12,592,276**			**12,592,276**	**12,592,276**			**12,592,276**	**12,325,975**		**10,177,939**

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

DUTIES IN RESPECT OF ANNUAL FINANCIAL STATEMENTS FOR 2009/10

Section 13(1) requirements in respect of Schedule 5 allocations- Integrated Housing and Human Settlements Development Grant and Housing Disaster Relief Grant

13(a)   Indicate the total amount of that allocation transferred to a province or municipality;

As per the attached schedule.

13(b)   Indicate the transfers, if any, that were withheld in respect of each province or municipality;

No funds were withheld.

13(c)   Indicate any re-allocations by the National Treasury in terms of section 29 or the transferring national officer in terms of section 23(7);

No portion in respect of Grant funding was re-allocated during the financial year.

13(d)   Certify that all transfers to a province or municipality were deposited into the primary bank account of a province or municipality or, where appropriate, into the corporation for public deposits account of a province;

It is confirmed/certified that all funds transferred to the Provincial Treasuries, for utilization by the Provincial Human Settlements Departments were deposited into the relevant primary bank account.

13(e)   indicate the funds, if any, utilized for the administration of the allocation by the receiving officer;

No funds were utilized for administrative purposes.

CONDITIONAL GRANTS PAID TO PROVINCES

NAME OF PROVINCE	AMOUNT R'000	REMARK
Eastern Cape	1,313,378	Confirmed
Free State	962,759	Confirmed
Gauteng	3,187,086	Confirmed
KwaZulu-Natal	2,180,448	Confirmed
Limpopo	996,667	Unconfirmed
Mpumalanga	795,447	Confirmed
Northern Cape	325,011	Confirmed
North West	1,100,055	Unconfirmed
Western Cape	1,581,425	Confirmed
KwaZulu-Natal (Disaster Relief Fund)	150,000	Unconfirmed
Total	**12,592,276**	

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2008/09
	Adjusted Appro-priation Act	Roll Overs	Adjust-ments	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	49,650	-	13,000	62,650	62,650	100%	-
NURCHA	3,500	-	-	3,500	3,500	100%	-
Social Housing Foundation	262,967	-	-	262,967	262,960	100%	217,738
Thubelisha	24,966	-	-	24,966	23,503	94%	10,000
National Housing Finance Corporation	1	-	-	1	-		1
Social Housing Regulatory Authority	44,991	-	(10,000)	34,991	-		
Total	**386,075**	**-**	**3,000**	**389,075**	**352,613**		**227,739**

ANNEXURE 1B

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2008/09
	Adjusted Appro-priation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
UN Habitat	357			357	357	100%	1,000
Cities Alliance	388			388	388	100%	
TOTAL	**745**			**745**	**745**	**100%**	**1,000**

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTER-PRISE	TRANSFER ALLOCATION				EXPENDITURE				2008/09
	Adjusted Appro-priation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000		
Public Corporations									
Transfers									
AIG	108			108	108	100%			
TOTAL	**108**			**108**	**108**	**100%**			

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

Department of Human Settlements Annual Report 2009-2010

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2008/09
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Bursaries	6,986			6,986	357	100%	2,465
TOTAL	**6,986**			**6,986**	**745**	**100%**	**2,465**

ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND
PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2009/10	2008/09
	R'000	R'000
Paid in cash		
Donations to Black Business Quarterly Youth Awards	-	57
Total of various gifts bought by Minister	5	137
Farewell gifts for Mr R Thatcher and Mr W Moses	-	14
Additional long service awards for officials	-	17
Gifts to officials	-	1
RM Mathebula retirement	5	-
Angolan Ambassador and wife	7	-
Minister's farewell gift	166	-
T M Sharp retirement	5	-
PF van der Walt retirement	5	-
Hillview Project sponsorship	24	-
K Savage retirement	5	-
Fezikile Secondary School – Oudsthoorn	2	-
TOTAL	**224**	**226**

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2010 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2009	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2010	Guaranteed interest for year ended 31 March 2010	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	Motor vehicles	76	76	-	40	-	36	-	-
	Subtotal	76	76	-	40	-	36	-	-
	Housing								
STANDARD BANK	Housing	47	47	22			69	-	-
NEDBANK LIMITED	Housing	165	165	-	165	-	-	-	-
FIRST RANDBANK		28	28	20	-	-	48	-	-
ABSA	Housing	127	127	83	-	-	210	-	-
OLD MUTUAL FIN	Housing	6	6	-	6	-	-	-	-
FNB FORMER SA	Housing	37	37	21	20	-	38	-	-
OLD MUTUAL (NEDB/P	Housing	17	17	-	-	-	17	-	-
MPUMALANGA	Housing	-	16	-	-	-	16	-	-
	Subtotal	**427**	**443**	**146**	**191**		**398**	**-**	**-**
	TOTAL	**503**	**519**	**146**	**231**		**434**	**-**	**-**

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2010

Nature of Liability	Opening Balance 1 April 2009	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details here under)	Closing Balance 31 March 2010
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Various court cases against the Minister of Housing	1,500	-	1,500		
Verern Builders CC/Thubelisha Homes		1,330			1,330
Eric Sefu/ Minister of Housing		30			30
Trustees of Giancarlo Vessio Family Trust vs Minister of Human Settlements		300			300
Residents of Ekurhuleni/ Minister of Human Settlements and Others		50			50
Ibuyile Development Consortium/ Government of RSA		70,200			70,200
Juta/ Minister of Housing		50			50
Kriegler/ Minister of Housing		50			50
Andre Grobler/ Minister of Housing		68			68
Kabonga Longo/ KZN Tribunal		60			60
Tshwane Residents/ Minister of Human Settlements		50			50
Residents of Joe Slovo/ Minister of Human Settlements		200			200
Madibeng Municipality		50			50
TOTAL	**1,500**	**72,438**	**1,500**		**72,438**

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

ANNEXURE 3

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
SARS			16	16	16	16
GCIS		4,699	31	-	31	4,699
Department of Foreign Affairs			35	2,054		2,054
Department of Home Affairs				6		6
International Relations and Cooperation (Department of Land Affairs)				9		9
Eastern Cape Local Government and Traditional Affairs				30		30
Gauteng Department of Education				40		40
Gauteng Local Government				16		16
Gauteng Community Safety	22			22	22	22
STATS SA			1	1	1	1
Unemployment Insurance Fund			1	1	1	1
Safety and Security			19			19
Kwa-Zulu Natal Province Treasury				9		9
Department of Defence and Military Veterans			2,151		2,151	
Department of Correctional Services			2		2	
Department of Justice			14		14	
Department of Labour			66		66	
North West Province			22		22	
Department of Public Works			21		21	
Department of Water Affairs			1,362		1,362	
Gauteng Housing			1		1	
Limpopo Provincial Government			5		5	
Department of Education KZN	1				1	
Sub total	**23**	**4,699**	**3,728**	**2,223**	**3,751**	**6,922**
Other Government Entities						
National Home Builders Registration Council				32		32
National Housing Finance Corporation				5		5
South African Social Security Agency			1		1	
TOTAL	**23**	**4,699**	**3,729**	**2,260**	**3,752**	**6,959**

