



# housing

Department:  
Housing  
**REPUBLIC OF SOUTH AFRICA**

## **ANNUAL REPORT 2005-2006**

### **VISION**

A nation housed in sustainable human settlements  
with access to socio-economic infrastructure.

### **MISSION**

To establish and facilitate a sustainable process  
that provides equitable access to adequate hous-  
ing for all, within the context of affordability of  
housing and services, and access to social ameni-  
ties and economic opportunities.

ISBN: 0-621-36727-3  
RP 141/2006

*BREAKING NEW GROUND IN HOUSING DELIVERY*  
*\* houses \* security \* comfort*



# CONTENTS

## PART 1. GENERAL INFORMATION 5

1.1	Foreword by the Minister of Housing	5
	Submission to the Minister of Housing	6
1.2	Introduction by the Director-General and submission of the annual report to the executive authority	6
1.3	Information on the Ministry	9
1.3.1	Activities in which the Ministry was involved during the year under review	9
1.3.2	Public Entities reporting to the Minister	10
1.4	Legislative and other mandates	11
	Departmental Vision and Mission Statement	11
1.4.1	Constitution of the Republic of South Africa (1996) (Act 108 of 1996)	11
1.4.2	Public Entities reporting to the Department of Housing	12

## PART 2: PROGRAMME PERFORMANCE 14

2.1	Voted funds	14
2.2	Aim of the vote	14
2.3	Summary of programmes	14
2.4	Overview of the service delivery environment for 2005/06	14
2.4.1	The economic environment	14
2.5.	Overview of the organisational environment for 2005/06	24
2.6	Strategic overview and key policy developments: 2002/03 - 2008/09	25
2.7	Expenditure trends	29
2.8	Programme Performance	30
	Programme 1: Administration	30
	Programme 2: Policy Planning and Research	46
	Programme 3: Programme Management	62
	Programme 4: Housing Sector Performance	79
	Programme 5: Housing Equity	85
	Programme 6: Housing Development Funding	89

## PART 3. REPORT OF THE AUDIT COMMITTEE 92

	Report of the Audit Committee in terms of Treasury Regulations 3 (1)(10)(b) and (c) and the Public Finance Management Act, 1 of 1999, as amended	92
--	--------------------------------------------------------------------------------------------------------------------------------------------------	----



## PART 4. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

94

Report of the accounting officer for the year ended  
31 March 2006 94

Report of the Auditor-General to Parliament on  
the Financial Statements of the Department of  
Housing Vote 28 for the year ended 31 March 2006 101

Accounting Policies 104

Appropriation Statement for the  
year ended 31 March 2006 111

Notes to the Appropriation Statement for the  
year ended 31 March 2006 127

Statement of Financial Performance for the  
year ended 31 March 2006 129

Statement of Financial Position for the  
year ended 31 March 2006 130

Statements of changes in Net Assets for the  
year ended 31 March 2006 131

Cash Flow Statement for the year ended 31 March 2006 132

Notes to the Annual Financial Statements for the  
year ended 31 March 2006 133

Annexures to the Annual Financial Statements for the  
year ended 31 March 2006 144

Annual financial statements and annual reports  
for 2005/06 in terms of section 27 of the  
Division of Revenue Act, 2005: Integrated Housing  
and Human Settlement and Development Grant 152

## SOUTH AFRICAN HOUSING FUND

157

Financial statements for the year ended 31 March 2006 157

Report of the accounting officer for the year ended  
31 March 2006 157

Report of the Auditor-General to Parliament on the  
Financial Statements of the South African Housing Fund  
for the year ended 31 March 2006 159

Accounting policies 161

Balance Sheet at 31 March 2006 162

Notes to the Financial Statements for the  
year ended 31 March 2006 163

## PART 5. HUMAN RESOURCE MANAGEMENT

164







*Some of the delegates who attended the International Housing Research Seminar, visited the N2 Gateway Project*





# PART 1. GENERAL INFORMATION

5

## 1.1 Foreword by the Minister of Housing

The financial year 2005/06 has been the most exciting and yet severely challenging in housing. We implemented the Breaking New Ground strategy in all the provinces and received support from the banks in this regard. We also received tremendous support from community and non-governmental organisations and the private sector all of whom signed the Social Contract for the acceleration of the delivery of houses. But as implementation was the key focus significant challenges emerged. We had to deal with these in a manner that enabled us to keep focus on the main objective of the strategy to accelerate delivery whilst extracting lessons at the same time.

From this report the public will be able to glean the kind of activities that we had to be involved in to make certain that implementation indeed took place and that we mobilised all the necessary stakeholders for the purpose. I, therefore, would like to express gratitude to all the stakeholders for the manner in which they took part in implementation. Thus making it possible for us to report progress on our activities.

As per our constitution, housing is a right to be enjoyed by all. This then places an obligation on all of us to do what we can to make it possible for all South Africans to have a decent, secure and comfortable home. This consideration is also important if looked against the need to grow our economy. For housing generates income and employment and plays an important role in the growth of the economy.

Housing returns the dignity of people and enables them to fully play a part in community and political activities.



*Lindiwe Sisulu, Minister of Housing*

A handwritten signature in black ink, appearing to read 'Lindiwe Sisulu'.

**Lindiwe Sisulu, MP**  
**Minister of Housing**



## SUBMISSION TO THE MINISTER OF HOUSING

DR L SISULU, MP, MINISTER OF HOUSING, I HAVE THE HONOUR OF SUBMITTING THE 2005/06 ANNUAL REPORT OF THE NATIONAL DEPARTMENT OF HOUSING, IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT, 1999

### 1.2 Introduction by the Director-General and submission of the annual report to the executive authority

The Comprehensive Plan for the Development of Sustainable Human Settlements remains the anchor of all our programmes and initiatives. The implementation of the Comprehensive Plan demands a new paradigm of values, attitudes, and spirit among all stakeholders and functionaries as we all respond to the undeniable need to fast-track the delivery of sustainable human settlements in the context of current socio-economic and demographic reality in the country.

Through the Comprehensive Plan for the Development of Sustainable Human Settlements, the Department continues to seek more responsive and effective delivery arrangements. The vision of the Department to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing remains firmly entrenched and pursuant of the goals to:

- accelerate the delivery of housing as a key strategy for poverty alleviation;
- utilise the provision of housing as a major job creation strategy;
- ensure that property can be accessed by all as an asset for wealth creation and empowerment;
- leverage growth in the economy;
- combat crime, promote social cohesion and improve the quality of life of the poor;
- support the functioning of the entire single residential property market to reduce the duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump; and
- utilise housing as an instrument for the development of sustainable human settlements in support of spatial restructuring.

We are firm in our conviction that the Comprehensive Plan continues to represent a holistic approach to housing and human settlements development.

Initiatives embarked upon in line with the Comprehensive Plan include:

- The financial modeling of the Plan to inform decisions around funding and programming of delivery targets.



Mr Ithumeleng Kotsoane,  
Director-General,  
Department of Housing

- Considerable and varied progress was realised on Pilot projects in all nine Provinces, aimed at fast-tracking delivery and guiding further policy development through lessons learnt.
- Consistent with the need to achieve expeditious delivery, investigations into the delivery value chain yielded insights into possible optimal delivery arrangements and interventions to transcend delivery bottlenecks.
- Enhancements to the organisational structure that are at an advanced stage and pending approval by the Executing Authority.

The formation and maintenance of strategic alliances, together with both national and international partnerships, remains one of the cornerstones of success in achieving our human settlements objectives.

Engagements with the key housing sectors continued nationally and resulted in a number of commitments to form partnerships to address the housing backlog and build sustainable settlements that are so vital to support a vibrant economy. This engagement process has, inter alia, resulted in the following:

- Following the signing of a Memorandum of Understanding between the Department and major South African banks through which the banks pledged R42 billion to be released to the low-income housing market by 2008, several operational and interpretation considerations had to be attended that threatened progress.
- A partnership with non-governmental organisations, as well as developers and the construction industry was bolstered through the signing of the Social Contract for Rapid Housing Delivery. Thus providing a structured and coherent platform for working with partners.
- A National Municipal Housing Indaba was convened to serve as an Intergovernmental platform to address key challenges affecting Housing delivery and to, secure consensus across government on priorities for achieving the objectives of the Comprehensive Plan.

On the international front we continued pursuing the objectives of the African Ministers' Conference on Housing and Urban Development (AM-CHUD), which serves to strengthen regional relationships between African countries, the African Union and the UN in the area of human settlement development.

The strategic "south/south" alliance between India, South Africa and Brazil continues to grow through a series of exchanges engagements.

During the year under review, housing delivery continued unabated and by 31 March 2006 the number of houses completed or under construction since 1994 stood at 2 081 694, with 2 848 160 subsidies approved.

While significant progress has been made, the challenges in the housing sector remain daunting. These include the growth in housing backlogs, limited resources and capacity in all three spheres of government, supply constraints in the construction industry, and challenges of transformation, alignment and coordination. The sector is also faced with the imminent challenge posed by mega Projects such as those related to 2010 Soccer World Cup, Gautrain and other infrastructure investments. In this regard



*Mr John Tibasima Ateenyi, Minister of Urban Planning and Housing (DRC) and Minister Lindiwe Sisulu at the signing of the MOU at Sun City on 23 February 2006*





the sector must find creative ways to ensure growth in delivery amidst potential competition for resources with these mega projects.

Furthermore, the Housing sector must address itself to challenges of increasing urbanisation and migration in a robust manner that transcends territorial/regional preferences. The improvement of alignment between planning tools and systems requires careful and focused collaborative effort by all organs of the state. Responding to land constraints for housing development (in the context of spatial restructuring and integration) calls for greater emphasis in collaboration.

Many of my colleagues within government and partners in the Housing sector are both challenged and invigorated by the enormity of the task before us all – the task of housing the nation. I also acknowledge the stewardship and dedication of my predecessors who have all steered the department and the sector to where we are able to catch a glimpse of the new dawn for Housing.

We are therefore confident in submitting this annual report outlining the performance of the National Department of Housing for the 2005/2006 financial year.

I W KOTSOANE  
DIRECTOR-GENERAL  
DATE: 31 MAY 2006



## 1.3 Information on the Ministry

### 1.3.1 Activities in which the Ministry was involved during the year under review

During the period under review the Minister sought to accelerate Housing delivery and access to housing finance. To this end the Minister brought the banking Association of South Africa as a partner in housing delivery. This resulted in the social contract and a pledge by the banking sector to infuse funding for housing development. The Social contract marked a strategic shift in line with the comprehensive plan on sustainable human settlements.

The Minister attended and delivered papers to the following conferences:

- 20<sup>th</sup> Session of the Governing Council of UN-Habitat, Kenya;
- Development Forum hosted by the Advisory Board for Developmental Cooperation, Ireland;
- CSD 13, New York; and
- UN-Habitat and UN Governing Council, New York.

During the period under review the Minister undertook the following study tours abroad:

- Celebrations of World Habitat Day, Singapore, as well as an official visit to Singapore.

In addition to the international engagements mentioned above and the Minister's parliamentary activities that include the presentations on the Budget Vote debates to both the National Assembly and the National Council of Provinces (NCOP) which took place on 17 and 19 May 2005 respectively and the participation and presentations in various media briefings and answering of parliamentary questions, the Minister's activities during the year under review included the following key presentations and speeches delivered at:

- the occasion of the 20<sup>th</sup> Session of the Governing Council of the United Nations Human Settlements Programme.
- the 13<sup>th</sup> Session of the United Nations Commission on Sustainable Development in New York as Chairperson of the African Ministerial Conference on Housing and Urban Development (AMCHUD).
- the 13<sup>th</sup> Session of the United Nations Commission on Sustainable Development on "Meeting the Millennium Development Goals".
- the opening of the National Forum of Homeless People.
- the opening of the International Housing Research Seminar.
- the Housing Summit of the Gauteng Provincial Department of Housing.
- the Financial Sector Transformation Conference by the Financial Sector Campaign Coalition.
- the occasion of handing over of keys to the beneficiaries of the Women Partnership Build.
- the opening of the IBSA workshop on mobilising resources for human settlements in middle income countries.
- the opening of the XXXIII IAHS World Congress on Housing.
- the Conference for the Development of Ireland's White Paper on development Cooperation.
- the occasion of the Holcim Awards for Sustainability in Construction.



*Mr Mark Hildebrand (Programme Manager - Cities Alliance), Ms Lindiwe Sisulu (Minister of Housing), Mr Billy Cobbett (Manager - Cities Alliance) and Mr Dave de Groot (Manager - Human Settlements, World Bank) after the signing of the Cities Alliance MOU on 24 January 2006 in Pretoria*





*The Minister  
in Brazil,  
April 2005*



*Olievenhoutbosch  
Housing Project*



*Minister taking part in the  
Cape Talk Radio Build Initiative,  
14 November 2005*

- the Annual Conference of the Black Management Forum.
- the awards ceremony of the National Homebuilders Registration Council (NHBRC).
- the opening of the National Municipal Housing Indaba.
- the Imbizo of the National Council of Provinces in Limpopo.
- Cape Talk's 8<sup>th</sup> birthday celebration and house build initiative.
- the ceremony to launch the Olievenhoutbosch Housing Project.
- the ceremony to launch the Solomon Mahlangu Housing Project.

In addition to the above, the Minister paid several site visits nationally to projects that have been implemented through the current housing programme since 1994 and Presidential Imbizos in the various provinces. During these visits, she witnessed the experiences of beneficiaries of the programme relating to the projects that were successfully implemented and where communities expressed appreciation of the impact this had on their lives. She also shared experiences with those communities within the areas where these projects were implemented who are awaiting their turn to benefit from the programmes, as well as those who are assisting government themselves in finding their own housing solutions.

She received first hand information and testimony of the communities who experienced problems of receiving houses that were built to substandard levels due in some cases to, unscrupulous partners who acted in some cases in collusion with and/or through lapses by government officials, resulting in many cases in the building of houses that did not meet the minimum norms and standards. In some instances cases are being pursued through the Task Teams investigating corruption and mal-administration in the implementation of the housing programme. These experiences provided the Minister with insight on her role in providing instructions for corrective and pro-active policy interventions to deal with some of the matters that were raised.

Imbizos were held in the following provinces:

- President's Imbizo at Sedibeng Municipality
- President's Imbizo at Khayelitsha
- Deputy President's Imbizo at Metsweding District Municipality.

### **1.3.2 Public Entities reporting to the Minister**

The following Institutions report to the Minister of Housing:

- Servcon Housing Solutions (Pty) Ltd
- National Urban Reconstruction and Housing Agency
- National Housing Finance Corporation
- Social Housing Foundation
- National Home Builders Registration Council
- Thubelisha Homes
- Rural Housing Loan Fund
- People's Housing Partnership Trust

## 1.4 Legislative and other mandates

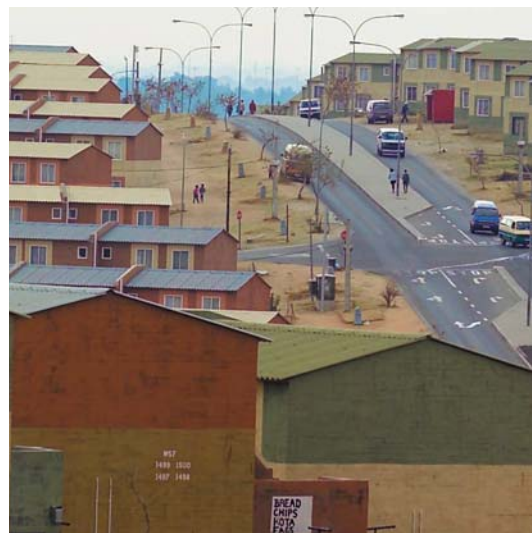
### *Departmental Vision and Mission Statement*

**Vision:** A Nation housed in sustainable human settlement with access to socio economic infrastructure.

**Mission:** To establish and facilitate a sustainable process that provides equitable access to adequate housing for all within the context of affordability of housing and services and access to social amenities and economic opportunities.

#### *1.4.1 Constitution of the Republic of South Africa (1996) (Act 108 of 1996)*

Interms of section 26 of the Constitution everyone has the right to have access to adequate housing (Section 26(1)). The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right (Section 26(2)). The legislation that the Department of Housing has promulgated and implemented falls squarely within this Constitutional imperative.



#### **i) The Housing Act, 1997 (Act No. 107 of 1997)**

Through its legislation, existing and future, and the Housing Code, the Department of Housing is carrying out its legislative imperative as set out in the Housing Act, 1997. Section 2 of the Housing Act, 1997 (Act No. 107 of 1997) compels all three spheres of government to give priority to the needs of the poor in respect of housing development (section 2(1) (a)). In addition all 3 spheres of government must ensure that housing development:

- (i) provides as wide a choice of housing and tenure options as is reasonably possible;
- (ii) is economically, fiscally, socially and financially affordable and sustainable;
- (iii) is based on integrated development planning; and
- (iv) is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance (Section 2(1) (c)).

#### **ii) Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (1998)**

The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act was promulgated in 1998. The Act repeals the Prevention of Illegal Squatting Act no. 52 of 1951 and makes provision for a fair and equitable process to be followed when evicting people, who have unlawfully invaded land, from their homes. The Act also makes it an offence to evict without following the due process of law.

#### **iii) The Housing Consumers Protection Measures Act of 1998**

The Act provides for the establishment of a statutory body for homebuilders. 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 implementation of the Act is monitored continuously.







#### iv) The Rental Housing Act of 1999

This Act repeals the Rent Control Act of 1976 and defines Government's responsibility in respect of rental housing property. It creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market. To facilitate sound relations between tenants and landlords, it lays down general requirements for leases and principles for conflict resolution in the rental-housing sector. It also makes provision for the establishment of Rental Housing Tribunals and defines the functions, powers and duties of such Tribunals. Provincial housing departments have a duty to establish Rental Housing Tribunals.

#### v) Home Loan and Mortgage Disclosure Act of 2000

The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities. It requires financial institutions to disclose information to enable it to identify possible discriminatory lending patterns. The act came into operation during 2003.

#### vi) Disestablishment of South African Trust Limited Act, 2002 (Act 26 of 2002)

The winding up of the South African Housing Trust and the transfer of the functions relating to financial obligations were completed by the beginning of 2003 in terms of the of Act 26 of 2002: Disestablishment of South African Trust Limited Act, 2002.

### 1.4.2 Public Entities reporting to the Department of Housing



**Servcon Housing Solutions** is a private company established as a product of the Record of Understanding between government and financial institutions or lenders where lenders pledged to re-enter the low income housing market. Servcon was established in terms of the Company's Act of 1973 and was mandated to provide exclusive management services with respect to the designated or ring-fenced portfolio comprising 33 306 Properties in Possession (PIP's) and Non-Performing Loans (NPL's) with a value of R1, 277 billion, for a period of 8 years from 1 April 1998 to 31 March 2006. It is expected that the remaining properties will be finalised and disposed of before the end of the first half of the next financial year.



**Thubelisha Homes** on the other hand is a section 21 company, established as a "special purpose vehicle to facilitate the acquisition of rightsizing housing stock and the disposal of these houses to Servcon clients".



**The National Home Builders Registration Council** is a public entity established in terms of the Housing Consumer Protection Measures Act of 1998 has been providing an exclusive regulatory function in the home building environment. It was established in November 1998 with the mandate to protect potential housing consumers from unscrupulous homebuilders. It has since been striving to regulate and provide better services to the consumers through registration of homebuilders and enrolment of homes.

## There are three financial institutions that provide housing finance solutions

These are: National Housing Finance Corporation (NHFC), National Urban Reconstruction Housing Agency (NURCHA) and Rural Home Loan Fund (RHLF). It is envisaged that these institutions will still provide these services in the new housing plan.



### The National Housing Finance Corporation (NHFC)

was established as a result of a Cabinet decision in May 1996, as envisaged in the White Paper on Housing, which was approved by Cabinet on 7 December 1994. NHFC was established to search for new and better ways to mobilise finance for housing, from sources outside the state, in partnership with the broadest range of organisations.



### Nurcha was established as a Section 21 Company and

as an RDP Presidential Lead Project in 1995 by agreement between the South African Government and the Open Society Institute of New York. The primary function of Nurcha is to help release finance for low cost housing from financial institutions. Nurcha's main activity is to offer guarantees to banks to encourage them to make bridging finance loans available to developers in cases where banks are not prepared to approve such loans without additional security, and thus facilitate the flow of finance from financial institutions into low-income housing development.



### Rural Housing Loan Fund is a section 21 company

established to provide incremental loans to rural communities for housing purposes.



### Social Housing Foundation is a section 21 company

established to broadly develop and build capacity for social housing; to encourage networking both locally and internationally by bringing various players together in a range of different forums, to promote information and skills exchanges and cooperation and to develop a policy framework for social housing.



### People's Housing Partnership Trust (PHPT) was es-

established in 1997, to implement a capacity building programme to support the People's Housing Process. The main objective of the programme is to develop capacity at all levels of government, Non-Governmental Organisations (NGOs), Community Based Organisations (CBO's) and communities to support the People's Housing Process.



## PART 2: PROGRAMME PERFORMANCE

### 2.1 Voted funds

Table 1			
To be appropriated	2005/06	2006/07	2007/08
MTEF allocations	5 191 712	5 653 463	7 267 575
Statutory amounts	–	–	–
Responsible Minister	Minister of Housing		
Administering Department	Department of Housing		
Accounting Officer	Director-General of Housing		

### 2.2 Aim of the vote

The aim of the Department of Housing is to determine, finance, promote, co-ordinate, communicate and monitor the implementation of policy for housing and human settlements.

### 2.3 Summary of programmes

The activities of the Department of Housing are organised in the following six programmes:

- Programme 1: Administration
- Programme 2: Housing Policy Planning and Research
- Programme 3: Housing Programme Management
- Programme 4: Housing Sector Performance
- Programme 5: Housing Equity
- Programme 6: Housing Development Funding

### 2.4 Overview of the service delivery environment for 2005/06

#### 2.4.1 The economic environment

South Africa's economy proved fairly resilient to the oil price shock during 2005 and has probably grown at its highest level in decades. The year 2005 was characterised by surging oil prices often impacted upon by the escalating conflicts in the Middle East, a series of natural disasters and monetary policy tightening across the globe in response to higher inflation. Interest rates in several major economies of the world were increased during 2005 in response to the higher inflationary pressures. In the US, interest rates increased to 4,25% in December from 1,00% in mid-2004, whereas the European Central Bank also lifted rates for the first time in over two years – by 25 basis points to 2,25%.

#### The state of the economy

##### *Economic growth*

The South African economy grew by 5%. As a result of better economic performance and efficiency in tax collection, the fiscal revenue collected for government programmes increased from R354, 9 billion in 2004/05 to R411, 1 billion in 2005/06 and the budget allocation for housing programmes from R5, 2 billion in 2005/6 to R6,9 billion in the 2006/07 financial year. However, other economic indicators reveal that economic performance still does not





adequately accommodate the majority of the South African population who are unemployed and underdeveloped.

### ***Oil and petrol prices***

The oil price continued an upward trend from a monthly average of \$40.54 a barrel in December 2004 to \$62.86 in March 2006. During the second quarter 2005, the oil price traded above \$70.00 per barrel due to disturbances in the oil supply. In most cases the Rand could not cushion the impact of high oil prices on petrol, as a result, the petrol price increased from R4.20 in February 2005 to highest level of R6.03 in October 2005 and then declined to R5.39 per litre in March 2006. Increasing petrol price affected inflation (rate of price increase) including that of building material, thereby forcing the prices of newly built houses upward. The subsidy adjustment will have to respond annually to increasing inflation to ensure that the quality of houses remains the same. This reduces the value of already limited resources to deal with the housing backlog. This also impacted negatively on the profit margin of the construction companies, forcing them out of the government subsidies housing market.

### ***Current trends in inflation***

The trend of the overall inflation increased from 2,6% in February 2005 to 4,4% in September of the same year and decline to 3,4% in March 2006. The Consumer Price Index (CPIX) increased from 3,1% in February to 4,8% in August and declined to 3.8% in March 2006. Although inflation declined slightly during the third and the fourth quarter of 2005/06 financial year, it is expected to increase again due to the high oil price. The most worrying factor with inflation is the strong surge of the Producer Price Index (PPI) during 2005/2006 financial year, which has a lagging influence on both the CPI and the CPIX. Between February 2005 and March 2006, PPI increased from 1,2% to 5,5%.