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENT						
Current						
Justice		20				20
Education				34		34
Gauteng Provincial Government		18				18
Department of Correctional Services		19				19
Department of Public Works (GG		52		6		52
Department of Trade and Industry				25		25
Department of Local Government & Housing Limpopo				11		11
Department of Arts, Culture and Tourism: KZN	1				1	
Western Cape Local Gov and			22		22	
Housing						
Total	**1**	**109**	**22**	**76**	**23**	**185**
OTHER GOVERNMENT ENTITY						
Current						
PALAMA				92		92
Total				**92**		**92**

ANNEXURE 5

INVENTORY

Inventory	Note	Quantity	2009/10
			R'000
Opening balance		18,785	57
Add: Additions/Purchases - Cash		27,897	114
Add: Additions - Non-cash		1,337	5
(Less): Disposals		(2,627)	(2)
(Less): Issues		(37,049)	(126)
Add/(Less): Adjustments		(826)	(7)
Closing balance		**7,517**	**41**
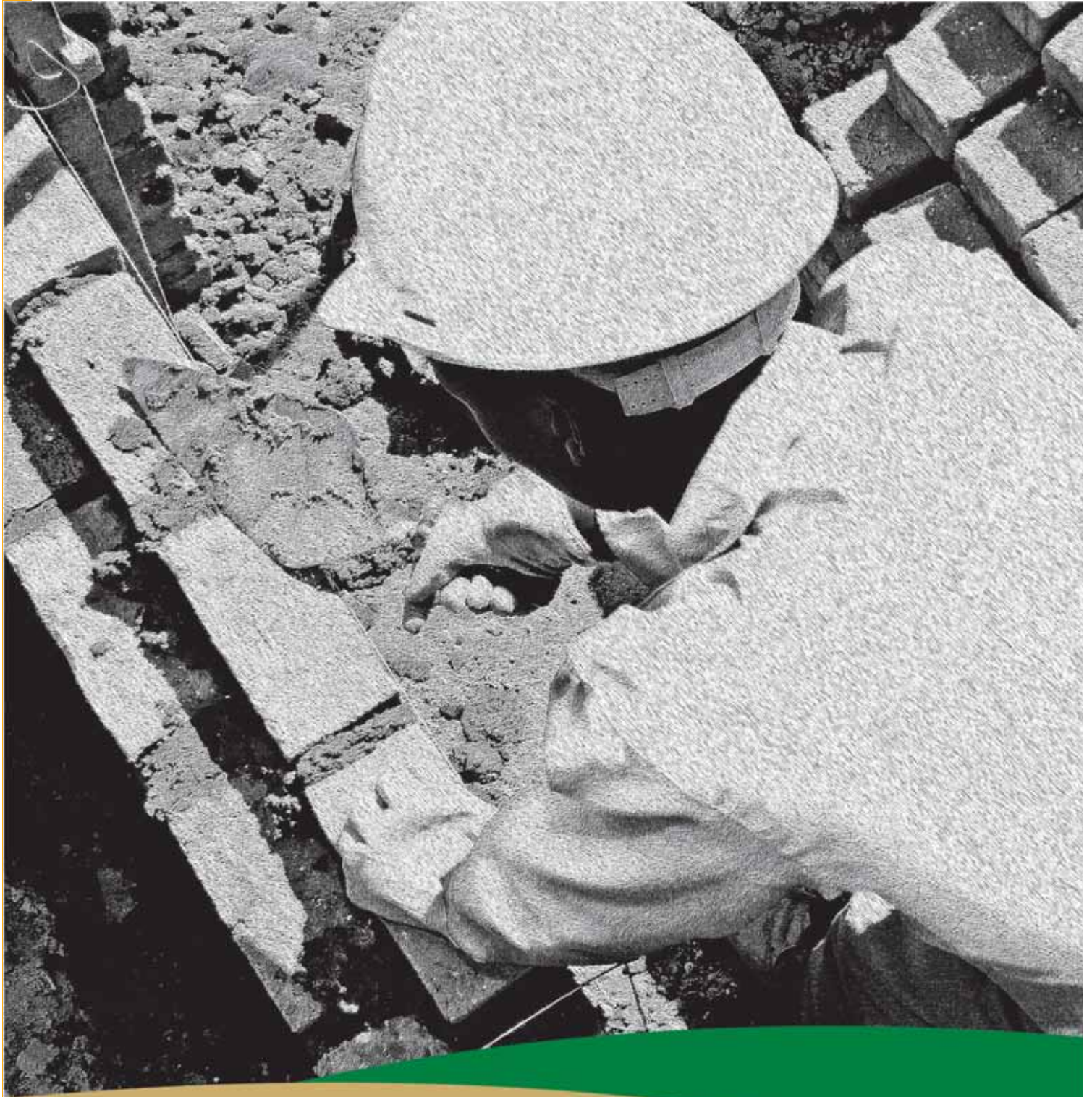
South African Housing Fund

human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

SOUTH AFRICAN HOUSING FUND
MANAGEMENT REPORT for the year ended 31 March 2010

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 2003/2004, changes in the financial management legislative environment precipitated a need to review the funds flow mechanisms to provinces. In this regard, MinMEC approved that the process for the disestablishment of the fund be commenced with and draft legislation is in the process of being approved to give effect to that decision. A draft Bill has been submitted to the Minister for consideration. The delisting of the South African Housing Fund was approved 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: Housing is the accounting officer of the South African Housing Fund. No emoluments were paid to the accounting from the funds of the South African Housing Fund since the accounting officer is being remunerated by the 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 Auditor-General South Africa 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 96 to 100 for the South African Housing Fund were approved by the accounting officer.

MR K KABAGAMBE
ACTING CHIEF FINANCIAL OFFICER
31 MAY 2010

MR T W ZULU
DIRECTOR-GENERAL
31 MAY 2010

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SOUTH AFRICAN HOUSING FUND for the year ended 31 March 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the South African Housing Fund, which comprise the balance sheet as at 31 March 2010 and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 207 to 209.

The Accounting Officer's responsibility for the financial statements

The accounting officer is responsible for the preparation of the financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1 to the financial statements and in the manner required by the *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 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 and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.

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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements of the South African Housing Fund for the year ended 31 March 2010 are prepared, in all material respects, in accordance with the entity specific basis of accounting, as set out in accounting policy note 1 to the financial statements and in the manner required by the *General notice 1570 of 2009,* issued in *Government Gazette No. 32758 of 27 November 2009.*

SOUTH AFRICAN HOUSING FUND for the year ended 31 March 2010

Emphasis of matter

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

Basis of accounting

The South African Housing Fund's policy is to prepare financial statements on the entity-specific basis of accounting, described in accounting policy note 1 to the financial statements.

Disestablishment of the South African Housing Fund

As disclosed in note 4 to the financial statements, the disestablishment of the South African Housing Fund was approved by the minister and Members of the Executive Council on 15 August 2003. The department is still in the process of amending the Housing Act, 1997 (Act No. 107 of 1997) to make provision for the disestablishment of the South African Housing Fund.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements, but not for the purposes of expressing an opinion on the effectiveness of internal control.

Auditor-General

Pretoria
30 July 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Together We Can Do More

SOUTH AFRICAN HOUSING FUND
STATEMENT OF FINANCIAL POSITION as at 31 March 2010

	Notes	31 March 2010 R'000	31 March 2009 R'000
ASSETS			
Current Assets		32,585	32,585
Trade and other receivables	2	-	-
Cash and Cash Equivalents	5	32,585	32,585
TOTAL ASSETS		32,585	32,585
EQUITY AND LIABILITIES			
Capital and Reserves		31,958	31,958
Treasury Reserves			
Non Distributable Reserves			
Accumulated profits/(Losses)		31,958	31,958
Current Liabilities		627	627
Trade and other payables	3	627	627
TOTAL EQUITY AND LIABILITIES		32,585	32,585

CASH FLOW STATEMENT for the year ended 31 March 2010

	Notes	31 March 2010 R'000	31 March 2009 R'000
CASH FLOWS FROM FINANCE ACTIVITIES:		-	-
(Increase)/Decrease in financial instruments		-	-
Net cash inflow/(outflow) from investing activities		32 585	32 585
Net increase in cash and cash equivalents	5	32 585	32 585

SOUTH AFRICAN HOUSING FUND
SUMMARY OF ACCOUNTING POLICIES for the year ended 31 March 2010

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.

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 recognised at cost.

1.2 Administration Costs

All administration costs are borne by Department of Human Settlement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

	31 March 2010 R'000	31 March 2009 R'000
2. Trade and other receivables		
Debtors	421	421
Less: Provision for bad debt	(421)	(421)
	-	-
3. Trade and other payables		
Post office account	627	627
	627	**627**

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

At the meeting of the MinMEC Committee of 15 August 2003, MinMEC approved the disestablishment of the South African Housing Fund and the Provincial Housing Development funds established in terms of various Provincial Housing Acts. A draft Bill has been submitted to the Office of the State Law Adviser and to the National Treasury for consideration and input. The department is also considering repealing the Housing Act and developing a new Human Settlements Act in light of the department's new mandate.The delisting of the South African Housing Fund was approved with effect from 18 November 2003.

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2010

		31 March 2010	31 March 2010
		R'000	R'000
5. Cash and cash equivalents			
Cash on hand	2	-	-
Cash with CPD	5	25,229	25,229
		7,356	7,356
TOTAL ASSETS		**32,585**	**32,585**
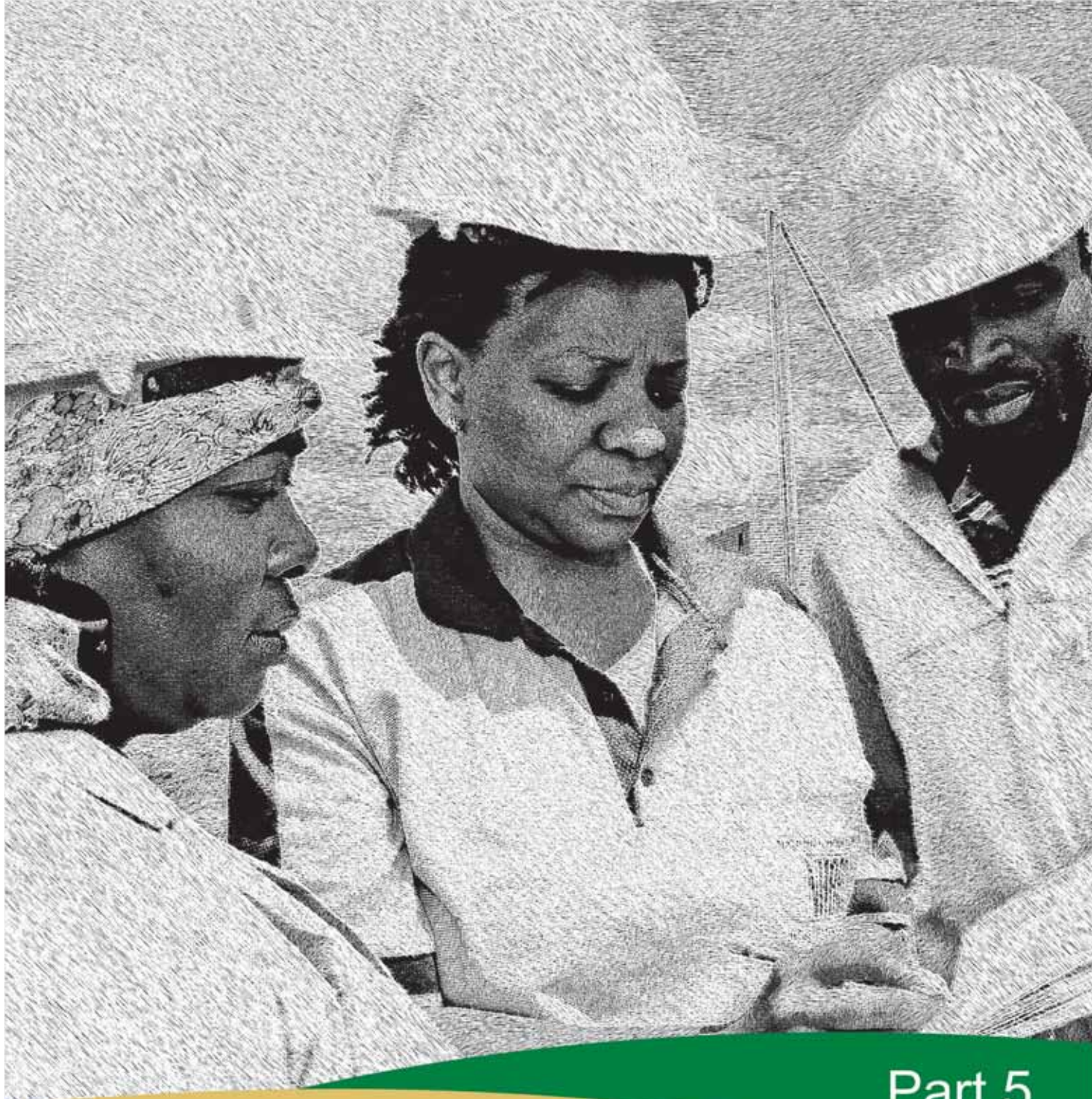
Part 5

Human Resource Management

CORPORATE SERVICES for the year ended 31 March 2010

Table 1.1 – Main service for service delivery improvement and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Legal Services Provide sound legal opinions	Departmental components		Development of human settlements legislation	Sound legal opinions
Development and implementation of human settlement legislation	Members of the public	Academics	Development of human settlements legislation	Formulated human settlements legislation
Programme Implementation Support Provide support to provinces and municipalities to implement housing and human settlement programmes and projects	Provinces and municipalities	Public	Total of 130 projects	Achieved 72/130 = 55%
Strategic Management Update Departmental strategic planning policy, framework and tools	Departmental managers	Departmental broader staff	Quantity	One Departmental strategic planning policy framework and tools per annum
Transformation Develop, advocate and facilitate implementation; and monitor and evaluate transformation programmes	NDOH, provinces, Local Government, DPSA, Office of the Public Service Commission, the Presidency, Department of Labour, Social Development, Chapter 9 Institutions, Department of Health	4 quarterly performance reports	4 quarterly performance reports	