By definition, inflation is the rate at which prices increase. During the 2005/06 financial year, inflation continued to increase thereby eroding the value of disposable income of the buyers and forcing them to channel high percentages of their expenditure on other necessities like food rather than luxury items. Increasing inflation dampened the chances for the Reserve bank to reduce interest rates. Moreover, it impacted negatively on the ability to afford home loans, thereby limiting the number of those who can afford home loans. From a housing supply point of view, increasing inflation, especially producer price inflation is an indication that the cost of building a house is accelerating, thereby lowering the profit margin of the construction companies which in turn will require the subsidy amount to be adjusted even faster than before otherwise the quality of those houses will be compromised.

### ***Interest rates movements***

In the 2005/06 financial year the Reserve Bank reduced the repo rate by 50 basis points in April 2005 to 7% and the commercial banks followed suite by reducing mortgage lending rates by the same margin to 10,5% (SARB Quarterly Bulletin, 2006a). Declining interest rate since 2002 have substantially reduced the cost of borrowing including that for affordable housing in the bond market. However, escalating house prices in the bond market have also rendered housing unaffordable for many South Africans in the low to middle income level partly due to low interest rates. What is observed is that the houses that people can afford in the middle-income



levels are becoming very small due to high prices emanating from high demand. Should the market fail to respond to high demand by increasing the supply of housing, more South Africans will be without housing, thereby forcing government to reshape its policy on assistance.

### ***Household debt as a percentage of disposable income***

According to the press statements during May 2006, economists estimate the ratio of household debt burden to disposable income is 65,5%, up from 49,1 percent in the last quarter of 2002. They predicted that this will increase to more than 70% over the next two years. This situation suggests that consumers might find themselves with unsustainable debt levels, which in the end may cause unintended undesirable effects to the financial markets and, will require government intervention.

### ***Unemployment***

According to Stats SA's Labour Force Survey (2005), 658 000 jobs were created between September 2004 and September 2005. The growth in the numbers of those unemployed left the unemployment rate virtually unchanged at 26,7% in September 2005, compared to 26,2% in September 2004. High unemployment is an indication that many people are still not participating in the economy and remain trapped in poverty. This poses immense challenges to government at all levels of service delivery. For housing specifically, young adults who cannot find employment at the moment will rely on government for housing assistance. Consequently the backlog as depicted by escalating informal settlements which defines the housing demand remains ever escalating. Coupled with the higher levels of price escalations in the building material input costs and house prices, the dilemma for housing delivery is that amongst those that are participating in the economy, the majority cannot afford to provide housing for themselves.

As part of the initiatives to reduce unemployment, National Department of Housing has initiated and approved about 47 national housing subsidy scheme projects from different provinces excluding the Western and the Eastern Cape to be part of EPWP. The program generated about 2,316 000 job opportunities. In terms of employment, a total of 705 000 youths, 590 000 women and 12 000 disabled persons were employed through the program. Kwazulu-Natal recorded the highest number of projects approved and also had high percentages for employment generated as compared to other provinces.

### ***Future prospects***

Confidence indices, which indicate the direction the economy will take in the near future, were still strong. The consumer confidence index recorded +21 points in the first quarter of 2006 from +20 points in the fourth quarter of 2005. This indicates that consumers remained confident about the future of the economy. The business confidence index which is a composite index that tracks the performance of 13 key indicators, increased from 85 points in the fourth quarter of 2005 to 86 points in the first quarter of 2006. This means that 86% of the business executives participating in the opinion surveys view business conditions positively as compared to 82% of the first quarter of 2005. Again, this state of affairs augers well for housing particularly the prospects of job creation which could bring some relief to some of the beneficiaries of the low to medium income categories.



## The state of the building and construction industry

### **Building cost**

The building cost index has recorded a decrease of 12.3 % from 17.3% in the fourth quarter of 2005 to 5% in the first quarter of 2006. When the building cost index decreases, it means that the contractor's profit margins are increasing. On a year on year basis, the building cost index recorded a decrease of 15,2 % from 20.2% in the first quarter of 2005 to 5% in the first quarter of 2006. This indicates that contractors have experienced a period of high profit margins.

The Haylett Formula, on a year on year basis, has recorded a decrease of 1.6% from 7.4% in the first quarter of the previous year to 5.8 % for 2006. The Haylett formula indices represent composite indices of input costs in the building process which includes labour, materials, plant and fuel. The BER also expects that the rate of growth of the Haylett Formula will accelerate from the current 5.8% to 8.0% by the end of the year with the annual percentage change anticipated to increase to an average of 6.9% during 2006.

### **Cement sales**

The level of building activity is indicated by the demand for cement in the industry. The Cement and Concrete Institute provides statistical information on cement sales in South Africa. According to the institute during 2005 regional growth of 11.6 % was recorded as compared to a growth of 15.0 for 2004. The regional growth resulted in regional sales amounting to 11 934 825 tons for the period ending December 2005.

Although buoyant conditions have characterised the construction sector for the year of 2005, a 1% decrease in the percentage change has been experienced by the residential building sector from 7,2% in the third quarter of 2005 to 6,2 % in the fourth quarter, although the percentage is high as compared to that of the first quarter which recorded -3,1 %. This is different from the non-residential building and construction work which saw a positive performance from 1,6 %, the third quarter, 2005 to 6,3% fourth quarter of 2005 and 0,4% for the third quarter of 2005 to 10,2% fourth quarter of 2005 respectively as indicated on the graph below.

### **House price index**

House prices have increased significantly in real terms over the last five years with the highest growth recorded in the first quarter of 2003 as shown in graph 9 below. However, there has been a noticeable real decline in property price growth since the first quarter of 2005. The declining trend in average year-on-year house price growth of 7,9% during the first quarter of 2004, 4,8% in first quarter of 2005 and 3% during the first quarter of 2006 contrasts sharply with the 13,5% recorded for the first quarter of 2003.

### **The supply of affordable housing**

The housing boom led to the construction of more, higher value units relative to the construction activity in the affordable segment. The proportion of affordable housing units constructed from the total enrolments of NHBRC declined from 63% in 2000 to 29.8% in 2004 driven by the prospects of higher profit margins for developers as well as the excess demand for residential housing for households in the higher income brackets.







The MoU signed between the four big banks and the Minister of Housing, pledges R42 billion by 31 December 2008 as end user finance for those who earn an income of between R1 500 and R7 500 per month. This income range is to be adjusted with the CPIX index on an annual basis. The average annual inflation rate in 2005, as calculated by using the CPIX index, is 3.7% (Statistics South Africa: 2006). If this rate is applied to the initial income bands, it changes to R1 556 and R7 778. At the current prime rate of 10,5% the maximum mortgage that a person in this income band will qualify for, before cost financing, thus changes to R194 766 from R187 804. In order to distribute the R42 billion, housing stock in this price range needs to be available for purchase. To achieve this, there is pressure on all players to find innovative ways of keeping housing costs down, funding and using alternative technology and developing innovative financing products for affordable housing.

From a study conducted by Matthew Nel and Associates it was indicated that the number of available housing stock is insufficient to meet the demand and, not enough new housing stock is being created to fill this gap, thereby limiting the ability of the banks to distribute the R42 billion by the target date. The steep rise in the cost of building materials as well as the shortage in skills in the construction sector adds more pressure to the challenge.

Banks are investigating innovative ways to allow low-income earners to afford low cost housing. Alternatives include the extension of the lending term and a stepped rate product, where the initial interest charged is below the market rate, but increases by equal increments over the term by a percentage which is lower than the expected wage adjustments, ensuring affordability in the future (van Rooyen: 2006). In an attempt to increase the rate of new housing supply in the affordable housing sector, banks are becoming more involved in facilitating the creation of new affordable housing stock. ABSA has established its own construction company, which is aimed at facilitating low cost housing projects. It also owns pockets of land and is currently involved in a partnership between National and Gauteng Provincial Housing Departments in a development project which intends to deliver 5 436 housing units at Olievenhoutbosch (van Rooyen: 2006). It is anticipated that similar arrangements and collaborative engagements between established government and the banks will be made in future around the country.

### Conditional Grants

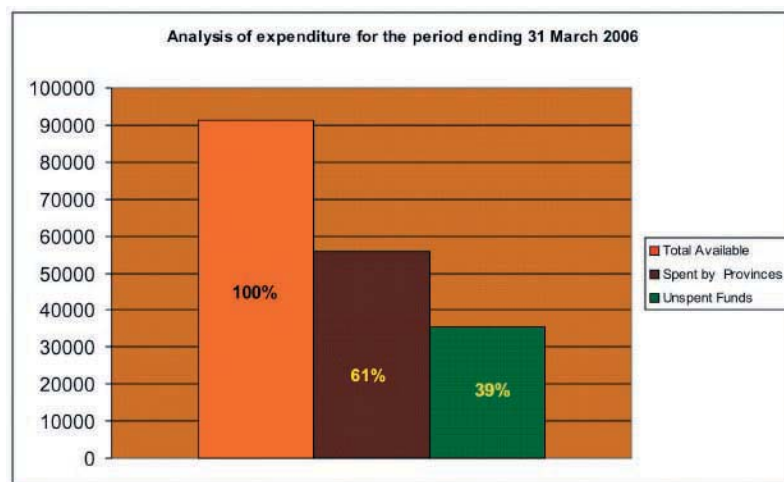
- The National Department of Housing administered two grants namely the Human Settlement Redevelopment Grant and the Integrated Housing and Human Settlement Development Programme Grant during 2005/06. However, with effect from 1 April 2006 the two grants have been combined into one grant.
- The purpose of the Human Settlement Redevelopment Grant is to fund projects that aim to improve the quality of the environment by identifying and addressing dysfunctions in human settlements. (NB this grant is being administered under programme 3).
- The Human Settlement Redevelopment Grant was phased out on 31 March 2006 and all the funds were transferred to the provinces before 31 March 2006. Projects under construction will be completed, in terms of the provisions of the approved business plans. The Integrated Housing and Human Settlement Development Grant will as from 1 April 2006 be the only Grant funding housing delivery and attendant matters such as social amenities.

The funding and expenditure in respect of the Human Settlement Redevelopment Programme Grant is reflected below:

**Table 2: HSRP expenditure as at 31 March 2006**

Provinces	2005/06							
	Voted	Provincial Roll Overs	Total Available	Year to date (1 April 2005 -31 March 2006)				
				Transferred Funds	Spent	Unspent Funds	Spent as % of total available	Unspent as % of total available
	R'000	R'000	R'000	R'000	R'000	R'000		
<b>EASTERN CAPE</b>	-	174	174	-	174	0	100%	0%
<b>FREE STATE</b>	9,475	11,208	20,683	9,475	14,655	6,028	71%	29%
<b>GAUTENG</b>	4,130	3,169	7,299	4,130	7,299	0	100%	0%
<b>KWAZULU-NATAL</b>	-	-	-	-	-	0	0%	0%
<b>LIMPOPO</b>	1,418	19,843	21,261	1,418	5,001	16,260	24%	76%
<b>MPUMALANGA</b>	-	9,123	9,123	-	7,108	2,015	78%	22%
<b>NORTHERN CAPE</b>	-	3,180	3,180	-	3,180	0	100%	0%
<b>NORTH WEST</b>	-	-	-	-	-	0	0%	0%
<b>WESTERN CAPE</b>	9,373	20,365	29,738	9,373	18,601	11,137	63%	37%
<b>Total</b>	<b>24,396</b>	<b>67,062</b>	<b>91,458</b>	<b>24,396</b>	<b>56,018</b>	<b>35,440</b>	<b>61%</b>	<b>39%</b>

**Graph 1 HSRP: Analysis of expenditure as at 31 March 2006**



## Integrated Housing and Human Settlement Development Grant

### General

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

- To finance the implementation of the National Housing Programmes.
- To facilitate the establishment and maintenance of habitable, stable and sustainable human settlements in which all citizens will have access to selected social and economic amenities.
- Progressive eradication of informal settlements on a phased basis in accordance with the goals set out through the target for reducing slum



dwellers through formalisation of informal settlements by 2014 and the eradication of such by 2020.

This Grant is being administered under programme six but, will in future be administered the under Programme 5. The grant funds the following key elements of housing administration and delivery:

- land acquisitions to accommodate well located housing developments;
- internal infrastructure (such as roads, water and sewerage connections, street lighting and storm-water drainage);
- the development of the housing chapters of the IDP which must be undertaken as part of the IDP process in line with integrated development planning;
- housing for qualifying beneficiaries through the utilisation of the approved housing subsidies (escalated by the inflation rate each year).

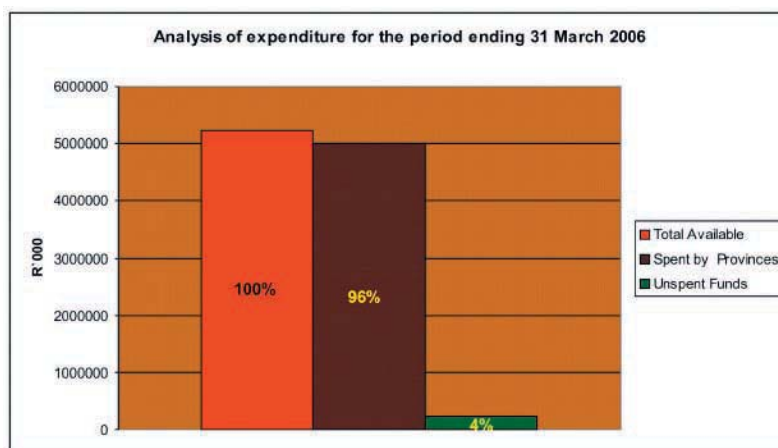
The Integrated Housing and Human Settlement Development Grant had R4,8 billion available for distribution to the provinces during the 2005/06 financial year and it is reflected below. The un-audited expenditure in respect of the grant is also contained in the table.



Table 3: IHHSDG expenditure as at 31 March 2006

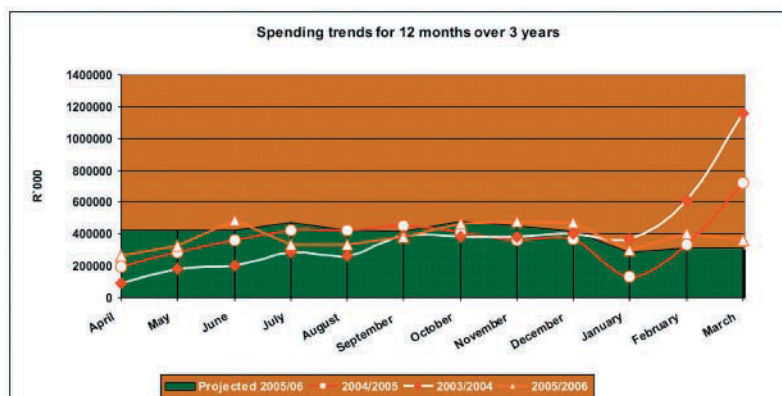
2005/06							
Provinces			Year to date (1 April 2005 • 31 March 2006)				
	Voted R'000	Provincial Roll over R'000	Total Available R'000	Spent by Provinces R'000	Unspent Funds R'000	Spent as % of Total Available	Unspent as % of Total Available
Eastern Cape	581,218	26,057	607,275	607,275	-	100%	0%
Free State	398,618	72,843	471,461	355,475	115,986	75%	25%
Gauteng	1,340,675	9,025	1,349,700	1,349,352	348	100%	0%
KwaZulu-Natal	799,659	-	799,659	815,603	-15,944	102%	-2%
Limpopo	397,650	59,265	456,915	372,776	84,139	82%	18%
Mpumalanga	321,123	17	321,140	262,071	59,069	82%	18%
Northern Cape	79,917	-	79,917	102,576	-22,659	128%	-28%
North West	467,880	141,915	609,795	615,411	-5,616	101%	-1%
Western Cape	456,740	76,509	533,249	533,249	-	100%	0%
<b>Total</b>	<b>4,843,480</b>	<b>385,631</b>	<b>5,229,111</b>	<b>5,013,788</b>	<b>215,323</b>	<b>96%</b>	<b>4%</b>

Graph 2: IHHSDG: Analysis of expenditure as at 31 March 2006





**Graph 3: IHHSDG: Expenditure trends over three years for the period ended 31 March 2006**



NB. It should be borne in mind that the majority of the projects are multi-year projects. In view of the aforementioned it must be noted that all provinces must still finalise the aforementioned projects approved and under construction before the Comprehensive Plan came into operation. In view of the contractual obligations the projects must be completed and the only source of funding is the Integrated Housing and Human Settlement Development Grant.

In terms of the Division of Revenue Act, 2005 and the Practice Note issued by the National Treasury, the monthly transfers of funds to the nine Provinces were complied with and the funds transferred to the accredited bank accounts of the Provincial Treasuries. The funds were transferred on the scheduled dates as approved by the National Treasury except for April 2005. The National Department experienced problems during April 2005 in that the approved business plans could only be submitted after the scheduled first payment date. The National Department normally transfers the funds on the first Friday of each month unless it is a public holiday or the first working day of the month. The Receiving Officer of the Provinces must submit in terms of the provisions of the PFMA a report to the National Department on the funds received and the expenditure incurred and reports on serious deviations. The National Transferring Officer submits a consolidated report to the National Treasury on the expenditure information received by the 20th of each month.

The National Department retained no funds, which form part of the grant, for administrative purposes. No funds were delayed or withheld during the financial year in terms of the Division of Revenue Act.

However, it must be emphasised that where under spending occurred the National Department wrote to the Provincial Head of Department and if necessary to the Provincial Treasury to address the matter. Discussions in regard to under spending and housing delivery matters were held with the Senior Management of all the provinces and the Minister of Housing also visited most of the provinces during the course of the financial to ensure optimal expenditure. The National Department followed all the processes prescribed in the Division of Revenue Act to ensure compliance with the Act and Grant framework.

In respect of the expenditure, provinces in general improved on their rate of expenditure. Table 3 indicates that there only is 4% of the total amount available funds inclusive of the roll over from the previous financial year. In comparison with the roll over of 8% of the 2005/06 financial year. In ad-





dition as can be gleaned from the graph above, monthly spending trends were fairly stable and correlate to monthly projections.

Of all the provinces only the Free State, Limpopo and Mpumalanga did not spend their total allocation for 2005/06. The problems as to why provinces are unable to spend their total allocation vary as each province experiences unique problems which are briefly summarised as follows:

- Inclement weather conditions, such as higher than normal rainfall, extreme cold influencing the setting of foundations, which at certain times of the year affects the delivery process.
- Capacity problems at provincial and local authority level eg. technical skills and project management.
- As the SMME's are still in the process of being empowered with skills the progress with delivery is slow at this point in time.
- The standard of the construction work is not always up to standard which results in the progress payments being delayed until the necessary rectification is effected.
- Shortage of suitable building material creates a delay.
- Tracing of beneficiaries who migrate and are untraceable results in the delay of the transfer process and the need to start the whole process afresh. In many instances beneficiaries die and this causes the same problems which have already been mentioned.
- The cumbersome release process of land located in tribal areas also contributes to the problem.

In view of the capacity restraints at provincial level the National Department introduced the OPSCAP facility. The purpose of the facility is to enable a province, if a proven need exists and subject to the approval of the Accounting Officer of the Provincial Department of Housing in consultation with the Member of the Executive Council (MEC), utilise the lesser amount based on 2% of the total voted allocation, approved in terms of national policies and guidelines of the voted allocation to support the approved national and provincial programmes and priorities. The provinces are thus enabled to employ professional external assistance to assist in the housing delivery process and transfer skills to permanent personnel. The skills referred to are inter alia building inspectors, engineers and contract managers to ensure that quality housing is provided for and service delivery improved.

The National Department intends to visit the provincial personnel more frequently and at the same time view projects selected by the Department to establish and ensure that quality housing units are delivered and that value for money is received.

## General non-financial information

### Projects and subsidies

During the first nine months of the 2005/06 financial year 321 projects were approved by Provincial Housing Departments. This brings the total number of projects approved since 1994 to 4 827. The 321 projects that were approved during the 2005/06 financial year represents 137 746 subsidies which bring the total number of subsidies approved to 2 848 160 since inception of the Housing Subsidy Scheme. The provincial breakdown of the projects and subsidies are as follows:

Table 4: Number of projects and planned units approved				
PROV	2005/06 FINANCIAL YEAR		TOTAL (1994 – MARCH 2006)	
	NUMBER OF PROJECTS	NUMBER OF SUBSIDIES	PROJECTS	SUBSIDIES
EC	3	2 189	460	280 197
FS	26	8 770	635	139 903
GP	74	56 373	1 122	1 138 520
KZN	14	13 736	566	365 391
LP	98	27 456	577	205 943
MP	41	1 153	376	157 327
NC	7	812	257	49 278
NW	36	14 778	257	192 609
WC	22	12 449	577	318 992
<b>TOTAL</b>	<b>321</b>	<b>137 746</b>	<b>4 827</b>	<b>2 848 160</b>

Source: HSS-online



### Beneficiaries

The number of beneficiaries approved for the 2005/06 financial year up to 31 March 2006 was 153 528. The total number of beneficiaries approved since 1994 up to now is 1 740 122. The detail per province is set out in the table below:

Table 5: Number of subsidies approved to beneficiaries		
PROV	2005/06 – MARCH 2006	TOTAL: 1994 – MARCH 2006
EC	8 630	245 925
FS	10 573	136 823
GP	43 445	416 936
KZN	29 710	267 407
LP	13 846	147 495
MP	1 911	122 201
NC	1 880	38 029
NW	29 806	151 884
WC	13 727	213 422
<b>TOTAL</b>	<b>153 528</b>	<b>1 740 122</b>

Source: HSS-online



## Delivery

During 2005/06 up to 31 March 2006 a total of 115 175 sites were in the process of development and 137 659 units were completed. This brings the total for houses completed or under construction since 1994 to 2 081 694.

**Table 6: Number of sites/units completed or under construction**

PROV	Total up to March 2006	2005/06 Sites	2005/06 Units
EC	251 880	2 951	16 874
FS	121 052	2 901	17 635
GP	456 103	35 901	23 409
KZN	315 936	14 271	21 601
LP	147 091	24 840	21 973
MP	141 325	597	14 389
NC	36 598	3 374	5 293
NW	145 874	21 070	14 445
WC	213 001	9 270	2 040
<b>TOTAL</b>	<b>1 828 860</b>	<b>115 175</b>	<b>137 659</b>
<i>Source: HSS-online</i>			

*Grand Total: 31 March 2006: 2 081 694 units completed or under construction*

A particular challenge would be the implementation and the maintenance of a fully capacitated and operational information system at provincial level and/or accredited local municipalities in terms of providing reliable information that will facilitate the implementation of the Comprehensive Plan. In this regard and in line with the accreditation framework the Department commenced with discussions and planning for the provision of the necessary information management Infrastructure that would be critical for the accredited municipalities.

In addition, the Department, through an independent consultant consortium, established a credible and authenticated housing waiting list for Cape Town with effective processes and plans. A database was developed and handed over to the City Council of Cape Town for inclusion in their information environment. The challenge in the coming financial year will be to consolidate this initiative for the rest of the provinces in order to populate a complete housing demand database.

## 2.5. Overview of the organisational environment for 2005/06

The department of Housing is relatively small in size, despite its growth over the years. During the period under review, though a number of strategic objectives were fulfilled the department had to deal with a number of challenges in relations to the following critical issues:

- Inadequate or lack of sufficient capacity to meet the Comprehensive Plan objectives with specific reference to skills in project management, Engineering, Monitoring and Evaluation, Town and Regional Planning as well as in the area of Economics.
- Organisational instability and high staff turnover which is as a result of the fluidity in the public service in general.





- De-motivated personnel corps, caused by amongst others heavy work load due to lack of capacity.
- Lack of national policy guidelines/retention strategy to arrest skills drain within the public service.

In order to address some of these challenges, concerted efforts to fill all vacancies, particularly those at management and technical levels were embarked upon, as well as employing contract workers with a view to filling some of the gaps, while the process of finalising the organisational structure is still underway.

The department, in the meantime collaborated with the Department of Public Service and Administration in conducting a skills Audit in line with the requirements of the Comprehensive Plan as well as participating and contributing to the initiatives of the scarce skills framework championed by the Department of Public Service and Administration.

Further as the Comprehensive Plan strategy requires integration and sound Co-operative Government, the department during the period under review has embarked on the process of assessing and defining the housing delivery chain in line with the current institutional arrangements. This exercise aims at streamlining and the possible redefining of a new housing delivery chain in relation to all spheres of government. In this regard, during the period under review a Task Team comprised of officials from both National and Provincial departments of Housing was established to deal with matters of common interest including the delivery model and aligning structural configurations. The outcome of this exercise shall be presented to the Cabinet Makgotla scheduled for July 2006 and January 2007.

During the period under review the department initiated a number of programmes relating to Employee Wellness. A major achievement in this regard is the establishment of a 24-hour Toll Free assistance telephone line for all employees who may find themselves in a situation that requires immediate counselling and related activities.



## 2.6 Strategic overview and key policy developments: 2002/03 - 2008/09

In line with Government's constitutional responsibility to ensure that every South African has access to adequate housing, the Department of Housing aims to guarantee that there is a supply of affordable permanent residential structures, with secure tenure, and which give access to basic services, privacy and protection against the elements. Following an intensive housing policy review and consultation process, including a national housing summit in November 2003, the Minister of Housing presented the Comprehensive Plan for the Development of Sustainable Human Settlements to Cabinet in September 2004. The "plan" builds on existing housing policy articulated in the 1994 White Paper on Housing but, shifts the strategic focus from simply ensuring the delivery of affordable housing to making sure that housing is delivered in settlements that are both sustainable and habitable. The strategic priorities in the comprehensive plan are to:

- accelerate housing delivery;
- improve the quality of the housing products and environments to ensure asset creation;
- ensure a single, efficient formal housing market;
- restructure and integrate human settlements; and



- combat and fight crime and corruption in the process for housing development.

Despite the delivery of 1 966 519 new subsidised houses between 1994 and March 2005, with a further 115 175 sites serviced and 137 659 houses built between April 2005 and March 2006, the housing backlog has continued to grow. To accelerate housing delivery, the department has simplified the administration of housing subsidies by collapsing the income qualification categories. As a result qualifying households receive the same housing subsidy amount, thus extending the reach of the housing programme by allowing households earning up to R7 000 per month (up from R3 500 per month) to qualify for housing subsidies, and upgrading of informal settlements.

The comprehensive plan is being implemented with particular attention given to the pilot projects that are implemented throughout the country. The pilot projects will improve the living conditions of an estimated 103 000 households in informal settlements. The informal settlement upgrading projects provide for phased, area based development as well as providing community participation and project management as an integral part of housing projects. The goal of eradicating or upgrading all informal settlements in the country by 2014/15 is the prime objective of the comprehensive plan.

In order to achieve the comprehensive plan's objectives in the medium term, a set of interventions is proposed as the department's strategic agenda for the medium term. These include:

### Improving the national housing subsidy scheme

- To address the objectives of accelerating housing delivery and promoting the development of a single functioning housing market, the Department will introduce a new credit-linked subsidy to promote access to mortgage finance. This subsidy has been designed in partnership with the financial services sector, and will constitute government support for the achievement of the lending targets for affordable housing defined in the Financial Services Charter.
- Recognising the potential for achieving urban efficiency and renewal by constructing subsidised social and rental housing, the Department has completed a new Social Housing Policy. This policy will be implemented through the establishment of a Social Housing Regulatory Agency and the introduction of new grants for the social housing institutions required to develop, hold and manage the envisaged housing stock, and new capital subsidies for the construction of the social housing stock.



## Improve partnerships with the private sector and other housing stakeholders

- In addition to introducing a new subsidy to encourage private lending in the affordable housing sector, the Department will continue an engagement with the financial services sector to support the development of new housing finance products (including affordable fixed rate mortgages), and government-funded insurance against losses on loans for affordable housing.
- To ensure that private developers and contractors are able to run profitable businesses while building affordable housing, the Department will revise the project linked housing subsidy scheme to introduce greater flexibility in the phasing of projects and streamline the progress payment system.
- In recent years, the number of NGOs that are active in the housing sector has declined dramatically. In 2005, the Urban Sector Network was dissolved and many of its former affiliates have since been disbanded. This reduces the institutional capacity in the housing sector and weakens housing delivery outcomes because of the absence of advocacy and community consultation capacity. In the medium term, the Department will redefine the support and funding provided through the Peoples' Housing Partnership Trust to ensure that the non-governmental partners in housing delivery are strengthened.



## Improving the capacity to deliver and administer and regulate housing delivery

- Having identified provincial and municipal capacity constraints as a barrier to accelerating housing delivery, the Department will provide provinces and municipalities with housing project planning, management and implementation support. This will be achieved by repositioning Thubelisha Homes as a Departmental Agency that is able to provide provinces and municipalities with technical assistance and expertise in unblocking housing delivery bottlenecks and preparing fast-tracked emergency housing projects for funding by the province.
- The Department will also prioritise the implementation of capacity building initiatives such as the programme to accredit municipalities to administer national housing programmes. Additional funding amounting to R180 million over the medium term has been allocated to support the accreditation of municipalities.
- In order to promote inter- and intra-governmental coordination and planning alignment, the Department is in the process of reviewing the planning that is required of provincial housing departments and municipalities with a view to streamlining and aligning various complementary budget and development planning processes.
- With a view to ensuring that all public resources are efficiently employed, the Minister of Housing will redefine the mandates of some of the other public entities reporting to her, including the National Homebuilders Registration Council, the National Housing Finance Corporation and the Social Housing Foundation.



Table 7: Expenditure estimates

Programme	Audited outcome			Adjusted Appropriation	Revised Estimate	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
1. Administration	44,518	53,592	90,230	108,674	108,674	99,668	133,972	154,595
2. Policy, Planning and Research	8,231	11,140	21,199	24,634	24,634	26,112	43,420	45,591
3. Programme Management	192,917	118,221	125,428	87,461	87,461	69,893	114,087	119,792
4. Housing Sector Performance and Equity	137,945	96,340	93,275	200,016	183,016	196,564	155,048	147,838
5. Housing Development Funding	3,834,484	4,280,662	4,478,291	4,851,724	4,851,724	6,468,646	8,129,081	8,983,074
<b>Total</b>	<b>4,218,095</b>	<b>4,559,955</b>	<b>4,808,423</b>	<b>5,272,509</b>	<b>5,255,509</b>	<b>6,860,883</b>	<b>8,575,608</b>	<b>9,450,890</b>
<b>Change to 2005 Budget estimate</b>				80,797	63,797	807,420	1,208,033	1,508,644
<b>Economic classification</b>								
Current payments	117,655	128,812	147,532	249,712	249,712	373,512	571,399	683,976
Compensation of employees	35,633	39,885	50,449	82,997	82,997	99,981	141,828	163,925
Goods and services of which:	53,919	61,123	97,083	166,715	166,715	273,531	429,571	520,051
Communication	2,108	3,021	2,987	4,687	4,687	3,289	4,106	4,377
Computer services	17,089	17,229	17,632	25,811	25,811	30,552	40,307	39,299
Consultants, contractors and special services	12,053	13,522	19,146	70,927	70,927	175,627	290,710	369,443
Inventory	2,036	2,323	5,448	4,587	4,587	4,337	6,194	7,012
Maintenance repair and running cost	–	–	10,391	–	–	290	1,248	2,259
Operating leases	4,965	5,574	6,320	6,837	6,837	7,420	8,033	8,644
Travel and subsistence	4,658	6,305	10,826	18,781	18,781	13,846	27,846	31,228
Other	9,235	10,946	23,048	31,908	31,908	34,626	47,406	53,779
Interest and rent on land	28,095	27,804	–	–	–	–	–	–
Financial transactions in assets and liabilities	8	–	–	–	–	–	–	–
Transfers and subsidies	4,098,539	4,427,609	4,650,621	5,017,836	5,000,836	6,483,438	7,997,441	8,758,866
Provinces and municipalities	3,906,781	4,355,359	4,589,286	4,868,362	4,868,362	6,350,159	7,937,946	8,721,382
Departmental agencies and accounts	186,853	70,613	60,915	148,958	131,958	133,206	59,416	37,398
Public corporations and private enterprises	4,847	1,576	355	411	411	–	–	–
Foreign governments and international organisations	58	61	65	69	69	73	79	85
Households	–	–	–	36	36	–	–	–
Payments for capital assets	1,901	3,534	10,270	4,961	4,961	3,933	6,768	8,049
Machinery and equipment	1,901	3,534	10,270	4,961	4,961	3,933	6,768	8,049
<b>Total</b>	<b>4,218,095</b>	<b>4,559,955</b>	<b>4,808,423</b>	<b>5,272,509</b>	<b>5,255,509</b>	<b>6,860,883</b>	<b>8,575,608</b>	<b>9,450,890</b>



## 2.7 Expenditure trends

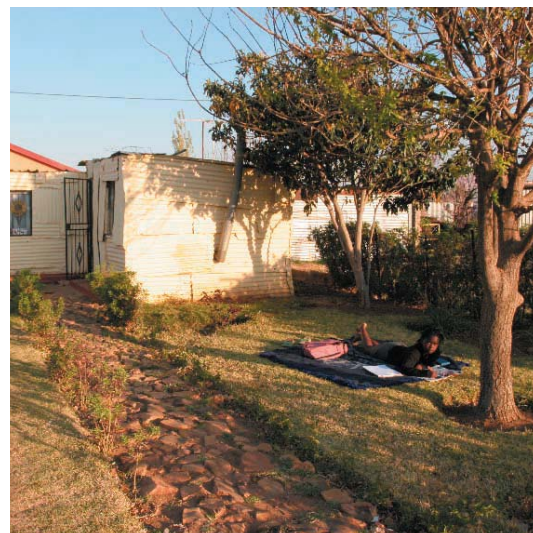
Total expenditure more than doubled from R4,2 billion in 2002/03 to R9,5 billion in 2008/09. The average annual growth rate of 7,7 per cent between 2002/03 and 2005/06 is set to accelerate to 21,5 per cent from 2005/06 to 2008/09.

*Programme 5: Housing Development Funding* accounts for the largest portion of the Vote (92,6 per cent in 2005/06) as it accommodates the integrated housing and human settlement development conditional grant to provinces. This programme will experience the most significant growth at an average of 22,5 per cent per year between 2005/06 and 2008/09, reflecting the strategic priority of accelerating housing delivery. This growth is driven by additional allocations of almost R4 billion for informal settlement upgrading and R1,2 billion for the introduction of credit-linked subsidies between 2006/07 and 2008/09. Apart from the increases in the conditional grant, Housing Development Funding grows as a result of additional funding for implementing the new social housing programme, which includes the establishment of the Social Housing Regulatory Agency and the introduction of grants to finance the establishment of social housing institutions and the preparation of social housing projects.

The previous *Programme 4: Housing Sector Performance* and *Programme 5: Housing Equity* have been consolidated into a single new *Programme 4: Housing Sector Performance and Equity*. Expenditure in Housing Sector Performance and Equity declined between 2002/03 and 2003/04 because the development of the housing and urbanisation information system was completed and transfer payments to and on behalf of institutions such as the South African Housing Trust were phased out. Expenditure is set to grow to R196,6 million in 2006/07 and then drop by an average annual of 13,3 per cent to R147,8 million in 2008/09. This is largely due to the rationalisation and planned closure of public entities reporting to the Minister of Housing, including Servcon Housing Solutions and the Social Housing Foundation. Expenditure in the Programme Management programme declines between 2005/06 and 2006/07 because the human settlement redevelopment grant has been consolidated with the housing subsidy grant in *Programme 5: Housing Development Funding*.

Transfer payments make up a large portion of total expenditure. The step up in the integrated housing and human settlement grant to provinces translates into average annual growth of 21,5 per cent in transfers between 2005/06 and 2008/09. There have been significant increases in compensation of employees, which is expected to grow from R35,6 million in 2002/03 to R163,9 million in 2008/09, an average annual increase of 29,0 per cent. This is because the department has been restructured and expanded through the addition of 128 posts (from 276 in 2002/03 to an anticipated 404 in 2008/09) to ensure that the Comprehensive Plan for the Development of Sustainable Human Settlements is successfully implemented. Expenditure on goods and services increased significantly from R53,9 million in 2002/03 to R156,0 million in 2005/06 to accommodate the increase in the number of employees.

The transfer of the costs for leases and accommodation charges from the Department of Public Works to individual departments will come into effect on 1 April 2006. An amount of R7,4 million is devolved to the department from the budget of DPW in 2006/07, R8,0 million in 2007/08 and R8,6 million in 2008/09. Expenditure for this purpose is also adjusted for 2002/03 to 2005/06.



### Departmental receipts

Departmental receipts are projected to be R484 000 in 2006/07. Receipts come largely from financial transactions (recovery of loans and advances) but, also include interest earned on housing subsidies, sales of publications and other sales. In 2002/03 the department had unusually high receipts because of the sale of assets associated with the disestablishment of the SA Housing Trust.

Table 8: Departmental Receipts

	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Departmental receipts	1,487	458	447	971	484	508	548
Sales of goods and services produced by department	473	57	57	53	60	63	68
Interest, dividends and rent on land	2	1	1	1	4	4	4
Financial transactions in assets and liabilities	1,012	400	389	917	420	441	475
Total	1,487	458	447	971	484	508	548

## 2.8 Programme Performance

### Programme 1: Administration

#### Purpose

Administration provides the Department with strategic leadership, and administrative and management support services. The Special Investigative Task team, housed within Administration, investigates allegations of maladministration, irregularities, fraud and corruption related to the implementation of national housing programmes.

#### Measurable objective

To provide strategic leadership and administrative and management support services to the Department. The Programme provides the corporate support through the following Directorates:

- Corporate Services, provides support to the management and Departmental IT Systems, record keeping and general corporate activities of the Department. Corporate legal support is provided for in this component.
- Chief Directorate Financial Services.
- International and Intergovernmental Relations.
- Communications Services.

#### Chief Directorate: Corporate Support

The purpose of the Chief Directorate: Corporate Support is to manage and coordinate corporate support functions within the Department with a view to ensuring efficiency of Department's systems and procedures as well as compliance with the government statutory and policy frameworks. It is also

responsible for the departmental human resource provision as well as the transformation programme. The programme provides administrative support to policy and decision-making structures, as well as corporate function management.

### ***Service delivery objectives and indicators***

#### **Recent Output**

During the period under review the sub-programme saw an increase in the number of meetings of the policy and decision making structures that resulted in an increased work load for the Directorate Secretariat Support. The filling and appointment of some senior managers' positions also brought in strategic leadership that was lacking in some areas. The department initiated a number of programmes relating to Employee Wellness. A major achievement in this regard is the establishment of a 24-hour Toll Free assisted telephone line for all employees that may find themselves in a situation that requires immediate counselling and related activities. This in itself brought enhancement in service delivery. The introduction of equipment security has minimised the wave of property being lost. It should be mentioned that employee-relations was relatively calm during the period under review since there was no major industrial action.

During the period under review, though a number of strategic objectives were fulfilled the department had to deal with a number of challenges in relation to the following critical issues:

- Inadequate or lack of sufficient capacity to meet the Comprehensive Plan objectives with specific reference to skills in Project Management, Engineering, Monitoring and Evaluation, Town and Regional planning as well as in the area of Economics.
- Organisational instability and high staff turnover which is as a result of the fluidity in the public service in general.
- A demotivated personnel corps which is caused amongst others by heavy work loads due to lack of capacity.
- Lack of national policy guidelines/retention strategy to arrest skills drain within the public service.

In order to address some of these challenges, concerted efforts to fill all vacancies, particularly those at management and technical levels were embarked upon as well as employing contract workers with a view to filling some of the gaps, while the process of finalising the organisational structure is still underway.

The department, in the meantime collaborated with the Department of Public Service and Administration in conducting a skills Audit in line with the requirements of the Comprehensive Plan as well as participating and contributing to the initiatives of the scarce skills framework championed by the Department of Public Service and Administration.

Further as the Comprehensive Plan strategy requires integration and sound Co-operative Government, the department during the period under review has embarked on the process of assessing and defining the housing delivery chain in line with the current institutional arrangements. This exercise aims at streamlining and the possible redefining of a new housing delivery chain in relation to all spheres of government. In this regard, during the period under review a Task Team comprised of officials from both National and Provincial departments of Housing was established to deal with matters of common interest including the delivery model and aligning





structural configurations. The outcome of this exercise was presented to the Cabinet Lekgotla scheduled for July 2006.

### **Special Investigative Task Team consolidating and strengthening relations with the relevant Stakeholders**

The Comprehensive Plan for the Development of Sustainable Human Settlements envisages a "collaborative approach" in respect of housing anti-corruption initiatives. The Directorate held meetings with various stakeholders - the Special Investigations Unit (SIU), SAPS, NHBRC, SARS, NIA, Public Protector Auditor General, the National Department of Provincial and Local Government and two (2) internal stakeholders being Sub-directorate: Internal Audit and Directorate Security Services. Following these meetings, the Directorate drafted and circulated (to NHBRC, NIA, DPLG and Sub-directorate: Internal Audit of NDOH) Memoranda of Understanding with a view of structuring and streamlining relations with the relevant stakeholders.

A Memorandum of Understanding between the NDOH and the Office of the Auditor General and the Special Investigations Unit has been concluded.

### **Developing and refining the framework for collaboration with Provinces**

The Directorate has drafted terms of reference for a National Housing Anti-Corruption Forum whose objective is to create a framework for coordination and cooperation between the NDOH and Provincial Departments of Housing in respect of the investigation of allegations of fraud and corruption in the implementation of the National Housing Programmes and other anti-corruption initiatives. It is hoped that the National Housing Anti-Corruption Forum will develop a uniform and consistent approach across all Provinces in Housing investigations. Currently there is lack of uniformity as evidenced by the fact that some Provinces have established Institutional Capacity for Housing Investigations while some Provinces are still lagging behind.

### **Implementing the case management system in respect of individual complaints received by the Directorate**

The Directorate has created a Case Management System that is used when we receive a complaint. Once a complaint has been received, it is registered onto the database of cases and a case file is opened. Cases that involve Provinces are then referred to respective Provinces for actioning. The case management system facilitates and aids the Directorate in identifying the patterns and trends forming the subject matter of the complaints.

The Directorate drafted Terms of Reference for a task team to investigate allegations of irregularities, fraud and corruption in the Town View Housing Project at Bruntville, KwaZulu-Natal. As a result of the Ministerial enquiry by the New Zealand Government on the awarding of citizenship to Mr G. Pitcher after the local newspaper slammed the housing project that Mr Pitcher was handling on behalf of the Provincial Government in Kwazulu Natal Province, the Directorate has engaged with the Kwazulu Natal Department of Housing over this matter and we have reached an agreement that an investigation be conducted over the project in order to put closure to the speculations and be able to advise the Minister accordingly as requested by the New Zealand Government.



The Directorate had to draft the terms of reference for the investigation which must cover the investigation of allegations pertaining to:

- poor workmanship;
- maladministration;
- irregularities;
- incomplete housing unit; and
- fraud and corruption.

### **Monitoring and following up on Housing cases that are under investigation by the SAPS and cases before the Courts**

The Directorate on a monthly basis monitors and follows up SAPS cases that are under investigation and cases that are before the Courts. Currently the list of SAPS cases comprises of sixty two (62) cases in all Provinces.

In one of the above cases the Special Commercial Crimes Court in Pretoria convicted one Ms Patricia Pasiwe Ulana on twenty six (26) counts involving fraud and theft and she was sentenced to six (6) years imprisonment, two (2) years suspended. In Huhudi, Vryburg (Initially investigated by the SIU at the request of the Department) the Assets Forfeiture Unit obtained a confiscation order and the Directorate requested the Assets Forfeiture Unit to pay the proceeds back to the Department when a forfeiture order has been granted and the case finalised.



### **Seeking approval for a single Presidential Proclamation in terms of which the Special Investigating Unit (formerly known as the Heath Unit) would conduct Housing investigations in all provinces**

The Directorate made a submission to Stratman for the promulgation, subject to MINMEC approval, of a single Presidential Proclamation authorising the SIU to conduct Housing investigations in all Province. Currently separate Presidential Proclamations have been issued at the request of Premiers of certain Provinces in respect of Housing investigations and some utilised forensic investigation firms. This leads to lack of control and coordination of these investigations. Stratman has approved the submission and the next step is to amplify the submission for the Committee of HODs.

### **Ministerial request for a probe into the sale of the RDP Houses in Uitenhage in the Eastern Cape**

The Directorate received a request from the Minister to conduct a probe into the sale of RDP houses in Uitenhage at the instance of a certain firm of Attorneys. The Directorate studied the relevant documentation and held meetings with the firm of attorneys in question and submitted a report to the Minister.

### **Targets not achieved as per the Strategic Plan of the Directorate**

The Directorate has not achieved the objective of implementing the Anti-Corruption prescripts due to the fact that at a meeting it had with Sub-directorate: Internal Audit, it emerged that the Directorate was also in the process of drafting anti-corruption prescripts. The Directorate has therefore proposed a Memorandum of Understanding to the Sub-directorate with the intention to work together on matters of fraud and corruption as it had emerged that there are areas of cooperation in the scope of work.



### Strategic Planning

The directorate has during the period under review aligned departmental planning in line with treasury guidelines and the cabinet and cluster planning cycles. The mainstreaming of the planning cycle brought with it benefits on the quality of the Strategic plan and effects were realised on the performance monitoring.

Challenges were, however, on different levels of management understanding of their core business purpose and objectives. This was rectified through workshops conducted during the financial year. These workshops were conducted in line with the planning and review periods. Performance evaluation reports were produced, discussed and reviewed with management during the reporting period with the aim of putting corrective measures and strategic service delivery standards in place. The Departmental Annual report 2004/05 was consolidated, analysed, evaluated and submitted to Parliament.

In the main, the directorate mainstreamed and aligned the Departmental strategic planning process to the government wide planning cycle with clear performance targets and quantifiable outputs.

### Chief Directorate: Communication Services

As a Chief Directorate responsible for the Communication Services of the Department, the service delivery objectives and indicators of the Chief Directorate for the year included innovative and pro-active Media Relations and Research, Production and Public Information, as well as Stakeholder Relations strategies aimed at:

- Creating awareness among all relevant target audiences including beneficiaries, the public and, all partners in the housing delivery chain.
- Enhancing application of the Department's branding through a revitalised employee awareness programme.
- Engaging all communication stakeholders towards an integrated programme of housing communication.
- Supporting and profiling the Ministerial and Departmental programmes and events.

In line with these deliverables the Chief Directorate participated in all programmes and events aimed at creating awareness of the mandate, deliverables, and achievements of the Department during 2005/6.

The Chief Directorate is composed of two directorates, namely Public Information and Internal Communication whose primary responsibilities are to develop strategies for maximised communication to beneficiaries, the general public and internal audiences through a programme of planned communication messages, vehicles and events specifically designed to service these specific target audiences.

The Chief Directorate has during the past financial year ensured enhanced branding through the design and production of all event materials including conferences and indabas. Exhibitions were also mounted at various events across the country in support of the Minister's programme of community interaction.

Publications aimed at beneficiary awareness as well as general public understanding of the role of housing in community upliftment were updated



and conceptualised and, have made a contribution towards maximising sector information access. Among these are the Subsidy Brochure, Housing Contacts, Economic Opportunities Created by Housing, the user-friendly Comprehensive Plan and the Housing Demand Database booklet. Public media including advertorials in national and local newspapers were utilised (for public awareness and education).

Distribution of publications was also maximised through distribution at exhibitions, indabas, and Izimbizos, with the additional use of Government Communication Information System (GCIS) Multi Purpose Community Centres (MPCCs), provincial information centres and, by making article contributions to a variety of beneficiary targeted publications.

A public education exercise in partnership with banking institutions brought about a ten (10) week radio series aired on 6 SABC Radio Language stations, named Homey2Homey. The Radio series was made in conjunction with ABSA based on the Housing Consumer modules developed by the Directorate Capacity Building. This occurred in the context of public private partnership. The focus of the broadcast was aimed at informing beneficiaries and the general public of their rights and responsibilities in terms of government assisted housing as well as Bank bonded houses.

The media was utilised to support the departmental strategic outputs and ministerial programmes. Coverage was secured for the International Housing Seminar. This linked with the coverage of the AMCHUD initiatives at a continental sphere in pursuit of the continental obligations resulting from conventions South Africa is a signatory to. The domestic media environment changed with the public demand for housing and the cross border municipalities.