Table 1.2 – Consultation arrangements for customers

Type of arrangement	Actual customers	Potential customers	Actual achievement against standards
Legal Services Distribution of memoranda	Departmental components		Sound legal opinions
Workshops	Members of the public	Academics	Formulated human settlements legislation
Publication of Bills in the Gazette	Municipalities	Institutions	
Programme Implementation Support Three Task Team meetings	Provinces	Public	1 Task Team meeting (33%) was held
Provincial, municipal and project visits	Municipalities		Provincial visits totalled 32; project visits totalled 40
Emails, telephonic conversations, formal correspondence			Responded to all these types of consultation (100%)

212

Type of arrangement	Actual customers	Potential customers	Actual achievement against standards
Strategic Management Engage customers in strategic and operational plan issues	Departmental managers	Broader staff members	
Transformation Convene quarterly transformation meetings	NDOH, provinces, local government, DPSA, Office of the Public Service Commission, the Presidency, Department of Labour, Social Development, Chapter 9 Institutions, Department of Health		Achieved 80%

Table 1.3 – Service delivery access strategy

	Access	Strategy	Actual achievements
Legal Services	Distribution of memoranda	Sound legal opinions	Workshops Formulated human settlements legislation
Programme Implementation Support		The unit will be more involved at project level, three Task Team meetings	One Task Team meeting was held and 40 project visits were made
Strategic Management		More visible and provide strategic advice at programme level	Various consultations are conducted with programmes during planning phase
Transformation		Full access 24-hour access seven days a week to EH&W Hotline	Achieved 60%

Table 1.4 — Service information tool

	Type of information tool	Actual achievements
Legal Services	Emails/Web	Clear signage, indigenous languages and service charter displayed, increased provincial/ local government engagement, promote wearing of name tags Sound legal opinions Workshops Formulated human settlements legislation Distribution of memoranda Sound legal opinions
Programme Implementation Support		Updated information readily available from HSS and communicated to the provinces and municipalities Communicated information twice a year to the provinces (80%)
Strategic Management	Portal updated with programme operational plans as approved by respective branch managers	Portal updated with programme operational plans for quarterly performing reporting purposes and accessible to programme managers
Transformation	Develop Chief Directorate pamphlets and posters in Braille and all indigenous languages. Develop a transformation web link. The Transformation Programme should be part of the induction programme.	Achieved 50%

Table 1.5 – Complaint mechanism

	Complaint mechanism	Actual achievements
		None
Programme Implementation Support	Numerous complaints sent to the Minister, Deputy Minister and DG for action by the Chief Directorate	All of these complaints (individual and project-related) received were finalised (100%)
Strategic Management	Non- compliance with legislative prescripts as prescribed are brought to the attention of the Minister, Deputy Minister and DG for action by the Chief Directorate	Quarterly and Annual Performance Evaluation Reports were submitted during the reporting period.
Transformation	Toll free 24/7 EH&W line. Suggestion boxes, response time for acknowledgement of suggestions within 24 hours. Complaints attended to at first contact and complaints that cannot be resolved at first contact will be referred to relevant officials. Develop a complaint-handling mechanism	Achieved 85% HR OVERSIGHT – APRIL 2009 to MARCH 2010 – Human Settlements

Table 1.6 Main service for service delivery improvement and standards

Main Services	Actual Customers	Potential Customers	Standard of Service	Actual Achievement against Standards
xxx	xxx	xxx	xxx	xxx
xxx	xxx	xxx	xxx	xxx

Table 1.7 Consultation arrangements for customers

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
xxx	xxx	xxx	xxx
xxx	xxx	xxx	xxx

Table 1.8 Service delivery access strategy

Access Strategy	Actual Achievements
xxx	xxx
xxx	xxx

Table 1.9 Service information tool

Type of Information Tool	Actual Achievements
xxx	xxx
xxx	xxx

Table 1.10 - Complaint mechanism

Complaint Mechanism	Actual Achievements
xxx	xxx
xxx	xxx

HUMAN RESOURCES OVERSIGHT for the year ended 31 March 2010

Table 2.1 – Personnel costs by programme

Programme	Total Voted Expenditure	Compesation of Employees Expenditure	Training Expendi-ture	Professional and Special Services	Compensation of Employees as percent of Total Expenditure	Average Compenstion of Employees Cost per Employee	Employment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Prog 1: Administration	113,677	55,145	-	-	48.50	100	552
Prog 2: Housing Policy, Research & Monitoring	44,643	16,811	-	-	37.70	31	552
Prog 3: Housing Planning & Delivery Support	98,717	28,925	-	-	29.30	52	552
Prog 4: Housing Development Finance	12,987,753	23,263	-	-	0.20	42	552
Prog 5: Strategic Relation and Governance	126,641	32,268	-	-	25.50	59	552
Z=Total as on Financial Systems (BAS)	13,371,431	156,412	-	-	1.20	283	552

Table 2.2 – Personnel costs by salary band

Salary Bands	Compensation of Employees Cost	Percent-age of Total Personnel Cost for Department	Average Compenstion Cost per Employee	Total Personnel Cost for Department including Goods and Transfers	Number of Employees
Lower skilled (Levels 1-2)	2,023	1.3	84,292	157,238	24
Skilled (Levels 3-5)	6,108	3.9	101,800	157,238	60
Highly skilled production (Levels 6-8)	26,255	16.7	169,387	157,238	155
Highly skilled supervision (Levels 9-12)	58,729	37.4	293,645	157,238	200
Senior management (Levels 13-16)	49,638	31.6	740,866	157,238	67
Contract (Levels 1-2)	14	0	0	157,238	0
Contract (Levels 3-5)	163	0.1	163,000	157,238	1
Contract (Levels 6-8)	2,923	1.9	108,259	157,238	27
Contract (Levels 9-12)	4,235	2.7	385,000	157,238	11
Contract (Levels 13-16)	6,037	3.8	862,429	157,238	7
Abnormal Appointment	287	0.2	22,077	157,238	13
TOTAL	156,412	99.5	276,835	157,238	565

Table 2.3 Salaries, overtime, home owners allowance and medical aid by programme

Programme	Salaries	Salaries as % of Personnel Cost	Ovetime	Overtime as % of Personnel Cost	HOA	HOA as % of Personnel Cost	Medical Ass.	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Prog 1: Administration	41,463	75.20	277	0.50	1,296	2.40	1,716	3.10	55,145
Prog 2: Housing Policy, Research & Monitoring	12,739	75.80	1	-	357	2.10	493	2.90	16,811
Prog 3: Housing Planning & Delivery Support	22,839	79.00	63	0.20	512	1.80	587	2.00	28,925
Prog 4: Housing Development Finance	6,955	72.90	630	2.70	431	1.90	746	3.20	23,263
Prog 5: Strategic Relation and Governance	26,979	83.60	33	0.10	633	2.00	1,009	3.10	32,268
TOTAL	120,975	77.30	1,004	0.60	3,229	2.10	4,551	2.90	156,412

Table 2.4 Salaries, overtime, home owners allowance and medical aid by salary band