As part of the seminar efforts were made to mobilise in partnership with the Western Cape Provincial Housing and Local Government Department and South African Homeless People's Federation, for a site visit by the Minister of Housing and Social Contract Partners to the Ekuphumleni Housing Development (SAHPF Project), in Hazeldean, as part of the programme for the Housing Indaba. This assisted in promoting the departmental initiatives on promoting access to shelter.

Central to public mobilisation was the construction of 13 houses within the women's build initiative, coordinated in partnership with the private sector and NGOs, during August. In advancing government's Letsema programme/concept aligned to the People's Housing Process which encourage community participation and ownership, the 13 houses were handed to their owners in Protea South, Soweto. The project also helped in the transference of skills to all participants and members of the community.

The chief directorate participated in the *16 Days of activism on no violence against women and children*. This annual campaign aim at advancing and highlighting the plight of women and vulnerable groups so as to help realise equality and human rights. During this campaign, two POWA (People Opposing Woman Abuse) shelters were renovated, while 120 houses were built and handed over to recipients nationally. All 9 (nine) provinces participated in the campaign.



*Shelter renovation as part of the  
"16 Days of activism on no violence  
against women and children"*



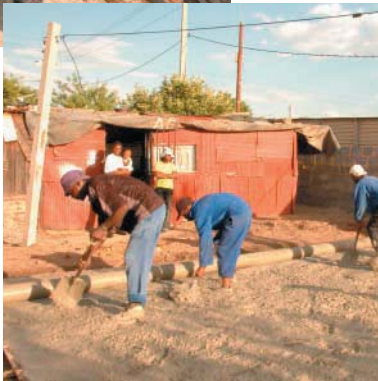
## Chief Directorate: Financial Services

Financial Services provide sound financial management advice and information in order to measure the performance of the Department in achieving its aims & objectives. It further ensures that sound financial administration systems and procedures are developed and implemented to safeguard the resources needed to achieve departmental objectives.

### *During the year under review:*

The following are notable achievements during the reporting period:-

- Working with National Treasury and the Directorate: Strategic Planning an improved format of provincial business plans was developed.
- Engaged the National Treasury in respect of key amendments to the Division of Revenue Act (DORA) aimed at improving the arrangements related to monitoring of the accountability of conditional grants.
- With assistance of National Treasury all provinces submitted their business plans before the end of the financial year and, as a result the chief directorate was able to submit a consolidated plan to National Treasury on time;
- A lot of work was done in developing or updating policies to address various issues raised by the Auditor General in the previous year's audit report. As a result new policies for petty cash, debtors management, loss control and account management were approved.
- Assisted Provinces with the debtors system by:
  - Undertaking more provincial visits to alleviate the capacity constraints experienced by Provinces.
  - Concluding an understanding with the deeds office for a bulk deeds search for all Provinces. This will assist in checking completeness of the property register on the debtors system.
- All necessary reports were submitted to governance structures, other units in the Department and, to the National Treasury.
- The receipting process was successfully automated thus eliminating the tedious manual process and its associated risks.





## Service delivery achievements:

Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
<b>Secretariat Support</b>	Service meetings	Record of proceedings	Service 130 meetings per annum	The target was achieved (170 meetings were serviced)
	Action lists to facilitate follow up of decisions	Availability of action lists	Updated action lists	Updated action lists on decisions
	Calendar of meetings	Availability of calendar of meetings	Approved calendar of meetings	Calendar of meetings approved
	Meeting packs to facilitate meetings	Availability of meeting packs	Meeting packs circulated before meetings	Meeting packs circulated
	Databases of decisions and members of decision making structures	Availability of databases of decisions and members of decision making structures	Updated databases of decisions and members of decision making structures	Database of decisions updated
	Reduced political and management risk	Availability of a risk coverage plan	Approved risk coverage plan	Risk coverage plan was not approved
<b>Human Resources</b>	To promote the development of the people in the Department	To implement the approved Training and Development Plan	Implemented Training Plan	Total of 420 employees were trained
		To manage and administer Study Aid	Effective Study Aid System	100% of new study aid applications were approved
		To manage the placement of Internships in the Department	1% of Appointed Interns according to the filled positions on the establishment	17 Interns appointed on 1 April 2006 for six months contract
			Developed and implemented Employee Wellness Programme	Target Achieved  Established and launched the EWP 24 Hour Support Service Line Programme  EWP Policy was drafted and approved  EWP awareness sessions were conducted  EWP interventions took place
	Re-establish Job Evaluation Panel	Appointed and re-appointed Job Evaluation Panel Members	Re-establish Departmental Job Evaluation Panel	Established Job Evaluation Panel (i.e. Panel Members were appointed and some re-appointed)
	Train 15 Job Evaluation Panel Members	Train 15 Job Evaluation Panel Members	Train 15 Job Evaluation Panel Members	10 Job Evaluation Panel Members received Job Evaluation Panel Training
	Job Evaluation Information Session	1 (one) Job Evaluation Information Session	1(one) Job Evaluation Information Session	1 (one) Job Evaluation Management Briefing Session was held
	Establish Job Evaluation Database	Establish Job Evaluation Database	Establish Job Evaluation Database	Job Evaluation Database was established
	Develop an organisational structure for the Department	Develop an organisational structure for the Department	Develop an organisational structure for the Department	A draft organisational structure for the Department was developed



Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
<b>Corporate Services</b>	To provide legal opinions and advice	No. of legal opinions attended to	All opinions completed	37 legal opinions requested and completed
	To draft, review, amend and interpret legal documents	No. of valid and legally enforceable documents reviewed, amended and drafted	All documents attended to	14 received documents and attended
			All litigation matters attended to	10 litigation matters received and attended
	To attended to housing related legal inquiries from members of the public	No. of inquiries attended to	All queries attended to	9 queries received and attended
	Functional Desktop Management and Support solution	Improved desktop management and support	Functional Desktop Management and Support solution	Deployment has been partially completed
	Improved Network Management and Performance Solution	Improved network management and performance	Network Management and Performance Plan	Not done due to budgetary constraints
	Successfully Deployed Novell Identity Management	Successfully Deployed Novell Identity Management	Successfully Deployed Novell Identity Management	98% of the deployment has been completed
	Department Integrated ICT 5 year Plan	Approved departmental ICT 5 year Plan	Department Integrated ICT 5 year Plan	Not done due to budgetary constraints
	Centralised filing system	Approved and implemented centralised filing system	Approved and implemented centralised filing system by June 2005	Centralised filling system was not implemented
	Management of transport services	% transport requests managed	% Transport managed	All requests managed and attended to
	Upgraded switchboard and reception area	Operational switchboard, call centre and reception service which promote the department's programmes	Upgraded switchboard and reception area June 2005	Switchboard upgraded
	Refurbishment of building according to approved layout plans	Optimum use of office space according to PWD space norms	Building refurbished	Building refurbished
	Coordinated corporate function	No. of Departmental events coordinated	No. of Departmental events coordinated	All major functions co-ordinated successfully
	Developed processes for the Department	Approved Departmental process and guidelines	Approved Departmental process and guidelines	Process and guidelines not approved
	Compiled and updated database	Developed database	Approved database on Service Providers	Service Providers now on the database and updated
	Well equipped boardrooms	Monitor usage of the boardrooms	Managed and maintain accessibility to the boardrooms	Upgraded Boardroom Booking System
	Approved document classification system	Implemented document classification system	Implement and monitor classification of documents	Document classification implemented and monitored
	Security plan for international events	Security plan for international events	Coordinate protection security services during international events	Protection security services during all international events coordinated
	Encrypted electronic communication data lines for secure transmission of sensitive information	Encrypted electronic communication data lines	Encrypt electronic communication data lines	Electronic communication data lines encrypted
	Security clearances of staff and service providers	Processed applications of security clearances for staff and service providers	Process applications of security clearances for staff and service providers	Applications for security clearances for staff and service providers processed

Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
<b>Special Investigations</b>	Regular Housing Anti-Corruption Forum meetings	Functioning Housing Anti-Corruption Forum	1 Housing Anti-Corruption Forum Meeting	1 Housing Anti-Corruption Forum Meeting on 13 February 2006
	Submitted Monthly reports	Submitted reports on investigations	Monthly reports on investigations	Monthly reports were submitted to the Director General
	Approved whistle-blowing policy Approved Implementation Plan Improved Fraud Prevention Strategy and Fraud Prevention Plan	Implemented anti-corruption prescripts	Draft and submit for approval whistle blowing policy	Revised and edited the 1st draft of the whistle blowing policy and it will be circulated in the next quarter for inputs
	Approved National Housing Anti-Corruption Strategy	Completed National Housing Anti-Corruption Strategy	Draft and submit for approval terms of reference for appointment of consultants	Differed the finalisation of the draft terms of reference for the appointment of consultant to the next quarter in view of financial year end
	1 workshop 2 awareness sessions	Completed workshop and awareness session	1 awareness session	Awareness session postponed to the next quarter
	Vetted employees	Vetted employees	Conduct pre-employment screening of staff	Not yet incorporated into our functions as it falls under security services
	Monthly reports	Submitted reports on investigations	Monthly reports	The Directorate is sending monthly reports to the Director-General on its activities



Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Strategic Planning				
To develop and manage the strategic and operational planning framework so as to provide impetus to the strategic intent of the Department	Facilitate the Strategic and Performance Planning sessions of the Department (including Provincial Departments on request)	No. of Departmental Strategic Planning Sessions	Two Departmental Strategic Planning Sessions	Two strategic planning sessions held
	Coordinate the development of Departmental strategic and performance plans and facilitate the implementation thereof	Approved Departmental Strategic and Performance plans linked to the budget	Approved Departmental Strategic and Performance plans linked to the budget	Departmental strategic plan linked to the budget approved
	Conduct workshops on planning frameworks (training)	No. of workshops on planning frameworks conducted	Reviewed and updated Departmental Planning frameworks	Reviewed and updated the departmental planning framework
	Develop Departmental planning frameworks	Approved Departmental planning frameworks	Departmental strategic and Operational formats	Departmental strategic and operational formats approved
	Identify gaps and conduct research to strengthen the Departmental strategic planning process	Updated Departmental databank on planning guidelines and formats	Identify gaps and conduct research to strengthen the Departmental strategic planning process	Gaps identified and planning was strengthened
	To develop and manage the performance management framework aimed at assessing the performance of business units against the strategic plan of the Department	Consolidated Departmental quarterly performance report	No. of Departmental Performance reports Four Consolidated Departmental performance report	Four Departmental quarterly performance reports were consolidated
	Departmental Performance evaluation report	No. of Departmental Performance evaluation reports	Four Departmental evaluation report	Four Departmental evaluation report were produced
	Workshops on reporting frameworks	Conduct workshops on reporting frameworks	Reporting workshops conducted	Reporting workshops were conducted in line with the reporting framework
	Departmental Reporting Framework	Approved Departmental reporting framework	Approved Departmental Reporting Framework	Departmental Reporting Framework was approved in line with Treasury guidelines



Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Production & Public Information				
External Communication interventions to ensure that external publics and partners are kept abreast of NDoH developments that pertain to them and the sector	Newsletter – develop external publication to inform and educate beneficiaries and stakeholders	Well informed, designed and accurate publication	4 Quarterly publications	The plans for the publication was approved but, production deferred to 2006/7 due to lack of funding
	Publications aimed at informing and interpreting policies and programmes	Beneficiaries informed of policies and programmes	2 Beneficiary publications for the annum	2 Beneficiary publications
	Imbizo's	Well informed beneficiaries	1 to Western Cape	None held due to Ministerial diary congestion
	National Housing Awards	Motivating and honouring housing practitioners	3rd National Housing Awards function held	Event deferred to October 2006 due to lack of funds
	GCIS Tracker Research	Develop questions in line with housing issues in order to receive informative feedback	Survey results inputs	Researched public opinion up to Quarter 2 when the Department withdrew from the survey in order to have time to reconsider its strategy
	Exhibitions	Well organised and informative exhibition	To participate at as many events as possible	17 events participation
	Mass communication Campaign to sell programmes and BNG	Develop well written scripts in 11 official languages	11 Language Broadcast on selected national, regional and locals Radio Stations	Production completed and awaiting broadcast in financial year 2006/7 due to budget constraints
	Advertorials	Placing advertorials in newspaper in order to promote national knowledge of Departmental development, events and achievements	Profile relevant Departmental events in newspapers	4 News paper Advertorials
	Municipal Integrated Development Plans Municipal IDP Municipal Road Shows	Promote local government acceptance of Communication as a strategic organisational function	11 Presentations across 9 Provinces to all Municipalities targeted for Accreditation	11 Presentations across 9 Provinces
	Housing Consumer Education Campaign	Development of 10 Radio Scripts for broadcast on 6 SABC Radio Stations	Broadcast 10-script series on 6 SABC Radio Stations	10 Radio Scripts developed and aired on 6 SABC Radio Stations
	Housing Demand Database public information campaign	Informed beneficiaries and public on the purpose and process of the HDD	2 Communication campaigns covering the City of Cape Town area	2 Communication campaigns
	Departmental Annual Report Production	Timeous production of Annual Report and tabling to Parliament	1 Annual Report produced and tabled	1 Annual Report produced and tabled
	Design and produce Internal Newsletter	One newsletter per month	11 Monthly Newsletters produced	11 Internal Newsletters produced
	Photo library	Well updated photo library	Photo Library maintained and reviewed for Info-hub	Photo library maintained and reviewed
	Install Notice Boards for general Information and, Suggestion Boxes	Ensure that employees are kept abreast of corporate level developments	Timeous dissemination of relevant information through Notice Boards in all office suites	44 Notice Boards & Information frames installed in all office suites and public areas 7 Suggestion Boxes on all floors

Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Production & Public Information				
	Coordinate general information sessions	2 information sessions per month on Departmental and general issues	16 information sessions to be held due to programme beginning during the financial year	16 Information sessions held
	Promote access to information	Co-ordinate Client Information Desk	Sustainable management of Client information flow	Client information Desk will become operational in the 1st quarter of 2006/7
	Manage Corporate branding & identity of the Department	To be reflected in all planned Department events	Overall correct use of Departmental branding	Broadened Departmental understanding and use of corporate branding achieved and demonstrated with the general use of the new Power-point presentation slide, correct use of logo
	Design & Desk Top Publishing functions	Design and layout of publications, advertorial material, corporate material, posters, billboards, banners & in-house cards, programmes, etc	Number of publications designed for NDoH depends on business units requests	47 Publications, 16 Advertorials, 60 Billboards & Banners and, approximately 500 smaller designs produced for Internal/external distribution
	Coordinate departmental forum for Communication related functions	Monthly meetings with identified CD/Directorate representatives	Well structured report and minutes of the meeting that informs IC of organisational developments and activity	Schedule of meetings developed and 7 meetings held with strategic inputs and outcomes received
	Director-Generals mediated employee interaction	Co-ordinate and facilitate quarterly employee meetings for the DG	4 Quarterly meetings attended by all employee categories	1 Quarterly meeting held due to congestion in ADG's diary
	Coordinate and manage intranet services meetings	One weekly web service meeting that results in an updated and user friendly intranet	Weekly meetings throughout the year	As a newly introduced intervention 4 meetings have been held to date
	Publicise Departmental events and display posters on notice boards	Daily promotion of Departmental events	Daily display of Departmental activities according to requests received	100 Posters produced for Departmental activities and displayed daily/weekly and when needs arises
	Manage Gateway: Portal	Content verification when need arises leading to well integrated management of content	Updates to be effected as and when the need arises	5 content verifications done regarding housing subsidies

Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Stakeholder Relations/Mobilisation				
	Partnership Projects/ Campaigns Letsema	Women's Build  16 Days of Activism	Partner with women's build and 16 Days	Partnered with women's build on 16 Days
	Alignment of government's communication	Participation in monthly communication social cluster forum Participation in quarterly Government Communicators' Forum	Alignment of government's communication	Departmental communication aligned to Government wide communications framework
	Alignment of housing communication	Coordination of quarterly Housing Communicators Forum	Aligned housing communications	Housing communications aligned
Media Relations and Research				
	Daily clippings and analysis report	Daily clippings and analysis report	Daily Clippings (320) and analysis report	Daily Clippings (240) and analysis report
	Positive media coverage of Departmental and Ministerial events	Well organised media events	Approved media releases (80) Approved media articles (20) Scheduled interviews (88) Media documents (20)	Approved media releases (63) Approved media articles (21) Scheduled interviews (81) Media documents (16)
	Coordinate messages and regular interaction with the media	Coordinate messages and regular interaction with the media	Daily analysis of articles and teleconference when necessary (240)	Daily analysis of articles and teleconference when necessary (200)



Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Financial Services				
	Completed Annual Financial statements	Timely completion of Annual Financial Statements and a successful Audit process	Completion of Annual Financial Statements by 31st May 2005 and submission of all documents requested by the Auditor General	Annual Financial Statements 2004/05 were completed on time and submitted to the Internal Audit Unit and the Auditor-General on the 31 May 2005 and to National Treasury and the Auditor-General on 31 May 2005
	Review reports on processes	Effective and efficient systems of internal financial control Reduction of client's queries Payment of creditors and salaries	Settlement of accounts and salary payments within the prescribed period	Documents were checked daily for completeness, accuracy, existence, validity and authorisation before payments were captured. Payments were made and captured correctly
	Bank and creditors reconciliations	Preparation of reconciliations daily and monthly	Daily bank reconciliations to be done daily	Daily and monthly reconciliations were prepared and checked
	Payroll reconciliations	Completed monthly payroll reconciliations	Monthly reconciliations to be completed before the middle of next month	A total number of 11 revenue payments were made to South African Revenue Services  Monthly reconciliations were completed and checked
	Supply Chain Management Service which Complies with Supply Chain Management Framework, the PFMA, PPPFA, and Treasury regulations	Report to Stratman regarding Bids awarded	Quarterly reports to Stratman on Bids awarded	Quarterly reports were given to Stratman on Bids awarded
		Report to National Treasury on Bids awarded	Monthly reports to be submitted to National Treasury	12 monthly reports were completed, checked, forwarded to National Treasury management
		Periodical stocktaking reports	Stocktaking taking at least once a year	Conducted two stock counts
		Report on regular spot checks conducted on store items	Conduct regular spot checks on store items	Conducted 4 spot checks on store items
		Report to management on procurement from SMME's	Report to management on SMME's before the 15 of every month	A thorough verification of requisitioning documents and processing was done
		Reporting on the disposal of redundant and obsolete items	Dispose all redundant items	Redundant items were disposed of and a report submitted to National Treasury and Auditor-General
		Updating of suppliers database	Updating of supplier database periodically	Payments of suppliers were done within the threshold period of 5 days
		Report on the reconciliation of payments done on LOGIS and BAS	Reconcile LOGIS and BAS monthly	The monthly reconciliation of BAS and LOGIS payment was done



Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Financial Services				
	Management and User support of Financial systems	User support and training Provide support to users	Daily support and training as required	Daily support was provided
		Provide System Management services	System maintenance done according to BAS notices	System maintenance was done on time as requested in BAS notices
	Planning and administration of the budget process	Provide National Treasury with EWS report on the 15th of each month	EWS report by the 15th of each month	EWS report was provided to National Treasury by the 15th of each month
	Report to National Treasury according to set date	Approved ENE, MTEF, virements and adjustment estimate	Information provided to National Treasury on set dates according to their guidelines	Reports were sent to Treasury according to set dates
	To provide management reports and financial information as required	Produce management reports	Monthly report to DG, Stratman and Minister	Management reports were submitted
	Well managed and maintained Debtors System	Periodical report on user queries	All queries responded to	All queries responded to timeously
		Reliable Debtors System data Submission of invoices for payment	To timeously complete System Change Notices	System Change Notices timeously completed
		Collating data from Provinces to be devolved	Settlement of payments within the prescribed period	Documents checked for completeness, accuracy and authorisation
		Vacant properties devolved	Properties for nine provinces to be devolved	Properties devolved
		Periodical system Progress meetings	Vacant properties to be devolved	Properties devolved with the exception of properties which are under investigation
			Bi-weekly progress meetings	
		Amended framework for the conditional Grants	Commencement with the amending of the framework for the next financial year	Amendment of the framework or conditional grant was approved by National Treasury and HOD
		Funds transferred to Provinces according to the payment schedule	Transfer conditional grants to provinces according to payment schedule	All funds transferred according to schedule
		Monthly expenditure reports submitted to National Treasury on the expenditure by provinces	12 reports submitted on monthly DORA conditional grant reports to National Treasury	12 reports were submitted on monthly basis to National Treasury
		Quarterly performance review reports	Quarterly reporting on the financial performance on the grant funds	4 reports on the financial performance on the grant was prepared and submitted to HOD, NCOP and National Treasury



## Programme 2: Policy Planning and Research

### Purpose

Policy Planning and Research aims to develop sound national human settlement and housing policies, supported by research and underpinned by an appropriate legislative framework. In addition, the programme makes a contribution to the United Nations Habitat Foundation. The programme comprises the following sub programmes:

- Human Settlement Policy and Integration focuses on sustainable urban and rural human settlement development policy and is responsible for international cooperation on human settlement policy.
- National Housing Policy and Strategy develops national housing policy and strategies. It also maintains the national housing code, manages the integrated multi-year housing development plans, and guides the design of appropriate institutional frameworks for implementing housing policy and strategy.
- Housing Framework Legislation drafts housing legislation required to implement approved policy and strategies monitors the implementation of housing legislation and assesses the impact of other legislation on the housing function.
- The Chief Directorate Research initiates, undertakes and manages research on human settlements and housing.

### Measurable objectives

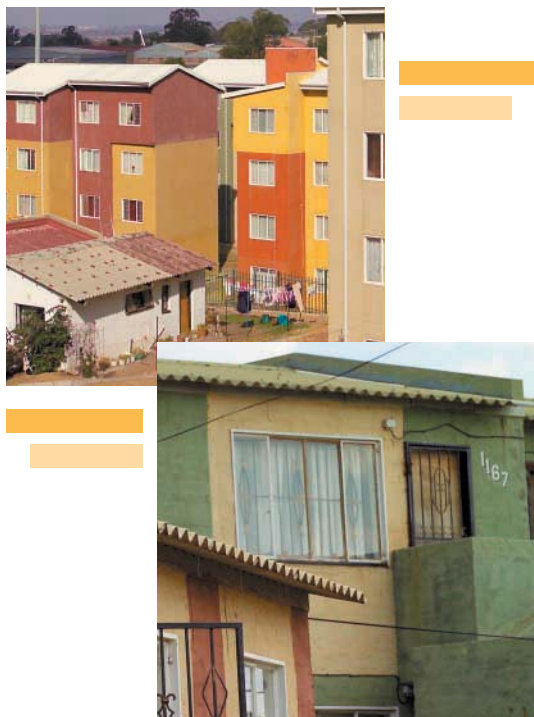
Adequate housing for all South Africans by 2014, through policy, legislation and research that enables housing delivery in sustainable human settlements.

### Service Delivery Objectives and Indicators

#### Recent Output

During the year under review the Chief Directorate Policy Planning pursued the development of policy and strategies as provided by the Comprehensive Plan for the Development of Sustainable Human Settlements. This plan maps out the housing policy and priorities for the next decade. International programmes and events, which served to enhance our understanding of sustainable human settlement development were also supported by providing policy inputs and actively participating in country preparations and the events themselves.

In line with the commitments made in the Strategic Plan for 2005/06 and the newly identified needs of the Comprehensive Plan, various housing policy pieces were developed in order to facilitate the implementation of the Plan and to respond to the housing needs of people in particular circumstances. Policy needs to be underpinned by legislation to ensure successful implementation, to this end the development of new legislation to support the Plan was embarked upon. As at end of the financial year a number of policies were awaiting MINMEC approval.



## Programme Policy Developments

### *International Co-operation Policy Support*

#### 20th Session of the Governing Council of UN-Habitat

The 20th session of the Governing Council (GC-20) of UN-HABITAT took place from 4-8 April 2005, at the UN Office in Nairobi, Kenya. Forty-eight of the 58 member States of the UN-HABITAT Governing Council were represented. During the week, delegates convened in high-level segment sessions, dialogues, a Committee of the Whole (COW), a drafting committee and a contact group to consider draft resolutions.