Programme	Salaries	Salaries as % of Personnel Cost	Ovetime	Overtime as % of Personnel Cost	HOA	HOA as % of Personnel Cost	Medical Ass.	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Lower skilled (Levels 1-2)	1,375	68.00	8	0.40	105	5.20	155	7.70	2,023
Skilled (Levels 3-5)	4,076	66.70	256	4.20	253	4.10	382	6.30	6,108
Highly skilled production (Levels 6-8)	18,300	69.70	405	1.50	545	2.10	1,619	6.20	26,255
Highly skilled supervision (Levels 9-12)	43,613	74.30	297	0.50	1,001	1.70	1,711	2.90	58,729
Senior management (Levels 13-16)	40,309	81.20	-	-	1,322	2.70	683	1.40	49,638
Contract (Levels 1-2)	14	100.00	-	-	-	-	-	-	14
Contract (Levels 3-5)	152	93.30	2	1.20	-	-	-	-	163
Contract (Levels 6-8)	2,886	98.70	36	1.20	-	-	-	-	2,923
Contract (Levels 9-12)	4,072	96.20	-	-	-	-	-	-	4,235
Contract (Levels 13-16)	5,891	97.60	-	-	3	-	1	-	6,037
Abnormal Appointment	287	100.00	-	-	-	-	-	-	287
TOTAL	120,975	77.30	1,004	0.60	3,229	2.10	4,551	2.90	156,412

Table 2.5 Employment and vacancies by programme at end of period

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Prog 1: Administration,	239	188	21,3	4
Prog 2: Housing Policy Research and Monitoring	61	40	34,4	0
Prog 3: Housing Planning and Delivery Support	181	133	26,5	0
Prog 4: Housing Development Finance	96	81	15,6	4
Prog 5: Strategic Relations and Governance	139	110	20,9	17
TOTAL	**716**	**552**	**22,9**	**25**

Table 2.6 Employment and vacancies by salary band at end of period

Salary Band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	32	29	9,4	0
Skilled (Levels 3-5)	68	60	11,8	0
Highly skilled production (Levels 6-8)	197	156	20,8	0
Highly skilled supervision (Levels 9-12)	284	195	31,3	0
Senior management (Levels 13-16)	95	72	24,2	0
Contract (Levels 3-5)	1	1	0	0
Contract (Levels 6-8)	27	27	0	20
Contract (Levels 9-12)	11	11	0	2
Contract (Levels 13-16)	1	1	0	3
TOTAL	**716**	**552**	**22,9**	**25**

Table 2.7 Salaries, overtime, home owners allowance and medical aid by salary band

Salary band	Employment at beginning of period (April 2009)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Lower skilled (Levels 1-2)	24	0	0	0	0
Skilled (Levels 3-5)	53	4	7,5	30	56,6
Highly skilled production (Levels 6-8)	120	13	10,8	42	35
Highly skilled supervision (Levels 9-12)	141	59	41,8	24	17
Senior management (Levels 13-16)	69	12	17,4	16	23,2
Other	14	0	0	0	0
Contract (Levels 3-5)	0	1	0	0	0
Contract (Levels 6-8)	0	26	0	0	0
Contract (Levels 9-12)	5	8	160	0	0
Contract (Levels 13-16)	2	2	100	0	0
TOTAL	**428**	**125**	**29,2**	**112**	**26,2**

Table 2.8 Job evaluation

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated	Number of posts upgraded	% of upgraded posts evaluated	Number of posts down-graded	% of down-graded posts evaluated
Lower skilled (Levels 1-2)	32	0	0	0	0	0	0
Contract (Levels 3-5)	1	0	0	0	0	0	0
Contract (Levels 6-8)	27	0	0	0	0	0	0
Contract (Levels 9-12)	12	0	0	0	0	0	0
Contract (Band A)	4	0	0	0	0	0	0
Contract (Band D)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	79	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	193	1	0.5	0	0	0	0
Highly skilled supervision (Levels 9-12)	289	23	8	7	30,4	0	0
Senior Management Service Band A	50	1	2	0	0	0	0
Senior Management Service Band B	18	1	5.6	0	0	0	0
Senior Management Service Band C	5	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
TOTAL	**716**	**26**	**3.6**	**7**	**26,9**	**0**	**0**

Table 2.9 - Employment and vacancies by critical occupation at end of period

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative related	158	125	20,9	2
Cleaners in offices workshops hospitals etc.	19	18	5,3	0
Client inform clerks (switchboard, reception, information clerks)	14	11	21,4	0
Economists	36	28	22,2	0
Engineers and related professionals	12	6	50	0
Finance and economics-related	35	26	25,7	0
Financial and related professionals	9	9	0	0
Financial clerks and credit controllers	36	27	25	4
Food services aids and waiters	7	7	0	0
General legal administration and related professionals	7	4	42,9	0
Head of department/chief executive officer	1	0	100	0
Household food and laundry services related	6	5	16,7	0
Human resources and organisat. development and related professionals	11	8	27,3	0
Human resources clerks	14	14	0	0
Human resources-related	9	6	33,3	0
Librarians and related professionals	1	1	0	0
Library, mail and related clerks	13	12	7,7	0
Light vehicle drivers	2	1	50	0

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Logistical support staff	68	46	32,4	0
Material-recording and transport clerks	7	5	28,6	0
Messengers, porters and deliverers	13	9	30,8	0
Other admin. and related clerks and organisers	42	22	47,6	0
Other occupations	2	2	0	0
Risk management and security services	5	5	0	0
Secretaries and other keyboard operating clerks	71	60	15,5	17
Security officers	23	23	0	0
Senior managers	95	72	24,2	2
TOTAL	**716**	**552**	**22,9**	**25**

Table 2.10 Profile of employees whose positions were upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	1	2
Male	1	0	0	0	1
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

Table 2.11 Employees whose salary level exceed the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of employees in Dept
	0				
	0				
Total	**0**				
Percentage of total employment	0				0

Table 2.12 Annual turnover rates by salary band (Terminations)

Salary Band	Employment at beginning of period (April 2009)	Appointments	Terminations	Turnover rate
Lower skilled (Levels 1-2)	24	1	0	0
Skilled (Levels 3-5)	53	13	3	5,7
Highly skilled production (Levels 6-8)	120	13	8	6,7
Highly skilled supervision (Levels 9-12)	141	20	12	8,5
Senior Management Service Band A	41	2	3	7,3
Senior Management Service Band B	20	0	4	20
Senior Management Service Band C	6	0	3	50
Senior Management Service Band D	2	1	1	50
Other	14	0	0	0
Contract (Levels 1-2)	0	1	0	0
Contract (Levels 3-5)	0	2	3	0
Contract (Levels 6-8)	0	42	19	0
Contract (Levels 9-12)	5	18	18	360
Contract (Band A)	1	5	4	400
Contract (Band B)	0	1	1	0
Contract (Band D)	1	2	1	100
TOTAL	**428**	**121**	**80**	**18,7**

Table 2.13 Annual turnover rates by critical occupation

Occupation	Employment at beginning of period (April 2009)	Appointments	Terminations	Turnover rate
Administrative related	75	27	18	24
Cleaners in offices workshops hospitals etc.	26	1	3	11,5
Client inform clerks(switchboard reception information clerks)	1	2	1	100
Communication and information related	8	0	1	12,5
Community development workers	0	0	1	0
Custodian staff	1	0	0	0
Economists	38	2	3	7,9
Engineering sciences related	1	0	0	0
Engineers and related professionals	4	2	1	25
Finance and economics-related	17	8	3	17,6
Financial and related professionals	6	1	0	0
Financial clerks and credit controllers	19	12	2	10,5
Food services aids and waiters	6	0	0	0
General legal administration and rel. professionals	4	0	0	0
Head of department/chief executive officer	1	0	1	100
Housekeepers laundry and related workers	1	0	0	0
Human resources and organisat. development and related professionals	8	2	1	12,5
Human resources clerks	13	1	0	0
Human resources related	5	0	0	0
Information technology related	1	0	0	0
Language practitioners, interpreters and other communication	1	0	1	100
Legal related	2	0	0	0
Librarians and related professionals	2	0	1	50
Library, mail and related clerks	11	3	1	9,1
Light vehicle drivers	2	0	0	0
Logistical support personnel	3	2	1	33,3
Material-recording and transport clerks,	6	1	1	16,7
Messengers, porters and deliverers	5	6	4	80
Natural sciences related	1	0	0	0
Other administrative and related clerks and organisers	32	6	8	25
Other administrative policy and related officers	1	0	0	0
Other information technology personnel	5	0	0	0
Other occupations	3	1	1	33,3
Risk management and security services	0	1	0	0
Secretaries and other keyboard operating clerks	44	31	10	22,7
Security guards	5	0	0	0
Security officers	19	1	0	0
Senior managers	49	11	17	34,7
Social sciences related	1	0	0	0
Trade/industry advisers and other related professions	1	0	0	0
TOTAL	**428**	**121**	**80**	**18,7**

Table 2.14 Reasons why staff leave the department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Death	1	1,3	0,2	80	428
Resignation	18	22,5	4,2	80	428
Expiry of contract	41	51,3	9,6	80	428
Transfers	13	16,3	3	80	428
Dismissal-misconduct	2	2,5	0,5	80	428
Retirement	5	6,3	1,2	80	428
TOTAL	**80**	**100**	**18,7**	**80**	**428**

Table 2.15 Promotions by critical occupation

Occupation	Employment at Beginning of Period (April 2009)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	75	26	34.7	15	20
Cleaners in offices workshops hospitals etc.	26	1	3.8	5	19.2
Client inform clerks(switchb recept inform clerks)	1	2	200	1	100
Communication and information related	8	3	37.5	1	12.5
Community development workers	0	1	0	0	0
Custodian personnel	1	1	100	0	0
Economists	38	10	26.3	7	18.4
Engineering sciences related	1	0	0	0	0
Engineers and related professionals	4	1	25	0	0
Finance and economics related	17	12	70.6	3	17.6
Financial and related professionals	6	0	0	1	16.7
Financial clerks and credit controllers	19	5	26.3	7	36.8
Food services aids and waiters	6	0	0	5	83.3
General legal administration & rel. professionals	4	0	0	0	0

Occupation	Employment at Beginning of Period (April 2009)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Head of department/chief executive officer	1	0	0	0	0
Health sciences related	0	1	0	0	0
Housekeepers laundry and related workers	1	0	0	1	100
Human resources & organisat developm & relate prof	8	7	87.5	3	37.5
Human resources clerks	13	1	7.7	5	38.5
Human resources related	5	2	40	1	20
Information technology related	1	0	0	0	0
Language practitioners interpreters & other commun	1	0	0	0	0
Legal related	2	1	50	0	0
Librarians and related professionals	2	0	0	0	0
Library mail and related clerks	11	4	36.4	1	9.1
Light vehicle drivers	2	0	0	0	0
Logistical support personnel	3	2	66.7	2	66.7
Material-recording and transport clerks	6	5	83.3	2	33.3
Messengers porters and deliverers	5	2	40	0	0
Natural sciences related	1	1	100	0	0
Other administrat & related clerks and organisers	32	3	9.4	12	37.5
Other administrative policy and related officers	1	0	0	0	0
Other information technology personnel.	5	0	0	1	20
Other occupations	3	0	0	1	33.3
Risk management and security services	0	1	0	0	0

Occupation	Employment at Beginning of Period (April 2009)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Secretaries & other keyboard operating clerks	44	26	59.1	12	27.3
Security guards	5	0	0	4	80
Security officers	19	0	0	14	73.7
Senior managers	49	7	14.3	7	14.3
Social sciences related	1	0	0	0	0
Trade/industry advisers & other related profession	1	0	0	1	100
TOTAL	428	125	29.2	112	26.2

Table 2.16 Promotions by salary band

Salary band	Employment at beginning of period (April 2009)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Lower skilled (Levels 1-2)	24	0	0	0	0
Skilled (Levels 3-5)	53	4	7,5	30	56,6
Highly skilled production (Levels 6-8)	120	13	10,8	42	35
Highly skilled supervision (Levels 9-12)	141	59	41,8	24	17
Senior management (Levels 13-16)	69	12	17,4	16	23,2
Other	14	0	0	0	0
Contract (Levels 3-5)	0	1	0	0	0
Contract (Levels 6-8)	0	26	0	0	0
Contract (Levels 9-12)	5	8	160	0	0
Contract (Levels 13-16)	2	2	100	0	0
TOTAL	428	125	29,2	112	26,2

Table 2.17 Total number of employees (incl. employees with disabilities) per occupational category (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers	18	1	1	20	5	16	2	2	20	2	47
Professionals	54	0	1	55	5	67	3	2	72	14	146
Technicians and associate professionals	47	1	1	49	2	47	2	3	52	7	110
Clerks	40	2	0	42	2	107	7	5	119	14	177
Service and sales workers	18	0	0	18	0	9	0	0	9	0	27
Plant and machine operators and assemblers	2	0	0	2	0	0	0	0	0	0	4
Elementary occupations	12	1	0	13	1	23	1	0	24	0	38
Other	2	0	0	2	0	3	0	0	3	0	5
Employees with disabilities	6	0	0	6	2	2	0	0	2	1	11
TOTAL	193	5	3	201	15	272	15	12	299	37	552

Table 2.18 Total number of employees (incl. employees with disabilities) per occupational bands

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Col-oured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management,	4	0	0	4	0	1	0	1	2	0	6
Senior Management	25	1	2	28	7	20	1	1	22	4	61
Professionally qualified and experienced specialists and mid-management,	76	1	1	78	5	86	5	6	97	15	195
Skilled technical and academically qualified workers, junior management, supervisors, foremen	35	2	0	37	1	91	5	4	100	17	155
Semi-skilled and discretionary decision making	32	0	0	32	1	27	0	0	27	0	60
Unskilled and defined decision making	8	1	0	9	0	19	1	0	20	0	29
Contract (Top Management)	1	0	0	1	1	1	0	0	1	0	3
Contract (Senior Management)	1	0	0	1	0	2	1	0	3	0	4
Contract (Professionally qualified)	2	0	0	2	0	9	0	0	9	0	11
Contract (Skilled technical)	8	0	0	8	0	16	2	0	18	1	27
Contract (Semi-skilled)	1	0	0	1	0	0	0	0	0	0	1
TOTAL	193	5	3	201	15	272	15	12	299	37	552