GC-20 concluded its work by adopting 22 resolutions on issues relating to the budget and work programme. These resolutions pertain to the following:

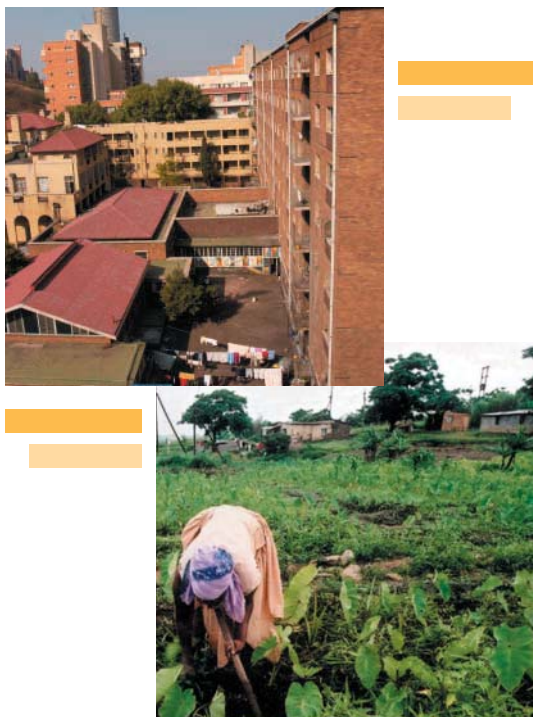
- post-conflict, natural and human-made disasters assessment and reconstruction;
- the World Urban Forum (WUF);
- strengthening the Slum Upgrading Facility of the UN Habitat and Human Settlements Foundation;
- decentralisation and strengthening of local authorities;
- enhancing the involvement of civil society in local governance;
- global campaigns on secure tenure and urban governance;
- gender equality in human settlements development;
- the thirteenth session of the UN Commission for Sustainable Development (CSD-13);
- small island developing States;
- Habitat Programme Managers (HPMs) and regional offices;
- the provisional agenda for GC-21;
- organisation and themes for future GC sessions;
- sustainable development of Arctic cities;
- housing as a component of the right to an adequate standard of living for persons who are vulnerable and disadvantaged;
- youth and human settlements;
- establishment of the African Ministers' Conference on Housing and Urban Development (AMCHUD);
- preservation and sustainable development of the oases;
- least developed countries;
- access to basic services for all; and
- special and best practices, good policy and enabling legislation in support of the Millennium Development Goals (MDGs).

A draft resolution on the implementation of MDG Target 11 was not adopted by the closing plenary due to a lack of consensus on a proposal for resetting the target.

#### 13th Commission on Sustainable Development

The 13th session of the United Nations Commission on Sustainable Development (CSD-13) took place from 11-22 April 2005, at the UN headquarters in New York. CSD-13 was the second session to be held since the new multi-year programme of work was adopted at CSD-11 in 2003. The new work programme restructured CSD's work on the basis of two-year Imple-





mentation Cycles, with each cycle comprised of a Review Year and a Policy Year focused on a thematic cluster of issues. Building on the outcomes of CSD-12 (the Review Year of the first cycle), CSD-13 focused on policies and options to expedite the implementation of commitments in the areas of water, sanitation and human settlements, as contained in Agenda 21, the Programme for the Further Implementation of Agenda 21, the Johannesburg Plan of Implementation (JPOI) and the Millennium Declaration.

During the first week of CSD-13, delegates convened for interactive discussions on water, sanitation and human settlements, and heard regional perspectives and input from representatives of UN agencies and other intergovernmental organisations (IGOs), Major Groups and others. During the second week, ministers and senior officials participated in a high-level segment, delivering statements and engaging in discussions with Major Groups, UN agencies and NGOs. Partnerships Fairs, Learning Centres and numerous side events were also held throughout the two-week session.

Delegates negotiated CSD-13's main outcome document, intended to identify policy decisions on practical measures and options to expedite implementation of commitments on water, sanitation and human settlements. Working from a draft text prepared by CSD-13 Chair John Ashe, delegates engaged in negotiations on this text and its subsequent revisions throughout the remainder of the session.

### Inner-city regeneration programme

The inner-city regeneration programme has its genesis in the Comprehensive Plan, and seeks to redress spatial disparities brought about by past planning practices. Subsequent to this project having been placed on the operational plan of the Directorate, it has been subsumed as part of the work on Inclusionary Zoning, driven by the Directorate: National Housing Programmes.

### Farm-worker housing

Farm workers are currently by and large excluded from the benefits of the housing subsidy scheme. Given the tenuous conditions under which many farm-workers and dwellers live, the assistance to farm workers and dwellers in collaboration with land owners remains a very important housing need that requires urgent attention. To this end, and, on the basis of initial consultations, a draft policy has been developed and finalised for approval subsequent to rigorous consultation via the Rural Housing Task Team. It is anticipated during the second half of the next financial year, a Rural Housing summit will be held during which an enhanced Rural Housing policy will be developed.

### Housing land policy

The department during the year under review commenced with planning for the establishment of the special purpose vehicle to deal with acceleration of the release of suitably located land for human settlement developments. Coupled with the agreements reached and entered into with local government this will assist in addressing the slow down in housing delivery because of land problems. It further will assist in building non-racial neighbourhood in the cities.



### Strategy for mainstreaming energy efficiency in housing

In South Africa a large number of pilot and demonstration projects in the field of energy efficient (low-cost) housing have been implemented in the past. By means of these projects the technical feasibility of energy efficient housing has been demonstrated, although none of the projects has been properly monitored and evaluated to assess the actual reduction in energy consumption. Mainstreaming of these energy efficiency technologies however, has not taken place, thus the initiation of this project with the assistance of DANIDA funding. To this end, a project proposal was forwarded for approval timeously. However, owing to changing policy imperatives within the Department, the project has needed to be redesigned. DANIDA funding will now be ploughed into the N2 Gateway Pilot Project, specifically, looking at integrating energy efficient practices.

### Alignment of Integrated Development Plans with Housing Development Plans (IDPs)

The lack of integrated development continues to be identified as one of housing's strategic gaps, and is seen as a contributing factor to the uncoordinated development of settlements, and the decline in the number of housing units being built. In response, a Model for the Alignment of Housing Sector Plans within IDPs has been developed and approved to provide the Department with the optimal approach with regards to Integrated Development Plans for the next five-year planning cycle.

### Guidelines for zero and nominal cost interventions for energy & water efficient housing

Within the recently approved Comprehensive Plan, secondary emphasis has been placed on environmentally-sound housing development practices. With this in mind, the Department considers it prudent to prescribe minimum energy and water efficient interventions in the Housing Programme. To this end, the guidelines have been provided and are to be subsumed as part of the work of the revision of the National Housing Code.

### Policy on Urban Greening (Food and Trees for Africa)

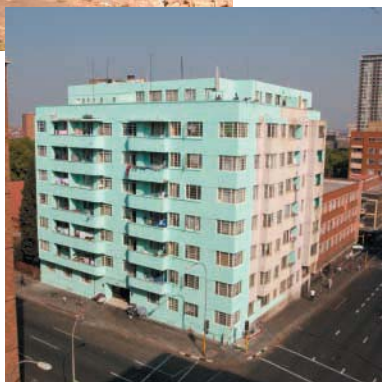
The Department was approached by Food and Trees for Africa (FTFA) for funding certain of their programmes. While the department endorsed the work of FTFA, it was unable to lend financial assistance to their work. This interaction, however, initiated the drafting of a policy piece on Urban Greening for the Department. In this regard, a Terms of Reference has already been prepared. However, the project has been held in abeyance owing to other Directorate priorities, and will be carried over to the next financial year.

### Development of a multi year housing development plan

The Department rationalised the requirements for separate multi year housing development plans for each provincial housing department. This was achieved through the enhancement of the strategic planning framework instituted by National Treasury into a housing focussed plan

The Department also developed a comprehensive set of templates to assist provinces to compile the required strategic plans. National Treasury approved the reworked strategic planning framework and the revised planning dispensation was launched through a comprehensive capacity building process comprising eleven workshops, involving provincial housing official, municipal officials, municipal councillors and representatives from SALGA.





The new planning dispensation will be implemented with affect from 1 April 2006 and the provincial housing departments will commence planning during 2006 for the 2007/2008 financial year.

It is envisaged that a National Housing Development plan will be developed and submitted to the Minister of Housing by October 2006, after the provincial housing departments will have submitted their required annual housing development plans to the Department.

### Higher Density Housing Development Programme

An innovative housing programme for the creation of higher density residential housing stock was developed and finalised. The draft programme is individual ownership based and targets specific residential restructuring zone in inner city areas. The programme will also support the broader urban restructuring objectives of Government which comprise inner city regeneration, rental housing provision in well located areas, the diversification of tenure options available under the National Housing Programme and the integration of communities, both socially and economically. Being private rental provision oriented, the programme will now be subject to a comprehensive rental market research initiative.

### Development of a housing programme for persons with special housing needs

This programme is mainly focussed on children who lost both their guardians through death and who are currently destitute. It is foreseen that the programme might provide relief in a variety of ways ranging from community based projects to institutionalised care facilities. As a result of various factors the funds for this project were reprioritised in favour of more urgent initiatives and as a result a project will be undertaken and financed during 2006/7 financial year.

### Backyard rental programme

A need for intervention into the low cost private rental market has been identified and the department envisaged the development of proposals to formalise backyard rental housing. The initial stages of the project would have entailed market research to determine the actual need, potential and impact of any proposed interventions. At project approval stage, a similar private sector initiative through the FINMARK Trust was launched and the department agreed to participate in that exercise and not to launch a similar investigation. The findings of the FINMARK Trust investigation have been made available at the end of 2005. The Department will take the findings into account as part of a comprehensive rental market evaluation project to determine the current rental market environment, demand, supply and possible interventions that could be considered. The further development of the project will be held in abeyance until the results of the evaluation project are known.

### Manual for the Variation of the Housing subsidy quantum

Investigations into the application of the current 15% variation of the housing subsidy quantum to cater for extraordinary development conditions and precautionary measures revealed that the current model was not sufficient. It was also found that it was misused.

The Department developed a comprehensive manual that addresses all the extraordinary development conditions in the country and that proposes the amounts required to institute precautionary measures to ensure the de-

livery of durable housing products. The Manual has been completed and submitted for final approval by Housing: MINMEC. The Manual will replace the current 15% variation model once finally approved.

### Maintenance/updating of the National Housing Code

The current National Housing Code was published on 10 October 2000. Since then a number of new National Housing Programmes have been introduced as well as substantial adjustments to the provisions of the pre-scripts in the Code.

Housing: MINMEC thus decided that the Code must be updated and replaced with a new policy document. The Department developed a project outline for the replacement of the Code as well as a framework for the management of the transitional period, leading up to the publication of the new policy document. It is envisaged that this project will be completed during the financial year 2006/7.

### Adequate housing definition: new housing subsidy typologies and norms and standards

The Minister of Housing instructed the Department in collaboration with the National Home Builders Registration Council (NHBRC) to formulate proposals on the introduction of new housing typologies to be financed through the National Housing programme. The NHBRC tabled comprehensive proposals. These designs comprised three basic house types with three different floor layouts and sizes as well as a variety of finishing levels.

Based on these proposals a definition of adequate housing to be delivered through the Housing Subsidy Scheme was developed. These proposals were linked to cost implications linked to delivery requirements. Based on the cost implications of the proposals, it was decided to recommend only one house type to Housing: MINMEC for consideration. Housing: MINMEC decided that a special task Team be established to formalise a position and negotiate additional funding allocation to finance the new typology. The proposals will, therefore, be considered and concluded during the 2006 financial year.

### Housing Subsidies in alignment with the Labour Tenant Strategy

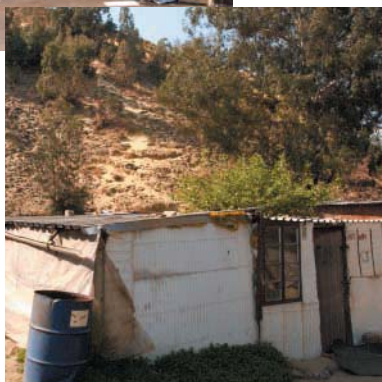
The Department developed a programme to align the application of housing subsidies with the benefits available under the Labour Tenants Strategy administered by the Department of Land Affairs. The programme was finalised and has been submitted for final approval to Housing: MINMEC. The programme will provide access to housing subsidies to persons that will benefit from the Labour Tenant Strategy. The latter programme provides for access to agriculture land in ownership or some other form of secure tenure as well as access to agriculture infrastructure. The Housing Subsidies Scheme will finance residential infrastructure and house construction. The programme provides for a structured coordinated planning process to ensure that funding and planning priorities are aligned, essential for project execution planning.

### Housing Amendment Bill

During the 2004-2005 financial year the Bill was drafted and the Bill, Cabinet memorandum and supporting documents were sent off by the Directorate during January 2005. The draft Bill's main objective was to align the Housing Act, 1997 with the provisions of the Division of Revenue Act







(DORA) and the Public Finance Management Act (PFMA). However, approval of the Bill is awaited and during the year under review a Housing Second Amendment Bill was drafted. The main objectives of which were to amend sections 10A and 10B of the Act (relating to the sale and alienation of state subsidised houses) and to expand on the provisions regarding the accreditation of Municipalities in the Act because, of the requirement that departments could only introduce no more than four (4) Bills.

The Housing Amendment Bill and Housing Second Amendment Bill which were collapsed into the Housing Amendment Bill were previously prepared separately but, they are now collapsed into the Housing Second Amendment Bill 2006. It is anticipated that the Bill will be introduced to Parliament during 2006.

### **Prevention of Illegal Eviction from and Unlawful Occupation of Land Amendment Bill, 2005**

The Bill seeks to provide greater clarity on the interpretation of certain provisions of the principal Act. It further attempts to strengthen the rights of landowners, particularly where an illegal invasion occurs and invaders seek to profit from such occupation.

The Bill was tabled in Parliament as Bill 11 of 2005 but, was later held in abeyance by the Portfolio Committee on Housing for further discussion and work. The main concern of the Portfolio Committee was that the Bill should be aligned with other eviction legislation administered by the Department of Land Affairs, namely, the Land Reform (Labour Tenants) Act, 1996 and the Extension of Security of Tenure Act, 1997. A joint task team was established between officials in the Department of Land Affairs and the Department of Housing.

Since the Task Team was established in October 2005 several more amendments have been effected and the eviction processes in the Bill have been aligned with the other eviction legislation administered by the Department of Land Affairs. The Task Team will finalise its work in May 2006 and it is anticipated that the Bill will be resubmitted to Parliament shortly thereafter.

### **Housing Consumers Protection Measures Amendment Bill**

The Bill which was submitted to Cabinet and subsequently published for public comment was revised in the light of comments received before the period under review. The amendments seek to address problems encountered with the interpretation and implementation of certain provisions as well as to devolve more powers to the National Home Builders Registration Council (NHBRC), specifically with regard to the granting of exemptions under the Act. Further extensive consultations took place with officials from the NHBRC during the year under review and a home builder grading system was inserted into the Bill. It is anticipated that the draft Bill will be submitted to Cabinet during the first half of 2006 and introduced to Parliament.

### **Amendments to Regulations under the Housing Consumers Protection Measures Act**

These amendments to the Regulations are necessary to align the regulations with proposed amendments to the Act, particularly those relating to a grading system for home builders. The regulations were drafted timeously and sent to the State Law Advisers for scrutiny. However, the State Law Advisers advised that they were not prepared to look at the regulations



until the proposed amendments to the Act had been finalised. The target, therefore, could not be met pending the unfolding of this process.

### Rental Housing Amendment Bill

The draft amendment Bill which was drafted before the beginning of the year under review had to be revised to include additional amendments pertaining to the enforcement of rulings of Rental Housing Tribunals. These additional amendments necessitated extensive consultation with the Department of Justice as well as with certain Rental Housing Tribunals. Other than enforcement issues, the amendment Bill seeks to clarify certain provisions which have given rise to difficulties of interpretation and implementation.

### Social Housing Bill

During the year under review the draft Bill was amended to align its provisions with the revised Social Housing Policy. The Bill, together with a Cabinet Memorandum and supporting documents was drafted and sent through for processing.

### Regulations under the Social Housing Act

These regulations have been outsourced and are being prepared in parallel with the work being undertaken on the new Social Housing Bill. However, the regulations can only be promulgated once the Social Housing Bill has been promulgated which is expected towards the end of 2006 or beginning of 2007.

### Less Formal Township Establishment Amendment Bill

The Less Formal Township Establishment Act was promulgated in 1991 and many of the designation notices which were published by Administrators in the pre-1994 government required amendment or withdrawal, due to these circumstances some of the designation notices have become inappropriate for the current urgent needs for housing development. The Amendment Bill, Cabinet Memorandum and supporting documents have been processed for promulgation. Cabinet approval has since been obtained.

### Residential Development Bill

The Bill was originally included in the work of the Memorandum of Agreement entered into between the Department of Housing and the CSIR dated 31 May 2005. The project was delayed for a considerable period as the Memorandum of Agreement was in the process of finalisation. At the end of 2005 it was decided that the project should not form part of the scope of work of the CSIR. The project will commence in the following financial year.

### Regulations under Home Loan and Mortgage Disclosure Act

There has been a lengthy delay due to the Office of Disclosure (established under the Home Loan and Mortgage Disclosure Act) not being operational. The target could, therefore, not be met. However, towards the end of 2005 the Office of Disclosure appointed a Director and the Consultants finalised the Regulations in February 2006. The Regulations still have to be workshopped with stakeholders and it is anticipated that it will be promulgated around the middle of 2006.



### Assessment and audit of the interpretation and implementation of housing legislation by provinces

The consultants completed their report several months late due to illness of the main consultant and because of a lengthier than expected consultation process. However, the comprehensive and lengthy two volume report was received by March 2006 and is being scrutinised for submission to the Minister with recommendations. The Report will also be fed into the work of the Committee on the Review of Legislation.

### Research

During the year the Research focus was on unpacking the implications of the new plan and developing an understanding of the research needs which inform policy and programme development planning for the new plan. The new plan required a strong research support base as it introduced a dynamic shift in the development of sustainable human settlements. The yield for this process is the development of the National Research Agenda which will be launched during the 2006/07 financial year. The research agenda is a confluence of a number of research interventions including the International Housing Research Seminar (IHRS), the African Ministerial Conference on Housing and Urban Development (AMCHUD) and discussions on the Millennium Development Goals (MDGs) which took place during the year.

In line with the need to foster research networks and develop systems for information, knowledge development and sharing, the Chief Directorate also focused on the development of the research website to facilitate the research networks within South Africa, the developing countries of the South including Africa and broadly within the international research community. The website is now operational.

The research strategic plan for 2005/06 provides research commitments for the Chief Directorate. Despite a number of difficulties in implementing some of these commitments, the Chief Directorate managed to complete various research projects managed both internally and in collaboration with other research stake holders.



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Human Settlement Policy &amp; Integration</b>	Development of densification and inner-city regeneration programme aimed at improving urban efficiency and promoting non-racial integrated societies	Approved strategy & programme of new higher density housing with appropriate tenure types & densification of existing residential neighbourhoods	Strategy & programme for promotion of new higher density housing approved by June 2005	This work has been subsumed as part of the work on Inclusionary Zoning, driven by the D: Housing Subsidy Scheme
	Develop farm worker housing policy	Approved policy that effectively responds to the housing needs of farm workers	Farm worker housing policy approved & implemented	A draft policy paper was prepared for approval within the set time-frames  HOD supported the approval of the draft policy in Feb. 2006  The draft policy has been submitted to MINMEC for final approval
	Develop Housing Land Acquisition Policy	Approved policy & guidelines that adequately respond to the demand for well-located land for hsg projects & facilitates the release of land for housing purposes	Housing Land Acquisition Policy & Implementation Systems implemented	While a draft policy was prepared – in conjunction with Land Affairs - within the set time-frames, a new directive was issued in respect of establishing a Special Purpose Vehicle for land acquisition
	Strategy for Mainstreaming Energy Efficiency in Housing	Project Preparation Plan for DANIDA on (Low-cost) Thermal Efficiency and implementation of pilot: commencement of pilot phase agreed to and signed by both parties	Project implementation as per Project Document  Six-monthly rpts submitted to Minister & DANIDA	Project proposal forwarded for approval timeously. However, owing to changing policy imperatives, the project has needed to be redesigned  DANIDA funding will now be ploughed into the N2 Gateway Pilot Project, specifically, looking at integrating energy efficient practices
	Strategy for the Alignment of IDP's and Municipal Housing Development Planning	Approved strategy that responds to contribution of Hsg Sector to Integrated Development Planning & Delivery Process	Alignment of IDP's and Municipal Housing Development Planning Strategy implemented	Alignment Strategy was approved by HoD as per timeframe set
	Guidelines for Zero and Nominal Cost Interventions for Energy- & Water Efficient Housing	Approved guidelines in respect of no- & nominal cost energy & water efficient interventions in Subsidised Housing Costing of thermal & water efficient construction practices	Approved guidelines in respect of no- & nominal cost energy & water efficient interventions incorporated in the Revised Housing Code	Draft guidelines provided and have been subsumed into the revision of the Housing Code
	Food & Trees for Africa (FTFA): Funding & Policy proposal for Mainstreaming Urban Greening	Consultation & approval for interrogation of an Urban Greening Policy	Implementation of FTFA project	Funding proposal for the FTFA project responded to within the set time-frames



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Policy paper on prerequisites for Urban Agriculture and Food Gardening	Policy that seeks to provide sustainable & viable proposals for urban agriculture	Approved policy & guidelines for implementation	While a Terms of Reference has been prepared, the project has been held in abeyance owing to other Directorate priorities This item will be carried over to the next financial year
	Multi- & Bi-lateral Engagement Strategy	An endorsed position that allows DoH to respond & engage with multilateral institutions and other international partners	Approved multilateral engagement strategy	Strategy completed within time-frame set This responsibility has since been transferred to the newly established CD: International Relations
	Main-tenance of international protocols	Active participation at: CSD13, 20TH & 21st Governing Council, 3rd World Urban Forum & Istanbul +10	Active participation & report back on CSD13 & 20th Gov. Council	Participation at the 20th Governing Council Satisfactory contribution to SA delegation at CSD13 Reports on both of the above provided to MinMec
	Guidelines for the Maintenance & Demolition of Asbestos in Housing	Approved guidelines for the Maintenance & Demolition of Asbestos in Housing	Approved guidelines for the document for the maintenance and disposal of asbestos building products	Terms of Reference for the outsourcing of this work was prepared & tenders sought. However, owing to budgetary constraints and other departmental priorities, the project has been kept in abeyance
	The integration of planning and infrastructure provision processes within the Housing Programme	Integrating delivery between the housing sector and other sectors in order for low-income housing and associated infrastructure and services to be provided efficiently	Maintenance of regular consultative meetings between DoH & other sector depts	This function has formally been handed over to the CD: Intergovernmental Relations
	Guidelines for Mainstreaming Gender in Hsg	Strategy that proposes mainstreaming of gender in Hsg	Ministerial approval	Awaiting Ministerial approval
<b>National Housing Policy &amp; Strategy</b>	Special Housing needs programme (HIV/Aids assistance)	Approved policy by March 2006 and housing assistance projects for the target group	Programme approval by Housing MINMEC by August 2005	Programme was outsourced for external capacity to develop proposals Tendering process failed Re-advertisement was done in early 2006 Project will commence in May 2006
	Policy on a variation Manual	Approved manual	Approval by Housing: MINMEC in August 2005	Manual developed and finalised in November 2005. Approval by MINMEC awaited
	Social Housing Policy: Detailed guidelines	Approved guidelines and accreditation of institutions taking place	Approval by Housing Minmec by February 2005	Project was transferred to programme 3



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Back Yard Rental Programme	Approved policy and assistance and credit for upgrading of back yard units	Approval by Housing: MINMEC by November 2005	Project kept in abeyance in anticipation of results of a private sector evaluation of the market It was decided that a comprehensive evaluation of the rental market conditions, demand and supply possibilities be undertaken in 2006/7
	Maintenance of the National Housing Code	Implemented Code iro Restitution, Ind Subsidies, progress payments, existing owners, subsidy quantum and NHBRC warranty scheme	Published code by July 2006	Housing MINMEC decided that the complete Code be revised and rewritten into a new style and to accommodate the Comprehensive Plan interventions Outsourcing through CSIR MOU failed and a new tendering process was launched in early 2006 Project will now commence in May 2006
	A Multi Year Housing Development Planning dispensation for provinces and National	Approved Plans and needs oriented adjusted development planning	Approval in 2005	The new planning dispensation was approved and launched in November 2005
	Investigate insurance cover for subsidy houses	Approved insurance cover for subsidy scheme houses	Housing; MINMEC approval by June 2005	Project re-prioritised to 2006/7 financial year due to other priorities and a lack of funds
	Revisit Rural Subsidy programme	Approved policy and project approvals in rural areas	Housing: MINMEC approval by October 2005	Outsource approval process was delayed Project re-prioritised for finalisation in May 2006



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Housing Framework Legislation</b>	Housing Amendment Bill	An approved Housing Amendment Act which aligns the Housing Act, 1997 to Division of Revenue Act and the Public Finance Management Act, and also addresses problems encountered with sections 10A & 10B of the Housing Act, and substitutes a clause on the provincial housing development regime and expands on the provisions relating to the accreditation of municipalities	Promulgated Housing Amendment Act	Bill has been submitted for approval and processing In light of recent directive on introduction of Bills. This Bill, together with the Housing Second Amendment Bill has been merged into one comprehensive Bill which was submitted to the Minister and Governance and Administration Cluster on 9 March 2006
	Prevention of Illegal Eviction from and Unlawful Occupation of Land (PIE) Amendment Bill	An approved PIE Amendment Act which ensures an unambiguous & constitutional Prevention of Illegal Eviction from & Unlawful Occupation of Land Act, 1998	Promulgated Prevention of Illegal Eviction from and Unlawful Occupation of Land Amendment Act	Bill originally introduced in Parliament as Bill 11 of 2005 Unintended consequences and further amendments requested by Dept of Land Affairs and further consultation requested by the Portfolio Committee on Housing, delayed the finalisation of the Bill This resulted in the Portfolio Committee on Housing requesting the withdrawal of the Bill until consultation process has been finalised. The target could thus not be achieved
	Housing Consumers Protection Measures Amendment Bill	An approved Amendment Act which ensures an efficient & unambiguous Housing Consumers Protection Measures Act, 1998	Promulgated Housing Consumers Protection Measures Amendment Act	After the Bill was drafted further extensive consultation was required with the National Home Builders Registration Council (NHBRC) The Bill and Cabinet Memo has been sent for approval and processing
	Rental Housing Amendment Bill	An approved Amendment Act which ensures proper implementation of the Rental Housing Act, 1999, and allows for the enforcement of Tribunal rulings	Promulgated Rental Housing Amendment Act	Draft Bill required extensive consultation with Dept. of Justice and some Rental Housing Tribunals. Draft Bill and Cabinet Memo sent through for approval and processing Draft amendment Bill also submitted to FOSAD Governance and Administration Cluster on 9 March 2006
	Social Housing Bill	An approved Social Housing Act which gives statutory recognition to social housing institutions and provides for a sustainable social housing environment	Promulgated Social Housing Act	Bill amended to be aligned with Social Housing Policy The draft was sent through for processing and approval

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Less Formal Township Establishment Amendment Bill	An approved Less Formal Township Establishment Amendment Act to better serve provincial & local government	Promulgated Less Formal Township Establishment Amendment Act	Bill sent through for approval
	Residential Development Bill	An Act which will put in place a broad framework for residential development; set out general principles applicable to housing development; facilitate spatial restructuring; and ensure the proper implementation of the Comprehensive Plan	Promulgated Housing Development Act	Outsourcing through CSIR MOA failed Target therefore not achieved Awaiting approval of Terms of Reference for appointment of Consultants  Project to be outsourced during 2006/7
	Regulations i.t.o. Housing Consumers Protection Measures Act	Regulations to – - set a grading system for home builders. - determine the rules and standards applicable to NHBRC involvement in the low cost housing sector. - amend existing NHBRC rules pertaining to late enrolment	Promulgated Regulations	Submitted draft regulations to State Law Advisers for scrutiny. State Law Advisers indicated that regulations must stand over until amendment Bill has been promulgated  Target could thus not be met
	Regulations in terms of the Social Housing Act	Regulations to support and assist the implementation of the Social Housing Act	Promulgated Regulations	Regulations can only be drafted after Social Housing Bill has been approved by Cabinet Target could not be met
	Regulations in terms of Home Loan and Mortgage Disclosure Act	Regulations to support and assist the implementation of the Home Loan and Mortgage Disclosure Act, 2000	Promulgated Regulations	Lengthy delay due to Office of Disclosure not being operational Target not achieved Consultants finalised regulations during February 2006
	Assessment and audit of the interpretation and implementation of housing legislation by provinces	An approved consultant's report which highlights interpretation and implementation problems and indicates the way forward	Minister's approval of Report and recommendations	Final report received from consultants for consideration during March 2006
	To ensure that all housing related legislation is brought under the administration of DOH	Review the Estate Agency Affairs Act, Sectional Title Act and Housing Development Schemes for Retired Persons Act Consult with relevant state departments and stakeholders Report to Minister	Possible transfer of administration of laws to Minister of Housing	Dept of Land Affairs (DLA) and Dept of Housing (DoH) represented on task team to transfer portions of Sectional Titles Act to DoH from DLA Work being done by consultants Draft Bill has been circulated to stakeholders for comments. DTI has not responded to several requests to nominate officials for joint task team to review the Estate Agency Affairs Act and the Housing Development Scheme for Retired Persons Act

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Committee on Land and the Social Contract for rapid housing delivery	A comprehensive report with recommendations to Minister	Minister's approval of Report and recommendations	Preliminary report produced
	Committee on Review of legislation and impediments on the Comprehensive Plan	A comprehensive report with recommendations to Minister	Minister's approval of Report and recommendations	Preliminary audit of service providers completed
	Administration of Housing Act No. 107 of 1997	Attend to amendments and requests for further information	Draft Amendments and respond to requests for further information	Amendments were drafted and requests were dealt with
	Administration of Rental Housing Act. No. 50 of 1999	Attend to amendments and requests for further information	Draft Amendments and respond to requests for further information	Amendments were drafted and requests were dealt with
	Administration of Housing Consumers Protection Measures Act No. 95 of 1998	Attend to amendments and requests for further information	Draft Amendments and respond to requests for further information	Amendments were drafted and requests were dealt with
	Administration of Prevention of Illegal Eviction from and Unlawful Occupation of Land Act No. 19 of 1996	Attend to amendments and requests for further information	Draft Amendments and respond to requests for further information	Amendments were drafted and requests were dealt with
	Administration of Disestablishment of SA Housing Trust Limited Act No. 26 of 2002	Administration of Act	Administration of Disestablishment of SA Housing Trust Limited Act No. 26 of 2002	Act was discontinued
	Administration of Less Formal Township Establishment Act No. 113 of 1991	Less formal Township Establishment Act promulgated	Promulgated less formal Township Act	Act was discontinued
	Home Loan and Mortgage Disclosure Act No. 63 of 2000	Operational Home Loan Mortgage Disclosure Act	Operationalised home loan Mortgage Disclosure Act	The Act was not operationalised
	Ad hoc legal opinions, etc. on interpretation of legislation	Furnishing of opinions on a need basis	Draft opinions on interpretation of legislation	Opinions were given or drafted when requested
	Review of Sectional Titles Act No. 95 of 1986	Conclude negotiations with Department of Land Affairs and Department of Trade and Industry	Report by Consultant on the take over of the housing management issues in the Act by Department of Housing	Negotiations between Department of Land Affairs and Department of Housing were concluded. Consultant's report was received in February 2006
	Prepare quarterly reports on the implementation of National Housing Legislation	Four reports to be submitted each quarter	Submit four reports each quarter	Directorate's work re-prioritised. No reports submitted
	Conduct research on Case Laws etc. to identify problems pertaining to National Housing legislation	Submission of inputs to Quarterly Reports	Submission of inputs every quarter	Case law was researched and utilised when amending legislation No inputs submitted due to lack of suitably qualified staff
	Monitor provincial housing legislation to ensure consistency with National Housing legislation	Submission of inputs to Quarterly Reports	Submission of inputs every quarter	Several cases were identified and researched No inputs submitted formally due to lack of suitably qualified staff



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Promulgation of Regulations under the Home Loan and Mortgage Disclosure Act	Promulgation of Regulations in Government Gazette	Promulgation of Regulations in Government Gazette	Regulations not promulgated due to delay in operationalisation of Office of Disclosure
	Drafting of TRC Regulations	Draft approved TRC regulations relating to housing	Approved regulations	Regulations not drafted Awaiting clarity from Department of Justice
	Conduct impact studies to identify any legislation which may impact on National Housing legislation	Submission of inputs to quarterly report	Submit four reports each quarter	Reports not submitted due to re-prioritisation of work in Directorate

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Research</b>	Annual seminar on housing research and operationalise web based network	Operating website	Hosted event and website updated and launched	Event took place and website is running
	Internal/ departmental seminars each quarter	On going interactive seminars within the Department	Four internal seminars hosted	Two seminars were hosted in the third quarter and due to other commitments there were no seminars in other quarters
	Policy recommendation of a support mechanism to rural housing	Completion of a study to explore feasibility of an appropriate engagement with alternative technologies and indigenous knowledge systems in rural housing by the Department	Completed research	Research is completed
	Research report and building inter Departmental relations	Completion of a study to understand to what extent socio-economic and ethnic integration is occurring and to describe the prevalent trends in residential areas	Completed research	Terms of Reference were completed and submitted to Department of Transport for their input. Research was not conducted due to the non-responsiveness from the Department of Transport
	Research report	Completion of a study to investigate the backyard rental sector	Completed research with recommendation on way forward	In collaboration with FinMark trust the study is completed and is be launched end of May 2006
	Research report	Completion of a study into the feasibility to develop an integrated response to housing and other socio-economic needs of service and ex-service men	Research report with recommendation	Research has been completed and submitted for approval
	Research report and case study presented in New York	Completion of the country-city case study for the MDGs workshop in New York	City case study country's report	City case study completed and presented to the DG. The report was presented in New York



Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Research	Research report with recommendations	Completion of study to investigate the housing needs of people living and affected with HIV and AIDS	Research completed in collaboration with University of KwaZulu Natal	Research is underway. An interactive workshop was held November 2005
	Research report with recommendations	Completion of a study to investigate the international practices in promotion of densification	Completed research and recommendations on the bill	Research Completed
	Research report on the supply chain for housing Econometric model	Completion of the study to understand housing demand and develop an econometric model for housing demand	Completed research	Research completed in collaboration with the banking association



### Programme 3: Programme Management

#### Purpose

Programme Management manages national housing and human settlement programmes to enable, support and promote the implementation of housing and human settlement projects. The Programme consists of three sub-programmes, namely National Housing Programmes, Capacity Building and Special Programmes Support.

#### Measurable objective

To increase access to and improve the delivery of adequate housing in sustainable human settlements by effectively providing officials with systems, knowledge, skills, guidance and funding.

#### Service Delivery Objectives and Indicators

#### Recent Output

##### National Housing Programmes

The activities of the sub-programme National Housing Programmes for the year under review focused on developing new and enhancing existing housing subsidy scheme mechanisms and policy, in order to further support housing delivery as envisaged in the Comprehensive Plan for the Development of Sustainable Human Settlements.

##### Individual subsidies

Individual subsidies provide qualifying beneficiaries with access to housing subsidies to acquire ownership of serviced stands. This subsidy allows beneficiaries to enter into house building contracts, or to purchase existing improved residential properties.

##### Project-linked subsidies

This housing subsidy mechanism enables qualifying households to access complete residential units, which are developed within approved project-linked housing subsidy projects for ownership by the beneficiaries. Since

its inception in 1994, 2 037 228 households benefited from 3 971 projects undertaken throughout the country. Within the period 1 April 2005 to 31 March 2006, 321 housing projects were approved.

### Consolidation subsidies

This housing subsidy mechanism has been designed to afford previous beneficiaries of serviced stands financed by the previous housing dispensation [including the Independent Development Trust's site and service schemes] the opportunity to acquire houses. A top-up subsidy of R 18 792.00 to construct a house is granted to beneficiaries with a household income, not exceeding R1 500.00 per month. Since the initiation of this mechanism in June 1995 and up till 31 March 2006, a total of 271 297 subsidies were approved.

### Institutional subsidies

This subsidy is available to qualifying institutions to enable them to create affordable housing stock for persons who qualify for housing subsidies. This housing subsidy mechanism provides R29 450.00 to qualifying beneficiaries whose monthly income may not exceed R3 500. The subsidy is paid to approved institutions to provide subsidised housing on deed of sale, rental or rent to buy options, on condition that the beneficiaries are not compelled to pay the full purchase price or take transfer of the house within the first four years of receipt of the subsidy. Institutions must also invest capital in the projects from their own resources. Since its inception on 1 December 1995 until 31 March 2006, 68 900 subsidies were approved.



### Relocation assistance

This programme provides an alternative option to defaulting borrowers who were three months in arrears on the 31 August 1997, and where the option of rehabilitating these mortgage loans was not affordable. This alternative provides an opportunity for qualifying beneficiaries to obtain affordable housing with the assistance of a housing subsidy. A person who is eligible for relocation assistance is required to enter into a Relocation Agreement in order to relocate to more affordable housing. Since June 1995 until 31 March 2006, a total of 10 109 beneficiaries received relocation assistance subsidies.

### Discount Benefit Scheme

This benefit scheme promotes home ownership to tenants of pre-1994 State-financed rental stock, including formal housing and serviced sites. In terms of this scheme, tenants receive a maximum discount of R7 500.00 on the selling price of the property. Where the discount amount equals or exceeds the purchase price or loan balance, the property is transferred free of any further capital charges. Approximately 1 000 000 households qualify for assistance under the Discount Benefit Scheme and up to 30 February 2006, a total of 552 007 beneficiaries have participated in the Scheme. This Scheme was superseded by the Enhanced Extended Discount Benefit Scheme from 1 December 2005.

### Phasing Out Programme

In terms of Section 14(9) of the Housing Act, 1997 (Act No. 107 of 1997) as amended, the Minister of Housing instituted a national housing programme to phase out housing subsidies and to normalise the housing environment in respect of housing stock created under the previous housing dispensation. A detailed Phasing Out Programme was developed by the Department and approved by Housing MINMEC during 2000. In order to stimulate and





facilitate the transfer of public housing stock to qualifying occupants this programme was superseded by the Enhanced Extended Discount Benefit Scheme from 1 December 2005

#### Enhanced Extended Discount Benefit Scheme [EEDBS]

The principles and objectives of the Phasing Out Programme and the Discount Benefit Scheme policies were found to be no longer adequate to deal with a wide range of complexities. A new policy framework, criteria, conditions and implementation processes and procedures for an Enhanced Extended Discount Benefit Scheme [EEDBS] were therefore put in place from 1 December 2005 to support decisions made regarding the transfer of pre-1994 housing stock. The EEDBS supersedes all other policies and implementation guidelines relating to the Discount Benefit Scheme and the Phasing Out Programme. The policy intent of the EEDBS is to stimulate and facilitate the transfer of public housing stock to qualifying occupants, by using subsidisation up to the full prevailing individual housing subsidy amount.

#### First Time Home Buyers Interest Subsidy Scheme [FTHBISS]

This scheme was implemented on 1 June 1982 to promote home ownership and stimulate access to credit for the purchase of a house and/or the building of new dwellings. The FTHBISS was aimed at subsidising the interest payable on mortgage loans over the first seven years of the loan period. With the implementation of the individual subsidy mechanism of the Housing Subsidy Scheme on 5 June 1995, the FTHBISS was closed for any further applications. Subsidies payable in terms of the FTHBISS were reduced, on an annual basis, and have been phased out over a seven-year period. An average of 33 remaining beneficiaries was making use of the benefit of the FTHBISS and an amount of R971.99 had been transferred to financial institutions in terms of the Scheme. The Government's obligations towards approved participating beneficiaries ended in June 2005.

#### Rural subsidies: Informal Land Rights

This subsidy is available to beneficiaries who only enjoy functional tenure rights to the land they occupy. Land which qualifies for Informal Land Rights belongs to the State and is governed by traditional authorities. The subsidies are only available on a project basis and implementing agents support beneficiaries. Beneficiaries also have the right to decide on how to use their subsidies: for service provision, for building a house, or for a combination of these two options. Since inception of this programme in November 1999 until 31 March 2006, 128 projects, with a total of 121 678 subsidies were approved.

#### People's Housing Process

This process supports households who wish to enhance their housing subsidies by building or personally supervising the building of their own homes. This process is a method of accessing the project-linked, project-linked consolidation, institutional, or rural subsidies, as well as technical and other forms of assistance in the low-income house-building process. Since the inception of this programme in 1998 until 31 December 2006, 769 projects, with a total of 634 790 beneficiaries were approved.

#### Deregistration of missing government housing subsidy beneficiaries in the Office of the Chief Registrar of Deeds

Deregistration, or the cancellation of registration of transfer, refers to a process whereby a name of a property owner is removed from the title deed



and the Deeds Register of the Chief Registrar of Deeds. The procedures in the case of government housing subsidy beneficiaries that are missing or are unable to take physical occupation and where the properties need to be deregistered in the office of the Chief Registrar of Deeds were approved by the Committee: Heads of Housing Departments in May 2005 for implementation from 1 July 2005.

### **Prevention of the repetitive use of dependents names to access a housing subsidy**

In order to prevent the repetitive use of dependents names by applicants to access a housing subsidy the Committee: Heads of Housing Departments approved in May 2005, for implementation from 1 July 2005, a procedure whereby a financial dependent is defined and, applicants must now list all their financial dependents and prescribed documents must accompany the amended application form.

### **Development and implementation of the new procurement regime**

In May 2000 Housing MINMEC, approved a policy revision framework to realign the process of housing development within the Housing Subsidy Scheme with the procurement prescripts applicable to organs of State. Since this task represented a substantial amount of work and it was accepted that disruption in the housing delivery process should be minimised, a phased approach to implement the Procurement Regime was adopted. The introduction of procurement guidelines for all project related subsidies were approved and enhanced guidelines for the People's Housing Process Programme have been introduced in September 2005. The development of procurement guidelines in respect of the remaining housing subsidy mechanisms and Programmes is under way.

### **Impact of the current housing subsidy dispensation on women**

An investigation was undertaken into the impact of the current subsidy dispensation on women, following which, administrative measures to protect women were approved for implementation from 1 April 2005. In future, all subsidised houses will be registered in both the spouses/partners names.

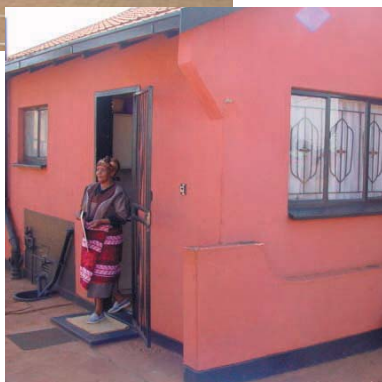
### **Phased development approach for housing development projects**

In order to address dysfunctionalities in development strategies and to broaden the level of discretion and options to enable a more needs orientated approach towards housing development initiatives, Housing MINMEC approved, in September 2005, Implementation Guidelines for a Phased Housing Development Approach. This approach will allow, Greenfield housing development projects, undertaken by means of the project linked subsidy mechanism, the installation of services, as Phase 1 of a project, and the construction of the top structure, as Phase 2. The subsidy amounts applicable to these phases are determined by the date on which a specific phase is approved.

### **Implementation Guidelines for the Unblocking of Housing Projects**

Numerous existing housing projects became blocked due to financial, legal or other bona fide reasons. In November 2005 Housing MINMEC approved procedures whereby an increase in the historic subsidy amount, ie. initial project proposal and specifications relating to the level of services and top-





structure, to an amount equal to the prevailing subsidy amount, can be used to unblock housing projects. All identified blocked housing projects must however be completed by no later than 31 March 2008.

### **Extension of the National Home Builders Registration Council's [NHBRC] Warranty Scheme**

The NHBRC, through the Housing Consumer Protection Measures Act (Act 95 of 1998) has a mandate to provide warranty protection against structural defects in new homes. The NHBRC's Warranty Scheme currently includes houses built in terms of the following subsidy mechanisms and/or process namely:

- Consolidation subsidy;
- Project-linked subsidy
- Relocation Assistance;
- Developer Driven Individual subsidy [Subsidy mechanism phased out]
- Non-Credit Linked Individual subsidies; and the
- People's Housing Process (PHP), up to the project enrolment stage.

### **Annual adjustment of the quantum of the housing subsidy**

The quantum of the subsidy amount was increased with effect from 1 April 2005. This increase, based on the Building Cost Index (BCI) available from the Bureau of Economic Research (BER) is industry-specific and is considered to be an accurate method of escalating building costs. The increase will ensure that a housing subsidy will meet the inflationary demands made on building material, and will be able to finance a serviced stand and the construction cost of a 30m<sup>2</sup> house.

### **Application of the Operational Expenditure budget in support of the implementation of national and provincial housing programmes**

In order to regulate the voted allocation of an Operational Capital Budget Programme funding structure that was included in the Division of Revenue Act of 14 April 2005, as part of the Integrated Housing and Human Settlement Development Grant funding application, Housing MINMEC approved Guidelines for the Application of the Operational Expenditure Budget to be implemented on 1 November 2005.

### **Payment for the completion of a top structure prior to the registration of transfer**

Township establishment difficulties, which relate to the transfer and registration processes at Deeds Offices, hampered progress to the next milestone of the housing delivery process. Initially, approval was granted on the basis that, in the case where townships have been proclaimed on State land, Progress Payment No. 4 (transfer of land) may be made before Progress Payment No. 5 (completion of top structure). Subject to specific milestones, within the framework of the Public Sector Finance Management Act (Act No.1 of 1999) approval was granted by the Committee: Heads of Housing Departments, in August 2005 that progress payments may now be made in any sequence in terms of the New Progress Payment System.

### **Overcoming the down payment barrier [Housing Finance-linked Individual Subsidy Programme]**

Following Cabinet's approval, and through the Department's subsidy programme, a new mechanism was developed to subsidise the down payments for finance by first time home buyers. Housing MINMEC approved that the subsequent Housing Finance-linked Individual Subsidy Programme

can be implemented from October 2005 and that it can be used by first time home buyers of new (primary market) or existing (secondary market) stock, who earn a household income of between R3 501 and R7 000. The benefit of this subsidy programme is that the borrower's loan-to-value ratio is reduced, which then reduces the lender's assessment of risk, which in turn increases the incentive for the lender to lend.

### **The development of a set of technical standards and specifications that will serve as the national norm for the Public Sector Hostel Redevelopment Programme**

Various Task Team meetings held to discuss detailed redrafted processes, procedures, forms and rules have led to the revision of the Technical Specifications and, the reformulation of the policy intent of this Programme. Due to stakeholder inputs a new draft document was discussed in March 2006 and the target date for finalisation has been moved to July 2006. The Programme's name will be changed to the Community Residential Units Programme (CRUP) to include pre-1994 un-saleable rental stock. The main objective of the CRUP will be to transform old public sector hostels into affordable and sustainable community residential units for qualifying residents.

### **Policy Framework & Implementation Guidelines for fast tracking a housing solution for people living in areas of stress by using the Emergency Housing Circumstances Programme**

The fast tracking solution that was approved by Housing MINMEC, for implementation on 1 November 2005, will assist families who find themselves in risk-prone areas such as unacceptable unhealthy conditions in informal settlements, locations below flood lines, along railway lines, congested backyards, condemned buildings, etc.

### **Indicators developed to measure effectiveness and efficiency of the Housing Subsidy Scheme**

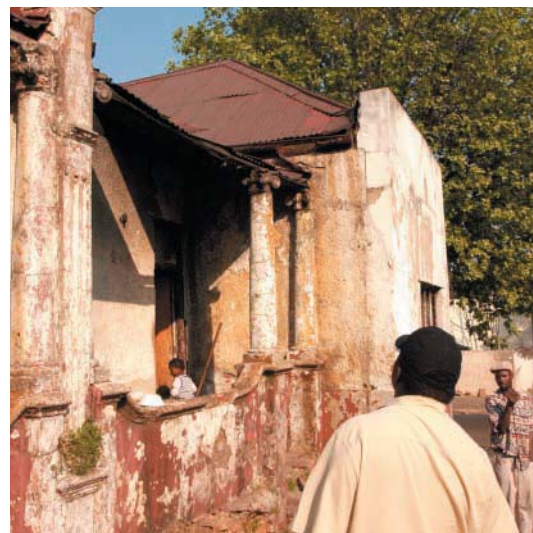
In the reporting year ten housing subsidy mechanisms evaluation indicator questionnaires were drafted. Four of these were discussed at a Task Team meeting and the rest of the questionnaires are now amended in accord with the recommendations. Due to the urgency of other projects the six remaining subsidy mechanisms questionnaires will be drafted in the second quarter of the 2006 financial year. The evaluation process will then be taken forward by the Monitoring and Evaluation component of the Department.