Table 2.19 New appointments per occupational band

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Col-oured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management,	1	0	0	1	0	0	0	0	0	0	1
Senior Management	1	0	0	1	0	1	0	0	1	0	2
Professionally qualified and experienced specialists and mid-management	7	0	0	7	1	12	0	0	12	0	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen	4	0	0	4	0	9	0	0	9	0	13
Semi-skilled and discretionary decision making	3	0	0	3	0	10	0	0	10	0	13
Unskilled and defined decision making,	0	0	0	0	0	1	0	0	1	0	1
Contract (Top Management)	2	0	0	2	1	2	1	0	3	0	6
Contract (Senior Management)	1	0	0	1	0	2	1	0	3	0	4
Contract (Professionally qualified)	1	0	0	1	0	16	0	0	16	1	18
Contract (Skilled technical)	14	0	0	14	0	23	4	0	27	1	42
Contract (Semi-skilled)	1	1	0	2	0	0	0	0	0	0	2
Contract (unskilled)	0	1	0	1	0	0	0	0	0	0	1
TOTAL	35	2	0	37	2	75	5	0	80	2	121

Table 2.20 Skills development

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Officials	2	0	0	2	0	5	1	0	6	1	9
Middle Junior Management and Snr SPO (SL 12-8)	37	1	0	38	0	54	1	2	57	3	98
Skilled technical and academically qualified workers, junior management, supervisors, foremen	17	1	0	18	0	22	4	4	30	7	55
Clerks and General (SL 7-4)	12	0	0	12	0	22	4	3	0	3	44
Elementary occupation (SL 3-2)	0	0	0	0	0	1	0	0	1	0	1
TOTAL	**89**	**3**	**2**	**94**	**8**	**103**	**5**	**8**	**116**	**19**	**237**
Employees with disabilities	1	0	0	0	0	0	0	0	1	1	3

Table 2.21 Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total	Not Available
TOTAL	2	0	0	0	0	1	0	0	0	0	3	0

Table 2.22 Performance rewards by race, gender and disability

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, Female	60	272	22,1	1,284	21,398
African, Male	47	192	24,5	1,171	24,912
Asian, Female	5	11	45,5	139	27,718
Asian, Male	1	3	33,3	31	30,782
Coloured, Female	4	15	26,7	122	30,394
Coloured, Male	1	5	20	17	16,979
Total Blacks, Female	69	298	23,2	1,544	22,378
Total Blacks, Male	49	200	24,5	1,219	24,870
White, Female	26	37	70,3	649	24,954
White, Male	7	15	46,7	262	37,368
Employees with a disability	0	2	0	0	0
TOTAL	**151**	**552**	**27,4**	**3,673**	**24,325**

Table 2.23 – Performance rewards by salary band for staff below senior management service

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (Levels 1-2)	7	24	29,2	62	8 857
Skilled (Levels 3-5)	22	60	36,7	236	10 727
Highly skilled production (Levels 6-8)	52	155	33,5	966	18 577
Highly skilled supervision (Levels 9-12)	50	200	25	1 597	31 940
Contract (Levels 3-5)	0	1	0	0	0
Contract (Levels 6-8)	0	27	0	0	0
Contract (Levels 9-12)	0	24	0	0	0
TOTAL	**131**	**491**	**26,7**	**2,861**	**21,840**

Table 2.24 Performance rewards by critical occupation

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost	Average cost per beneficiary
	R'000	R'000	R'000	R'000	R'000
Administrative related	24	95	25,3	762	31,750
Auxiliary and related workers	0	1	0	0	0
Civil engineering technicians	0	4	0	0	0
Cleaners in offices workshops hospitals etc.	4	23	17,4	37	9,250
Client inform clerks (switchboard receptionist information clerks)	1	4	25	11	11,000
Communication and information related	5	8	62,5	204	40,800
Community development workers	0	5	0	0	0
Custodian staff	0	1	0	0	0
Economists	12	38	31,6	422	35,167
Engineering sciences related	0	5	0	0	0
Engineers and related professionals	0	9	0	0	0
Finance and economics related	8	29	27,6	250	31,250
Financial and related professionals	3	8	37,5	79	26,333
Financial clerks and credit controllers	6	28	21,4	83	13,833
Food services aids and waiters	5	6	83,3	44	8,800
General legal administration and rel. professionals	0	4	0	0	0
Geologists geophysicists hydrologists and related professionals	0	1	0	0	0
Health sciences related	0	1	0	0	0
Housekeepers laundry and related workers	1	1	100	12	12,000
Human resources & organisat developm & relate prof	4	13	30.8	89	22,250
Human resources clerks	3	16	18.8	33	11,000
Human resources related	1	5	20	27	27,000
Information technology related	0	1	0	0	0
Language practitioners interpreters & other commun	0	2	0	0	0
Legal related	0	2	0	0	0
Librarians and related professionals	0	1	0	0	0
Library mail and related clerks	3	14	21.4	64	21,333
Light vehicle drivers	0	2	0	0	0
Logistical support personnel	3	4	75	55	18,333
Material-recording and transport clerks	1	8	12.5	12	12,000

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
	R'000	R'000	R'000	R'000	R'000
Medical research and related professionals	0	1	0	0	0
Messengers porters and deliverers	0	7	0	0	0
Natural sciences related	0	3	0	0	0
Other administrat & related clerks and organisers	14	38	36.8	283	20,214
Other administrative policy and related officers	1	3	33.3	30	30,000
Other information technology personnel.	1	3	33.3	15	15,000
Other occupations	1	4	25	38	38,000
Rank: Unknown	0	5	0	0	0
Risk management and security services	1	2	50	9	9,000
Secretaries & other keyboard operating clerks	20	68	29.4	430	21,500
Security guards	4	5	80	50	12,500
Security officers	13	19	68.4	142	10,923
Senior managers	11	45	24.4	461	41,909
Social sciences related	0	9	0	0	0
Trade/industry advisers & other related profession	1	1	100	31	31,000
TOTAL	**151**	**552**	**27.4**	**3673**	**24,325**

Table 2.25 Performance related rewards (cash bonus) by salary band for senior management service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost	Average Cost per Beneficiary	% of SMS Wage Bill	Personnel Cost SMS
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Band A	13	48	27.1	542	4,169	1.8	29,723
Band B	7	17	41.2	270	3,857	1.8	15,078
Band C	0	4	0	0	0	0	0
Band D	0	5	0	0	0	0	0
TOTAL	**20**	**74**	**27**	**812**	**4,060**	**1.8**	**44,801**

Table 2.26 Foreign workers by salary band

Salary band	Employment at beginning of period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Senior management (Levels 13-16)	3	100	3	100	0	0	3	3	0
TOTAL	**3**	**100**	**3**	**100**	**0**	**0**	**3**	**3**	**0**

Table 2.27 Foreign workers by major occupation

Major occupation	Employ-ment at begining of period	Percentage of total	Employ-ment at end of period	Percentage of total	Change in employ-ment	Percent-age of total	Total employ-ment at begin-ning of period	Total employ-ment at end of period	Total change in employ-ment
Managers	2	100	2	100	0	0	2	2	0
Professionals	1		1				1	1	
TOTAL	3	100	3	100	0	0	3	3	0

Table 2.28 Sick leave for Jan 2009 to Dec 2009

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	245	91	21	6,4	12	46
Skilled (Levels 3-5)	228	92,1	30	9,1	8	58
Highly skilled production (Levels 6-8)	667	76	99	30,1	7	323
Highly skilled supervision (Levels 9-12)	729	74,9	118	35,9	6	785
Senior management (Levels 13-16)	288	78,8	46	14	6	720
Contract (Levels 3-5)	7	71,4	2	0,6	4	2
Contract (Levels 6-8)	8	100	5	1,5	2	4
Contract (Levels 9-12)	46	91,3	5	1,5	9	56
Contract (Levels 13-16)	11	81,8	3	0,9	4	31
TOTAL	2,229	79,7	329	100	7	2,025