## **Special Programmes Support**

### **Achievements**

#### **Human Settlement Redevelopment Programme (HSRP)**

The HSRP, which seeks to identify and address the imbalances and dys-functionalities in human settlement patterns, was managed on an ongoing basis. The HSRP aims to assist in improving the quality of human settlements through the identification and correction of imbalances and dys-functionalities in such human settlements in a quest for more efficient and productive human settlement patterns. The focus of the programme is on the existing residential environment. In addition to dysfunctionality, it also strives to address the adverse physical conditions or nuances that detract from the broad concept to adequate housing and which are not conducive to wholesome and balanced living environments.







During the 2005/06 financial year R24, 396 million was made available by the Division of Revenue Act to finance projects approved in terms of the Programme. Eight projects within 4 provinces (Gauteng, Western Cape, Free State and Limpopo) were funded with this allocation.

In total the HSRP was used to provide funding to 136 active projects (128 multi year projects from previous financial years plus the 8 projects funded in the current financial year) with a total allocation (roll overs plus the current year allocation) of R172,557million. The 136 active projects consisted of fifty eight engineering infrastructure projects which strive to improve the physical conditions of the urban environment, twenty nine planning or re-planning projects which facilitate positive spatial re-ordering, thirty three economic or local economic development projects which encourage participation in economic activity and sixteen social facility projects which stimulate the development of wholesome and balanced living environments.

Forty-four projects or 32% of the active projects have been successfully completed in the 2005/06 financial year. A R102, 351 million of the total R172, 557 allocation was spent and most of the remaining 92 multi-year projects are in an advanced stage of implementation. Of the 136 active projects 30 are located in Rural Development Nodes and 29 are located in the Urban Renewal Nodes.

In view of the fact that various elements supported through the HSRP Pilot Programme are being rolled out as part of the Comprehensive Plan for the Development of Sustainable Human Settlements and thus, funded through the Integrated Housing and Human Settlement Grant it was decided to phase out of the Human Settlement Redevelopment Programme. The Human Settlement Redevelopment Programme will thus, not receive additional funding in coming financial years and once the active projects have been finalised the Programme will come to an end.

### ***Presidential Pilot Project on Rental Housing (PPPRH)***

The aim of the Job Summit Pilot Project on Rental Housing is to facilitate the large-scale delivery of rental housing for targeted income groups as part of the integrated development of selected urban areas using the private sector to finance, develop and manage such Programmes.

During a mid term review in the first quarter of 2004 it was recommended that the programme be comprehensively restructured to accommodate the PPP delivery option. A revised Job Summit Programme Framework and proposal call process incorporating the Public Private Partnership (PPP) procurement methodology, was developed in October 2004. However, the Comprehensive Plan was approved by Cabinet in September 2004 and the revised Social Housing Policy was adopted in June 2005. In light of these policy documents the 2004 Job Summit Programme Framework needs to be reviewed and aligned with the current National Housing Policy. To this end a draft position document was prepared by the NHFC and presented to the Department in September 2005. During this meeting a need to do further work to align the Programme, whilst retaining PPP requirements, with the social housing framework and pilots to be undertaken in terms of the approved social housing policy was identified.

Subsequently the NHFC did complete additional work to align the Programme with the Comprehensive Plan and the approved Social Housing Policy. On the basis of the revised programme framework the Department



requested the NHFC to commence with the implementation of phase 2 of the Programme provided that the National Treasury must approve the implementation of the Phase 2 roll out Programme. All these amendments to the programme to align it with the Comprehensive Plan for the Development of Sustainable Human Settlements and the social housing policy thus, caused the delay in the implementation of Phase II of the Programme.

Phase II of the Job Summit Pilot Project on Rental Housing has, however, commenced in the fourth quarter of the 2005/06 financial year. The NHFC procured the services of consultants to assist with the development of:

- A proposal call for phase II that can be issued to municipalities.
- A three year business plan for the implementation of the programme.
- Conducting a Pre-Feasibility assessment on short listed projects/municipalities.

It is anticipated that the scope of work outlined above will be finalised within the first six months of the 2006/07 financial year.

### **Social Housing Programme**

In June 2005, Housing Minmec approved the Social Housing Policy which is intended to fill the policy vacuum in the sector and to address key challenges, with the specific focus and objective of contributing to the national priority of reorganising South African society by addressing structural, economic, social and spatial dysfunctionalities. The Policy contributes very strongly towards the achievement of urban restructuring and renewal through integration. Hence it impacts positively on urban economies by providing rental accommodation, managed by Social Housing Institutions, close to economic opportunities, for persons in the lower economic bracket. It also aims to improve the overall functioning of the housing environment and the urban rental housing sector by providing a wider range of housing options for the poor.

### **Capacity Building**

#### **Achievements**

During the year under review, the Directorate Capacity Building implemented the operational plan as approved. The following are achievements over and above those that were planned for this is as a result of training work that was done as a result of policies and implementation guidelines approved in year 2004-2005.

#### **Housing Consumer Education**

Housing Consumer Education was piloted in the context of project consolidate and the establishment of housing units within provinces and municipalities. In line with the signed social contract with industry and financial institutions an MOU on consumer education was signed for collaborative work. A radio programme, Homey2Homey was developed and aired with six SABC radio stations, so as to promote access to housing knowledge, subsidies, property preservation and housing as an investment asset. The broadcasts were done in English; Afrikaans; isiZulu; SeSotho, TshiVenda and XiTsonga. The Housing Consumer Education Framework has been enhanced to be in line with the Comprehensive Plan for the Development of Sustainable Human Settlements.





### Skills Audit

Terms of reference to conduct a Skills Audit and capacity requirements for municipalities were developed and submitted for approval. The planned Skills audit was not authorised, as a result it has been deferred to 2006/07.

### Housing Sector Call Centre Training

Housing sector specific Call Centre training was conducted during the period under review; the training programme incorporated elements of the Housing Consumer Education Programme and Call Centre specific skills. The target group was the frontline staff members who interact with customers of the Department on a daily basis.

### Sanitation, Health and Hygiene

Accredited Sanitation, Health & Hygiene training modules were developed and incorporated with the Housing Consumer Education training programme. The aim of the programme is to respond to the WSSD recommendations and AMCHUD recommendations on urbanisation.

### Provincial Housing Capacity Building Programme

In pursuit of its monitoring role the Directorate held four (quarterly) monitoring sessions.

Provinces conducted various training and development courses in line with their approved Capacity Building Business Plans. A total of 31 courses were presented and attended by 3 455 participants consisting of officials, councilors and consumers.

The Directorate coordinated a national Municipal Road-show on Housing Sector Integrated Development Plans as part of a new planning dispensation for the creation of sustainable human settlements. A total of 11 provincial workshops were conducted attended by 417 participants.

### The Professionalisation of the Housing Sector

With a view to professionalise the housing sector under one umbrella, a Draft Framework was developed, taking into consideration national and international experience. This draft Framework is currently being discussed with a variety of role players with a view to the establishment of a Housing Professional Body in 2006/07.

### Housing Qualifications and Unit Standards Design

During the period under review the Directorate facilitated the development of unit standards through the Housing Standards Generating Body for an undergraduate degree (NQF Level 6). A draft unit standard based undergraduate degree qualification at NQF Level 6 has been developed and is currently being discussed within the sector before submission to South African Qualifications Authority (SAQA).

### Challenges experienced

During the year under review a lack of funding led to a slow down of Housing SGB activities. The Directorate in partnership with the Housing SGB ultimately secured funding from SAQA in March 2006 to expedite delivery on the Housing SGB's core business.

### SA/Cuban Technical Support Programme

In pursuit of skills development under the auspices of the Cuban Technical Support Programme in respect of PHP, the Cuban Technicians are involved in 228 projects across eight provinces. A total number of 37 281 housing units have been awarded to the programme for construction of which 36 614 units have been completed.

In addition, as part of a skills development process, 51 officials, 885 housing beneficiaries and 324 NGO's benefited from the Skills transfer programme.

### Housing Scholarship Programme

During the year under review three students completed their studies and were employed by the Department. This programme was extended with effect from 2006 and an additional 12 scholarships have been granted to date. Students are with various institutions of higher learning.

### Conditional Grants

An amount of R24, 396 million was available for transfer to four provinces in terms of the HSRP. The transfer of funds was effected on condition that suitable business plans were submitted and approved by the Department of Housing. The allocation of R24,396 million was made available to honour the commitments made in relation to approved projects business plans already approved in the 2004/05 financial year. The grant funds the capital expenditure of the projects approved in terms of the criteria of the Programme.

### Summary of conditional Grants

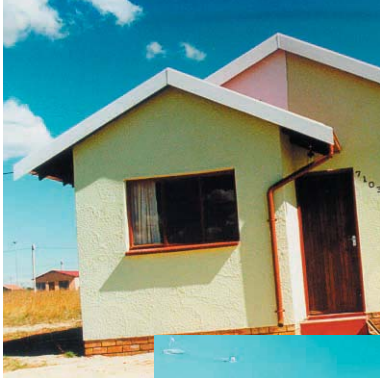
Conditional Grant	Total Allocation	Total Transfers
Human Settlement Redevelopment Programme	R24,396,000	R24,396,000

### Human Settlement Redevelopment Grant

Province	Total Allocation	Total Transfers
Eastern Cape	R0	R0
Free State	R9,475,000	R9,475,000
Gauteng	R4,130,000	R4,130,000
KwaZulu-Natal	R0	R0
Mpumalanga	R0	R0
Northern Cape	R0	R0
Limpopo Province	R1,418,000	R1,418,000
North West	R0	R0
Western Cape	R9,373,000	R9,373,000
<b>TOTAL</b>	<b>R 24,396,000</b>	<b>R24,396,000</b>

The Transfer of Payment Schedule was not amended during the 2005/06 financial year. As prescribed by the grant framework the funding was only transferred to the provinces once approved business plans were in place. No funds were retained for administrative costs.





In the 2005/06 financial year total expenditure in terms of the HSRP amounted to R102,351 million. The total 2005/06 allocation plus R77,955 million of the roll overs from previous financial years was thus spent. Provinces generally have, however, improved upon their year on year expenditure from the 2005/06 financial year. Gauteng has spent 100% of its HSRP funding whilst Free State, Mpumalanga and North West have spent over 70% of the total allocations (current year allocations plus roll over amounts from previous financial years). The HSRP was furthermore reviewed concurrently with the formulation of the Comprehensive Plan for the Development Sustainable Human Settlements of the Department of Housing within which the Department committed itself towards achieving the broader notion of sustainable human settlements and more efficient cities, towns and regions. The projects funded through this pilot programme contributed towards the mainstreaming of certain elements within the comprehensive plan including inter alia the funding of the provision of selected social and economic facilities and amenities.

Compliance with the conditions of the Programme is being monitored in terms of an approved Monitoring and Reporting Framework. Despite having this framework in place it has been difficult to monitor compliance with the Division of Revenue Act. This was due to a lack of quality reporting in accordance with the above framework by some Provinces. The Department is trying to address these problems through provincial project manager meetings, providing provinces with detailed monthly feedback regarding the quality of the monthly reports and conducting provincial visits.

In addition to these interventions the Departments also requested detailed project by project status quo reports in some provinces from the project implementers to ensure that information contained in the monthly reports are accurate and concise. These feedback processes is focused on resolving inconsistencies in and omissions of required information. This task has, however, been challenging in relation to some provinces as the provincial project managers are changed regularly with the end result being that ongoing training and capacitation needs to occur to ensure that the required information is submitted. In accordance with the grant framework no funding not committed in terms of approved business plans was transferred to the Provinces throughout the course of the financial year.

Despite the above mentioned challenges it is expected that the objectives and outputs of the projects funded through the HSRP will progressively be achieved as projects are finalised.



## Service delivery achievements

Sub-programmes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
National Housing Programmes	Develop HIV/AIDS Housing Assistance Implementation Guidelines	Housing MINMEC approved Assistance Guidelines	Policy together with Implementation Guidelines finalised by the policy structures of the Department	Policy and guidelines were not finalised and approved
	Enhancement of Implementation Guidelines for the Public Sector Hostels Redevelopment Programme	Housing MINMEC approved Hostels Redevelopment Programme	Implementation Guidelines finalised in March 2005  Target date for completion of the enhanced guidelines has been moved to July 2006	Due to stakeholder inputs a new draft document was discussed in March 2006, target not achieved
	Develop Implementation Guidelines for a Medium Density (Rental) Housing Policy	Housing MINMEC approved Implementation Guidelines	Policy together with Implementation Guidelines finalised by the policy structures of the Department	Policy and guidelines not finalised Output was achieved
	Develop Implementation Guidelines for a Farm Worker Housing Policy	Housing MINMEC approved Implementation Guidelines	Policy together with Implementation Guidelines finalised by the policy structures of the Department	Policy and guidelines were not finalised Output not achieved
	Investigate the impact of the current subsidy dispensation on women Housing MINMEC enhanced subsidy dispensation	Investigative report ratified by Housing MINMEC in March 2005	Due to stakeholder inputs ratified by Housing MINMEC in September 2005	Investigative report ratified by Housing MINMEC in March 2005 Due to stakeholder inputs ratified by Housing MINMEC in September 2005
	Amend and enhance the qualification criteria for the access to a subsidy	Housing MINMEC approved qualification criteria	Housing MINMEC approved Amended Guidelines in March 2005 Due to stakeholder inputs Amended Guidelines approved by Housing MINMEC for implementation in October 2005	Housing MINMEC approved Amended Guidelines in March 2005  Due to stakeholder inputs Amended Guidelines approved by Housing MINMEC for implementation in October 2005
	Develop detailed guidelines for the implementation of a policy for child headed households to benefit from the housing subsidy scheme	Housing MINMEC approved Implementation Guidelines	Policy together with Implementation Guidelines will be finalised by the policy structures of the Department	Policy together with Implementation Guidelines will be finalised by the policy structures of the Department
	Detailed Guidelines for Policy on subsidy of recurrent services cost	Housing MINMEC approved Implementation Guidelines	Approved guidelines for policy on subsidy recurrent service cost	Policy was not approved Output not achieved





Sub-pro-grammes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>National Housing Programmes</b>	Develop implementation guidelines for the shared accommodation policy	Housing MINMEC approved Implementation Guidelines	Developed guidelines on shared accommodation policy approved	Guidelines on shared accommodation policy were not approved Output not achieved
	Detailed Guidelines for Tenure option policy	Housing MINMEC approved Implementation Guidelines	Approved guidelines on Tenure option	Enhancement of the Detailed Guidelines will follow once the development of the policy has been finalised and approved by the Policy Structures of the Department
	Guidelines for amended National Norms and standards	Housing MINMEC approved Norms and standards	Policy together with Implementation Guidelines finalised by the policy structures of the Department	National norms and standards guidelines not finalised Output not achieved
	Detailed Guidelines for Phased housing development programme	Housing MINMEC approved Implementation Guidelines	Implementation Guidelines finalised in September 2005	Implementation Guidelines finalised in September 2005
	Detailed Guidelines for policy on NHBRC Warranty Cover for other subsidy mechanisms	Committee: Heads of Housing Departments approved Implementation Guidelines	Implementation Guidelines finalised in December 2004  Due to stakeholder inputs the Committee: Heads of Housing Departments approval was obtained in May 2005 for implementation	Implementation Guidelines finalised in December 2004  Due to stakeholder inputs the Committee: Heads of Housing Departments approval was obtained in May 2005 for implementation
	A framework for the implementation of the Expanded Public Works Programme	Housing MINMEC approved Implementation Guidelines	Implementation Guidelines finalised in March 2005	Implementation Guidelines finalised in March 2005
	A framework for the rectification of defects on houses built between 1994 - 31 March 2002	Housing MINMEC approved Implementation Guidelines	Implementation Guidelines finalised in March 2005	Implementation Guidelines finalised in March 2005
	A framework for the evaluation of the Housing Subsidy Schemes	Housing MINMEC approved Implementation Guidelines amended on the basis of indicator results	Implementation Guidelines finalised in September 2005  Evaluation indicator questionnaires for ten subsidy mechanisms have been formulated	Implementation Guidelines finalised in September 2005  Evaluation indicator questionnaires for ten subsidy mechanisms have been formulated

## Ad Hoc Projects

Sub-programmes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>National Housing Programmes</b>			The evaluation process will be taken forward by the Monitoring and Evaluation component of the Department	The evaluation process will be taken forward by the Monitoring and Evaluation component of the Department
	Develop an accreditation framework and accompanying implementation guidelines for municipalities to administer National Housing Programmes	Housing MINMEC approved accreditation framework and implementation guidelines	Framework and accompanying implementation guidelines finalised in August 2005 with minor amendments	Framework and accompanying implementation guidelines finalised in August 2005 with minor amendments
	Develop Implementation Guidelines for the Deregistration of Missing Government Housing Subsidy Beneficiaries in the Office of the Chief Registrar of Deeds	Committee: Heads of Housing Departments approved Implementation Guidelines	Detailed Implementation Guidelines submitted to the Committee: Heads of Housing Departments and approved in May 2005	Detailed Implementation Guidelines submitted to the Committee: Heads of Housing Departments and approved in May 2005
	Develop Implementation Guidelines for the Prevention of the Repetitive use of Dependents names to access a Housing Subsidy	Housing MINMEC approved Implementation Guidelines	Implementation Guidelines submitted to the Committee: Heads of Housing Departments and approved in May 2005	Implementation Guidelines submitted to the Committee: Heads of Housing Departments and approved in May 2005
	Develop a Policy Framework and Implementation Guidelines for an Enhanced Extended Discount Benefit Scheme to fast track accessing of title deeds	Housing MINMEC approved Policy Framework and Implementation Guidelines	Policy Framework and accompanying Implementation Guidelines finalised in November 2005 and approved by Housing MINMEC in December 2005	Policy Framework and accompanying Implementation Guidelines finalised in November 2005 and approved by Housing MINMEC in December 2005
	Enhance Implementation Guidelines and Procurement Regime for housing delivered through the People's Housing Process	Housing MINMEC approved Implementation Guidelines and Procurement Regime	Implementation Guidelines and Procurement Regime finalised in March 2005 Due to stakeholder inputs Housing MINMEC's approval was obtained in September 2005 for implementation	Implementation Guidelines and Procurement Regime finalised in March 2005 Due to stakeholder inputs Housing MINMEC's approval was obtained in September 2005 for implementation
	Develop Implementation Guidelines for Housing Finance Linked Individual Subsidies for beneficiaries in the R3 501 - R7 000 income category	Housing MINMEC approved Implementation Guidelines	Implementation Guidelines approved by Housing MINMEC in October 2005	Implementation Guidelines approved by Housing MINMEC in October 2005
	Develop Implementation Guidelines for the application of the Operational Expenditure Budget in support of the implementation of National and Provincial Housing Programmes	Housing MINMEC approved Implementation Guidelines	Implementation Guidelines finalised in October 2005 and approved by Housing MINMEC for implementation from 1 November 2005	Implementation Guidelines finalised in October 2005 and approved by Housing MINMEC for implementation from 1 November 2005
	Develop a Policy Framework and Implementation Guidelines for Fast Tracking a Housing Solution for People living in Areas of Stress	Housing MINMEC approved Policy Framework and Implementation Guidelines	Policy Framework and Implementation Guidelines approved by Housing MINMEC for implementation from 1 November 2005	Policy Framework and Implementation Guidelines approved by Housing MINMEC for implementation from 1 November 2005

## Service delivery achievements

Sub-programmes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Special Programmes Support</b>	Human Settlement Redevelopment Programme – Support and monitor the phasing out of the Programme	Effecting timeous transfers in accordance with the approved Transfer of Payment Schedule	Transfer R24,396 million in accordance with the Transfer of Payment Schedule	Transferred R24,396 million to the Provinces in accordance with the Transfer of Payment Schedule
		Compilation of Transfer of Payment Schedule for the 2005/06 payments to occur	Approved Transfer of Payment Schedule for the transfer of the required R24,396 million	An approved Transfer of Payment Schedule was put in place in terms of which the required transfers occurred The Transfer of Payment schedule was not amended during the 2005/06 financial year
		Compilation of the monthly DORA expenditure reports	Submission of the monthly reports by the 20th of each month as required by the Division of Revenue Act	All monthly reports were submitted on or before the 20th of the month
		Compilation of the quarterly non financial reports	Submission of quarterly reports within 5 weeks of the quarter ending	The last quarterly report for 2004/05 as well as the reports for the first 3 quarters of the 2005/06 financial year were all submitted within 5 weeks of the quarters ending
		Monitoring the implementation and finalisation of projects through the submission of close down reports and site visits	Monitor the finalisation of an expected 30% of active projects	44 projects were finalised during the 2005/06 financial year – this constitutes 32% of active projects Visits to all nine provinces were carried out – all the visits included site visits

Sub-programmes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Presidential Pilot Project on Rental Housing	Monitor and support the delivery of ±50 000 rental units	Facilitate putting out the proposal call for the phase 2 projects  Support the authorisation and pre-feasibility phase (Phase 2)	All the required amendments to the programme to align it with the Comprehensive Plan for the Development of Sustainable Human Settlements and the social housing policy caused the delay in the implementation of Phase II of the Programme  Phase II of the Job Summit Pilot Project on Rental Housing has, however commenced in the fourth quarter  The NHFC procured the services of consultants to assist with the development of: <ul style="list-style-type: none"> <li>- A proposal call for phase II that can be issued to municipalities;</li> <li>- A three year business plan for the implementation of the programme; and</li> <li>- Conducting a Pre-Feasibility assessment on short listed projects/ municipalities</li> </ul> It is anticipated that the scope of work outlined above will be finalised within the first six months of the 2006/07 financial year
	Support Provincial Governments with the implementation of the provision of social and economic facilities	Finalisation of detailed guideline document	Approved guidelines	Approved guidelines in place
	Support the alignment of sectoral infrastructure policies in support of housing development	Facilitate the alignment of sectoral infrastructure policies and programmes	Representing the Department at the National Sanitation Task Team, Water Services Sector Leadership Group, Masibambanell II meetings	Represented the Department at all the scheduled meetings of the National Sanitation Task Team, the Water Services Sector Leadership Group, the MIT3 Policy, Strategy and Financial Working Group, Masibambanell II meetings



Sub-programmes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
<b>Capacity Building</b>	Housing Consumer Education Pilot Programme	Pilot programme implemented in four provinces	Housing Consumer Education rolled out in the four provinces	Housing Consumer Education rolled out in the four provinces
	Seminars and workshops on housing policies & legislation conducted	Number of seminars and workshops on housing policies and legislation	% of seminars and workshops conducted	% of seminars and workshops conducted
	Training and workshop on Housing Assistance in Emergency Circumstances	Number of officials trained on Housing Assistance in Emergency circumstances	One national workshop conducted on Housing Assistance in Emergency Circumstances with a maximum number of twenty trainees participating in the workshop	One national workshop conducted on Housing Assistance in Emergency Circumstances with a maximum number of twenty trainees participating in the workshop
	Sanitation, Health and Hygiene training module developed	Developed training module on Sanitation, Health and Hygiene	Approved accredited training module on Sanitation, Health and Hygiene	Approved accredited training module on Sanitation, Health and Hygiene
	Training of Call Centre officials	Number of training sessions conducted and number of trainees	One workshop conducted	One workshop conducted
	Skills Audit conducted in 283 municipalities	Completion of the skills audit for all 283 local municipalities	Completion and report on the skills audit of 283 local municipalities	Not Achieved, deferred to 2006/07 financial year
	Knowledgeable and competent officials, councillors and consumers	Number of training services sourced and learnerships conducted	% of learners /officials trained	% of learners /officials trained
	Approved framework on Professionalisation of the Housing sector	Developed framework on Professionalisation of the Housing sector	Developed framework on Professionalisation of the Housing sector	Not Achieved, deferred to 2006/07 financial year
	Creating a pool of skilled and competent housing practitioners	Registered unit standards and qualifications with SAQA	Generation of the unit standards and qualifications by the housing Standards Generating Body	Not Achieved, deferred to 2006/07 financial year
			Generation of a qualification at NQF level 5 & 6 (degree level)	Not Achieved, deferred to 2006/07 financial year
	Monitored Cuban Technical Support Programme for PHP	Number of monitored Cuban Technical Support Programme	228 PHP Projects supported by the Cuban Technical Support Programme	228 PHP Projects supported by the Cuban Technical Support Programme
	Managed and resourced Matric Housing Scholarship programme	Number of housing scholarships awarded	Number of Scholarships managed	Number of Scholarships managed



## Programme 4: Housing Sector Performance

### Purpose

Monitor the implementation and performance of national housing policy and programmes, and evaluate and assess their impact on beneficiaries, the environment and on the roles of the three spheres of government.