Table 2.29 Disability leave (temporary and permanent) for Jan 2009 to Dec 2009

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Skilled (Levels 3-5)	28	100	1	8,3	28	6
Highly skilled production (Levels 6-8)	4	100	1	8,3	4	2
Highly skilled supervision (Levels 9-12)	80	100	8	66,7	10	71
Senior man-agement (Levels 13-16)	23	100	2	16,7	12	54
TOTAL	135	100	12	100	11	133

Table 2.30 Annual leave for Jan 2009 to Dec 2009

Salary band	Total days taken	Average days per employee	Number of employees who took leave
Lower skilled (Levels 1-2)	468	20	24
Skilled (Levels 3-5)	874,76	17	51
Highly skilled production (Levels 6-8)	2,657	20	133
Highly skilled supervision (Levels 9-12)	3,277	19	174
Senior management (Levels 13-16)	1,345	19	72
Contract (Levels 3-5)	18	5	4
Contract (Levels 6-8)	184	6	30
Contract (Levels 9-12)	159	8	20
Contract (Levels 13-16)	70	8	9
TOTAL	9,052,76	18	517

Table 2.31 Capped leave for Jan 2009 to Dec 2009

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2009	Number of employees who took capped leave	Total number of capped leave days available at 31 December 2009	Number of employees as at 31 December 2009
Highly skilled production (Levels 6-8)	16	4	52	4	1,922	37
Highly skilled supervision (Levels 9-12)	6	2	41	4	2,525	61
Senior management (Levels 13-16)	6	6	58	1	1,870	32
TOTAL	28	3	49	9	6,317	130

Table 2.32 Leave payouts

Reason	Total amount	Number of employees	Average payment per employee
Leave payout for 2009/10 due to non-utilisation of leave for the previous cycle	108	4	27,000
Capped leave payouts on termination of service for 2009/10	179	9	19,889
Current leave payouts on termination of service for 2009/10	8	1	8,000
TOTAL	295	14	21,071

Table 2.33 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	N/A			
None	N/A			

Table 2.34 Collective agreement

Subject matter	Date
None	N/A

Table 2.35 Disciplinary action

Outcomes of disciplinary hearings	Number	Percentage of total	Total
Final written warning	1	5.52	1
Dismissal	2	11.0	2

Table 2.36 Types of misconduct addressed and disciplinary hearings

Type of misconduct	Number	Percentage of total	Total
Financial misconduct	1	5.52	1
Unauthorised removal of State property/ theft	2	11.0	2
Failure to disclose a sponsorship	1	5.52	4

Table 2.37 Grievances lodged

Number of grievances addressed	Number	Percentage of total	Total
TOTAL	5	27.6	5

Table 2.38 Disputes lodged

Number of disputes addressed	Number	% of total
Upheld	0	0
Dismissed	2	11.0
Total	2	11.0

Table 2.39 Strike actions

Strike actions	
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work, no pay	0

Table 2.40 Precautionary suspensions

Precautionary suspensions	
Number of people suspended	3
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	100
Cost (R'000) of suspensions	96,545,63

Table 2.41 Training needs identified

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Senior Officials (SL 23-13)	Female	19	0	8	0	8
	Male	23	0	10	0	10
Middle, Junior Management and Snr SPO (SL12-8)	Female	65	0	33	0	33

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Occupational categories	Gender	Employment	Learnership	Skills programmes and other short courses	Other forms of training	
	Male	40	0	20	0	20
Clerks and General (SL 7-4)	Female	39	0	20	0	20
	Male	29	0	12	0	12
Elementary occupations (SL 3-2)	Female	14	10	7	0	17
	Male	7	6	6	0	12
Gender sub totals	Female	137	10	68	0	78
	Male	99	6	48	0	54
Total		**236**	**16**	**116**	**0**	**132**

Table 2.42 Training provided

Occupational categories	Gender	Employment	Learnership	Skills programmes and other short courses	Other forms of training	Total
Senior Officials (SL 23-13)	Female	19	0	7	0	7
	Male	23	0	2	0	2
Middle, Junior Management and Snr SPO (SL12-8)	Female	65	0	60	0	60
	Male	40	0	38	0	38
Clerks and General (SL 7-4)	Female	39	0	32	0	32
	Male	29	0	12	0	12
Elementary occupations (SL 3-2)	Female	14	0	5	0	5
	Male	7	0	2	0	2
Gender subtotals	Female	137	0	104	0	104
	Male	99	0	54	0	54
Total		**236**	**0**	**158**	**0**	**158**

Table 2.43 Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	6	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	**6**	

TRANSFORMATION

Table 3.1 Details of health promotion and hiv/aids programmes

[tick Yes/No and provide 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		Director: Organisational Transformation Ms. Palesa Mokalapa
2. Does the Department have a dedicated unit or have you designated specific staff members to promote 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		Three people Ms. Palesa Mokalapa Ms. Tiny Nkonyane Mr. Sizwe Nkosi
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		HIV and Aids and TB Management Programme, Health and Productivity Management Programme, Disease Management Programme, Sports and Recreation Programme, Bereavement Programme and the Wellness Management Programme.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	
5. Has the Department reviewed the employment policies and practices of your Department 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.	Yes		HIV and AIDS and TB Policy
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		HIV Programme, Peer Educators Programme, Life After VCT Programme
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		
8. Has the Department developed measures/ indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.		No	

Table3.2 Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: work days	Contract value in Rand
Audit beneficiaries occupying subsidy	0	0	0
Media services for 1 April 2009 to 12 June 2009 – N2 Gateway	0	0	0
Mainframe fee on the HSS and provinces	0	0	0

Project Title	Total number of consultants that worked on the project	Duration: work days	Contract value in Rand
Programmers' fee on the debtors system	0	0	0
Providing a forensic audit for investigations of subsidies	0	0	0
Develop a business plan to facilitate and guide the HPB	0	0	0
Evaluate the Impact of the Rural Housing Programme	0	0	0
Evaluate the performance of the Social and Rental Housing Programme	0	0	0
Study on the impact of housing delivery on the economy	0	0	0
	0	0	0
Total number of projects	**Total individual consultants**	**Total duration: work days**	**Total contract value in Rand**
Nine			0

Table 3.3 Analysis of consultant appointments using appropriated funds, i.t.o. HDIs

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Audit beneficiaries occupying subsidy houses in Western Cape	0	0	0
Media services for 1 April 2009 to 12 June 2009 – N2 Gateway	0	0	0
Develop a business plan to facilitate and guide the HPB	0	0	0
Evaluating the impact of the Rural Housing Programme	0	0	0
Evaluating the performance of the Social and Rental Housing Programme	0	0	0

Table 3.4 Report on consultant appointments using donor funds.

Project title	Total number of consultants that worked on the project	Duration: work days	Donor and contract value in Rand
xxx	xxx	xxx	xxx

Total number of projects	Total individual consultants	Total duration: work days	Total contract value in Rand
xxx	xxx	xxx	xxx

Table 3.5 Analysis of consultant appointments using donor funds, i.t.o. HDIs

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

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