### Measurable Objectives

Disburse and monitor funds for housing delivery in compliance with the Public Finance Management Act (1999) and Division of Revenue Act requirements, to ensure that expenditure matches annual delivery commitments.

### Service delivery objectives and indicators

#### Recent outputs

During the financial year 2005/06 the directorate achieved the following through its sub-directorates:

#### Housing Delivery

The Sub-Directorate continued with the intervention to align reporting housing statistical information in various publications on both national and provincial levels in collaboration with National Treasury and various meetings were held with Provincial Treasuries in this regard. Discussions with all Provincial Housing Departments were held, to identify gaps or problems areas in this regard and to implement mechanisms to address them. The Sub-Directorate has developed and implemented verification mechanisms, developed common reporting formats and definitions, monitored credibility level of housing information continuously with a view to target date of 31 March 2006, participated in meetings of National Treasury regarding non-financial information, and provided housing statistical information to relevant Government Departments, for example DWAF, National Treasury, STATS SA as well as other institutions, the media and interested companies. The Directorate provided Minister and DPLG with non-financial information in an agreed format for Presidential Imbizos and visits of Minister to Provinces.

#### Planning

During the year under review, several studies were conducted. The study regarding the delay in township establishment processes in Gauteng, Limpopo and KwaZulu-Natal was conducted and, the final report has been produced. The study to determine community participation in project planning and implementation was also conducted and a report has been finalised to that effect. The section also participated in the development of templates regarding information to be included in Business plans of Provinces and IDP's of Local Authorities

#### Impact Evaluation

During the 2005/2006 financial year, a study was conducted on the monitoring and evaluation capacity in Provincial Housing Departments and a report has been produced. The objective of the study was to determine the human, financial and infrastructural capacity that exists in Provincial Housing Departments. Another study was conducted on the impact of na-



tional housing programmes on beneficiaries in Northern Cape, Free State, Eastern Cape, Western Cape and KwaZulu-Natal

## Information Management

### Housing Fact Sheets

The monthly Fact Sheets to March 2006 have been compiled on CD for distribution.

### Housing Development Potential

The Directorate took delivery of the final version of the digital Housing Atlases.

### Urbanisation Study

The urbanisation study was concluded and the report was submitted to the department. A launch workshop has been scheduled for 11 April 2006 to present the findings. A CD version of the Final Urbanisation Report, together with additional research resources has been compiled for distribution at the launch.

### Information Handbook

The "Information Handbook", which is an attempt to make information more readily available to the Minister and Senior Management, was updated with additional statistics.

### Spatial (GIS) viewer

A national spatial (GIS) viewer (digital) was developed using information from our GIS warehouse. Copies of the Spatial Viewer are being distributed to officials and other users of housing related information.

### AMCHUD website

The Directorate was tasked to redevelop the official AMCHUD website by the Ministry. During this quarter new elements were added to the AMCHUD site. Inputs from the Minister were incorporated and the official launch of the website was in April 2006 during the Special AMCHUD Conference in Kenya.

### Other Websites

The Directorate was tasked to develop a website for PHPT and redesign the International Housing Research website. Both initiatives were completed.

### Installation Guide Integra

An installation guide for Integra was developed based on the results and findings of the installation at a test site. The installation guide was distributed for implementation in the 9 Provincial Housing Departments.

## Industry Analysis and Development Finance

Monitored and evaluated the performance of the construction sector indicators on a quarterly basis in order to provide relevant and timeous information to the policy sections within the Department. The intention is that the information and analysis will assist in providing important input to the policy formulation process, to ensure that this process is up to date with trends in the construction sectors.



A pilot CETA accredited training programme to support emerging contractors was initiated to provide training and qualification in various fields related to housing construction. This programme is implemented through the National Home Builder's Registration Council in all nine provinces with the aim of building capacity for contractors who are involved in construction in both the public and private sectors.

This directorate played a significant role in arranging a National Housing Indaba at the request of the Minister to identify and get a commitment from stakeholders to remove possible obstacles in the housing delivery process in order to fast-track housing delivery in South Africa. This has culminated in the signing of a Social Contract with various sectors of the home building industry. The challenge is establishing a unit that will monitor and evaluate implementation of the Social Contract.

Monitored and evaluated the housing finance sector and have analysed the impact of economic indicators on housing and Government programmes. From a study that was conducted during the year it was determined that the major banks have designed and launched home loan products specifically aimed at low income households, indicating the industry's true commitment to achieving a distribution of R42 billion to end users in response to the Financial Sector Charter.

A review of the micro finance industry indicated that only 10% of the total disbursements in the industry is being used for housing purposes and that the loans are mainly used for incremental housing purposes as a result of the small average loan size and short repayment period.

It was determined that the long and short-term industry is busy with the development of insurance products directed at low income earners. Certain obstacles, which need to be overcome by the players in the industry to ensure the successful implementation of these new initiatives, were highlighted.

An investigation into the state of employer-assisted housing schemes in the country was commissioned. The task of providing sustainable human settlements for the lower and middle income households is indeed a great challenge that requires the participation of a number of role players in the economy which included private sector employers as outlined in the Comprehensive Plan.

Monitored and evaluated the development finance trends on a quarterly basis in order to provide relevant and timeous information to the policy sections within the Department. Participated in the Research conference and the land packaging initiatives.

### Housing Institutions

The appointment of the new NHBRC Council is being finalised. The review of housing institution's mandate in line with the new housing plan is underway and is posing a challenge of merging their similar functions with other institutions. Servcon and Thubelisha's business came to an end on the 31 March 2006. New institutions with new mandates and corporate forms are established. The challenge is to find a suitable form for each institution.



## Service delivery achievements

Sub-programmes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Policy and Programme Monitoring	Updated statistical information for 2005/06 financial year	Publication of quarterly report (ABC of Housing Statistical Information) Website	4 quarterly reports	4 quarterly reports and Annual report
	Updated newsletter on essential housing information	Updated newsletter (Essential Info)	4 newsletters	4 newsletters
	Alignment of financial and non-financial information	Aligned housing information available on national and provincial level	Higher level of credible housing information	Slight improvement on certain housing information
	Information on township establishment processes	Annual report	One annual report produced on township establishment processes in Gauteng, Limpopo and KwaZulu-Natal	Annual report produced
	Information on community participation in project planning and implementation	Annual report	One annual report produced	Annual report produced
	Template for information to be included in Provincial and Local authorities business plans	Annual report	One annual report produced	Annual report produced
	Adequate impact assessment information on the impact of national housing programmes on beneficiaries, socio-economic environment and the three tiers of government	One annual report and publication	One annual report and publication on the impact of national housing programmes in Northern Cape, Free State, Eastern Cape, Western Cape & KwaZulu-Natal	Annual report and publication produced
	Information on monitoring and evaluation capacity in Provincial Housing Departments	Annual report	One annual report produced	Annual report produced

Sub-programmes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Systems Operations	Operational & Control systems aligned with policy requirements	Operational system aligned with policy	Deployment of operational system based on release schedule	System deployed
	Provide required support, data quality and technical services to PHD's on the operational environment	Support to PHD based on requests received	960 hours (80 hours per month) of support services to PHD's	960 Hours of support services provided per PHD
	Provide training to PHD's to utilise the operational system effectively	Operational Server and optimised SQL environment	90% Up time of server	90% Up time of server
		HSS expenditure data aligned with BAS expenditure	Monthly alignment of HSS/ BAS expenditure	Monthly alignment of HSS/ BAS expenditure
		Number of units of training provided	Conduct one training session per month	At least one training session per month conducted
	Uploading of approved beneficiaries from the operational environment to the control environment	Weekly upload of approved beneficiaries	Uploads on a weekly basis	Uploads conducted on a weekly basis
	Conduct searches against Deeds, Population and NHSDB database	Daily search process against the various databases	Daily search process	Searches conducted on a daily basis
Functional Information Management	Updated and freely available PAIA manual in 3 languages	Availability of PAIA manual	Manual available	Manual available
	Updated and accessible library catalogue	Availability of library catalogue	Library catalogue available and accessible	Library catalogue available and accessible
	Usage of the Internet and Intranet (InfoHub)	No of hits, page views, site visits and visitors	Four reports on web trends	Four reports on web trends
HUIS (Housing Urbanisation Information Systems)	A data warehouse with housing and human settlement related data	Schedule of Data sets collected, compiled and populated based on user requirements	Updated schedule of latest data available	Updated schedule with new information maintained on the HUIS server
	Business information (HUIS) on national and provincial level to support strategic decision making and planning	Number of reports on updated information sets and tables on indicators	Four reports on information updated	Four reports on Updated Information electronically accessible on-line
	Information dissemination to different user groups	Number of both satisfied and unsatisfied users	Four reports on information disseminated to the different users	Four reports on record of both old and new users and their requirements
Information Analysis & GIS	Reports/Fact Sheets based on analysis	Number of reports or Fact Sheets based on analysis produced	12 Reports/Fact Sheets	12 Reports/Fact Sheets
	Availability of the GIS environment in terms of spatial and non-spatial data sets	Number of reports on spatial information available	Four Reports on spatial information available	Four Reports on spatial information available
	Availability of decision-making tools and information products	Number of reports on decision-making tools and information products	Four reports on decision-making tools and information products developed	Four reports on decision-making tools and information products developed
	Revised Allocation formula framework for MinMec approval	Approved Allocation framework and formula	Approved allocation formula document	Approved allocation formula document





## Service delivery achievements

Sub-programmes:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Industry Analysis & Development Finance	Report on the capacity of the construction industry and the housing sector	Number of reports on trends in the construction industry impacting on housing delivery	4 reports	4 reports
	Report on emerging contractor support programmes	Number of reports on implementation, progress and impact of emerging contractor support	4 reports	4 reports
		Bi-annual report on profile of emerging contractors	2 reports	2 reports
	Report on the alternative building technology and the implementation	Number of reports on implementation and impact of alternative building technology	4 reports	4 reports
	Report on trends identified on economic and financial variables related to housing and assess the impact thereof	Number of reports on trends and impact of variables related to housing	4 reports	4 reports
	Report on the role of the micro-lending industry in the delivery of housing	One annual report produced	1 report	1 report
	Report on an investigation of new financial products developed by the broader financial sector	Number of reports on the role of financial sector in housing	4 report	4 report
	Report on the employer assisted housing schemes	Bi-annual reports on employer assisted housing schemes	2 reports	2 reports
	Report on the developments in the Township Residential Property Market	Number of reports on the impact of housing finance institutional products	4 reports	4 reports
	Report on activities of institutions in terms of their mandates	Number of monitoring and evaluation reports on the activities of institutions	4 reports	4 reports
Housing Institutions	Analysed and approved of Corporate Business Plans	Number of analysis report	4 reports	4 reports
		Number of approved business plans	8 approvals	8 approvals

## Programme 5: Housing Equity

### Purpose

The programme Housing Equity aims to eradicate discrimination and unfair practices to do with access to housing finance, by implementing and administering the Home Loan and Mortgage Disclosure Act, 2000, Act 63 of 2000 and regulations through the Office of Disclosure. This report covers the activities undertaken by the Office of Disclosure during the period 1 April 2005 to 31 March 2006.

### Measurable objective

Increase the level of private sector finance for affordable housing by R42 billion by 2008 ensuring that this will be achieved, through monitoring and analysing lending practices and by supporting the development of appropriate instruments by lending institutions and development of appropriate partnerships between lending institutions, government, housing support institutions and other lenders.

### Service delivery objectives and indicators

#### Recent Output

- The draft Regulations are developed and referred for consultative process with the Governor of the South African Reserve Bank and the Minister of Finance as per legislation.
- Due to the Regulations and Compliance Manual not being finalised, the Office could not receive, capture and analyse information to be disclosed by financial institutions for preparation of the annual report to the Minister.

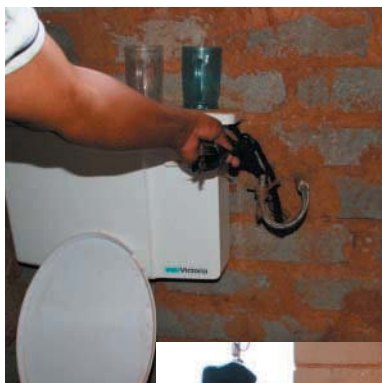
#### Finalisation of Home Loans and Mortgage Compliance Manual

Financial institutions have to comply in terms of the Home Loans and Mortgage Disclosure Act 2000 (Act 63 of 2000). The purpose of a compliance manual is to specify to financial institutions the relevant information that must be disclosed to this Office. A draft Compliance manual has been drawn up. The Compliance Manual will be finalised once the Regulations have been approved and gazetted.

#### IT System to receive data

The Home Loans and Mortgage Disclosure Act 63 of 2000 gives the Office the mandate, amongst others to receive and analyse and to investigate information disclosed by financial institutions. The Office of Disclosure intends having an advanced electronic map programme or Geographic Information System (GIS) comprising details of all erf/plots/sites in the country. The office will colour code each financial institution to assist in identifying an institution's impact and monitor their respective investment patterns. Such a programme will enable the Office of Disclosure to identify discriminatory lending patterns by simply entering a financial institutions code and studying its patterns.





The electronic map programme or GIS will also be able to log onto specific areas for example a suburb, small town, residential area, metro area, province etc. Apart from the electronic map programme there will also be a programme that could be accessed to provide data on mortgage loans in terms of the Act. In kick starting the process to establish a suitable IT system, the Office had a meeting with the IT Directorate of the department to check on capacity and programmes available to set up such a system as desired.

### ***Guide for Complaints Handling Procedure***

In terms of the Act, financial institutions must disclose information to the Department through the Office of Disclosure. However there will be instances where members of the public are not satisfied with the manner which their applications for home loans were handled and/or results obtained. Such members of the public will have access to complain directly to the Office of Disclosure.

For this purpose, a draft complaints procedure information booklet has been completed which will be distributed to members of the public as soon as the act is enforced. Distribution techniques could include workshops by Provincial departments, leaflets being distributed at public areas, eg. churches, schools, universities, post offices, governments offices and also via vigorous campaigns. Therefore, a fully staffed Complaints Call Centre with a toll free telephone number and an e-mail address for complaints handling will be set up.

### ***Appointment of Members of the Office***

In terms of Section 6 of the Home Loans and Mortgage Disclosure Act, the Office will consist of not more than 10 members appointed by the Minister. However, due to the Regulations not being finalised timeously, this task is on hold waiting gazetting and approval of the Regulations.

### ***Profile of the Office of Disclosure***

The Office of Disclosure has been established and prepared a draft of its profile for informing the public about the office's functions. However, due to incomplete regulations, compliance manual and IT systems, a need for additional staff and, Members of the Office appointed in line with functions in terms of the proposed structure and legislative mandate to enable a full complement and functional office, the profile is not finalised.

### ***Insertion of Office's information on departmental website***

Due to incomplete regulations, compliance manual and IT systems, a need for additional staff and Board of Directors appointed in line with functions in terms of the proposed structure and legislative mandate the office's information could not be inserted on departmental website.

### ***Establishment of municipal help desks***

Due to the Regulations and Compliance Manual not being finalised in order to enforce the Act, the Office could not establish the help desks at identified municipalities.

### ***Development of Home Loans and Mortgage Regulations***

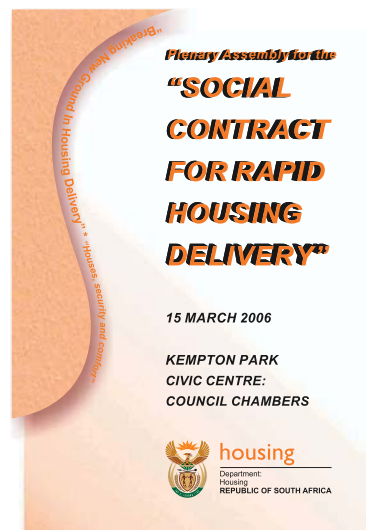
In terms of Section 12 of the Home Loans and Mortgage Disclosure Act 2000 (Act 63 of 2000), the Minister of Housing must, in consultation with the Minister of Finance and the Governor of the Reserve Bank, develop Regulations. Once gazetted the regulations would enforce the Act and set well defined parameters for the financial institution obligations on disclosure. The Directorate Framework Legislation was responsible to oversee that the regulations were finalised and gazetted.

Consultants were appointed to draft regulations and facilitate the consultative process. The draft regulations have been to the Office of Disclosure for comments and way forward. The Office has commented on the regulations and briefed the consultants regarding its expectations and urgency thereof. The consultative process, ie. with the Minister of Finance and the Governor of the Reserve Bank, took place during May - June 2006. The Office envisaged that the Regulations would be ready for Ministerial approval and gazetted by the beginning of the second term of the financial year, which will enable enforcement of the Act and compliance by financial institutions.

The consultative process would be held in two phases. The first phase would be consultation with the Minister of Finance and the Governor of the South African Reserve Bank, while the second phase would be with the other role-players, ie. financial institutions.

### ***Engagement with financial institutions***

This office has also been in discussions with the financial institutions around the Financial Services Charter and the Breaking New Ground Policy on Housing Delivery. Various objectives have been set as directed by the Financial Services Charter and the Comprehensive Plan.



## Service delivery achievements

Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Office of Disclosure	Lending practices and patterns adopted by financial institutions must be uniform	Regulations gazetted	Regulations finalised by end of June 2006	Final Regulations finalised by June 2006
	Information received in format as prescribed in the compliance manual	Compliance manual finalised and approved	Compliance manual approved by July 2006	Compliance Manual finalised by July 2006
	Information received from financial institutions	Information from financial institutions received and analysed	Receive, capture and analyse information disclosed by financial institutions by April 2007	Information by financial institutions received, analysed by April 2007
	Functional IT system in place and members of public using such medium	IT system in place and functional	IT system in place and functional	IT system functional by August 2006
	Profile of the Office completed which highlights a SWOT analysis	Profile of the Office complete	Draft profile document complete by end of June 06	Draft profile document completed by end of June 06
	Successful consumer awareness programme and public is aware of the Office of Disclosure	Consumer education/ awareness	Draft consumer education/ awareness leaflets by July 06	Drafted consumer education/awareness leaflets by July 06
	The help desks are being efficiently used by the public	Municipalities help desks established	Establish Municipalities help desks by August 06	Municipalities help desks by August 06
	Information on the website is being accessed by public and finding it useful	Offices information available on departmental website	Offices information inserted on departmental website	Offices information on departmental website by October 2006
	The financial services charter is in keeping with its mandate	Financial services sector charter	Engage with financial institutions in relation to the Financial Services Charter	Engaged with financial institutions in relation to the Financial Services Charter
	Successful launch of Office of Disclosure and its aims and objectives outlined	Successful launch of the Office of Disclosure	Launch the Office of Disclosure by Nov 06	Launch the Office of Disclosure by Nov 06
	Appointment of Members	Members of the Office appointed	Appointment members of the Office by September 06	Members of the Office appointed by September 06
	Information analysed and an annual report with findings/ recommendation/s is submitted to the Minister	Annual report prepared and submitted	Prepare and submit Annual report to Minister by July 2007	Annual report prepared and submitted to Minister
	Analyse the lending patterns of financial institutions to establish whether lending is taking place within the targeted market	Information disclosed analysed	Analyse the actual lending patterns	Actual on lending patterns analysed



## Programme 6: Housing Development Funding

### Purpose

To fund national housing and human settlement programmes in terms of the Housing Act (1997).

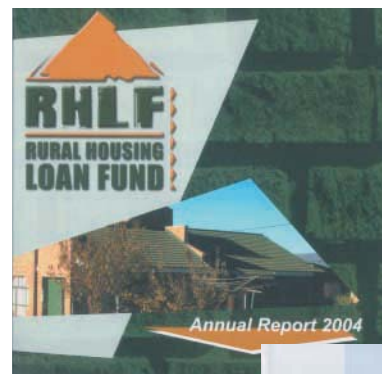
### Measurable Objective

Disburse and monitor funds for housing delivery in compliance with the Public Finance Management Act (1999) and Division of Revenue Act, 2005 requirements, to ensure that expenditure matches annual delivery commitments.

### Service delivery objectives and indicators

The following functions were carried out during the financial year under review, however, they could not be captured in the above schedule as it was indicated at planning stage.

1. Reviewed the 2004-05 annual financial statements of the three public entities (namely RHLF, NURCHA and NHFC), the quarterly Financial Statements for the 2005/06 year and their 2006/07 budgets and issued analysis reports and reported to the entities on their compliance status.
2. Provided comprehensive inputs for the development of the policy on the conditional grants and on the public entities.
3. Reviewed the provincial business plans on the conditional grant and compiled a national business plan on the conditional grant.
4. Inputs for the 2006/07 DORA Bill were provided to National Treasury within the stipulated timeframe.
5. The payment schedule for the 2006/07 year was compiled using the provincial cash flow projections and was submitted to National Treasury within the stipulated timeframes.



## Service delivery achievements

Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Grant Management	Amending Housing subsidy grant framework on an annual basis	Amended framework for the conditional grant	Amended framework for the conditional grant within the timeframe as stipulated by National Treasury	The national department drew inputs for the amendment of the framework for the conditional grant which was work shopped and agreed to with the provinces before submission of the final approved framework by 30 November 2005 to National Treasury as required in terms of the DORA
	Update a framework for the preparation of the provincial business plans annually	Updated a framework for the preparation of the provincial business plans annually	Amended framework for the preparation of the provincial business plans by the end of November	Participated in a two day workshop (conducted in conjunction with other Directorates) with the provincial housing departments and National Treasury on the new planning dispensation and matters relating to DORA compliance in September during the second quarter
	Review of the business plans and payment schedules for approval purposes and the certifying to National Treasury on compliance of the conditions by the provinces	Letters for the approval of the business plans, payment schedules and certificate of compliance sent to National Treasury	Letters for the approval of the business plans, payment schedules and certificate of compliance sent to National Treasury by the 15th of April 2005	<p>The approval letter for the payment schedule sent to National Treasury done by March 2005</p> <p>Business plans review report, approval letter for eight provinces' plans and compliance certificates for the respective provinces were sent to National Treasury by the 15th of April as required in terms of DORA</p> <p>The one province's approval letter and compliance certificate was sent on the 22nd of April as their business plan was submitted after the 15th of April, after a follow-up meeting with the senior management of the province concerned</p>

Sub-programme:	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Transfer of funds according to payment schedule on a monthly basis	Expenditure reports indicating the transfer of funds to Provinces	Monthly reports at the 20th of each month	Funds were transferred according to targeted dates in terms of the payment schedules for all the months except for April 2005 where the transfers were made on later dates due to late submission of the business plans by the provinces. Monthly expenditure reports were sent to National Treasury by the 20th of each month
	Monitoring of performance of projects	Reports on the progress of project performance to Stratman/HoD/MinMec on a quarterly basis and to National Treasury as required in terms of DORA	Quarterly performance review	Four quarterly reports on the financial performance of the grant were prepared and submitted to the National Treasury, NCOP and to Stratman/HOD/MINMEC as requested



## PART 3. REPORT OF THE AUDIT COMMITTEE

### Report of the Audit Committee in terms of Treasury Regulations 3 (1)(10)(b) and (c) and the Public Finance Management Act, 1 of 1999, as amended

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

The members of the Audit Committee and their attendance are as follows:

Member	Number of Scheduled Meetings	Number of Meetings Attended
Dr L Konar	8	Attended all meetings and resigned as Chairperson on the 16 May 2006
Ms S Hari	8	8
Mr T Mnqeta	8	7
Mr A Ferreira	8	6
Ms T Ntuli	8	8
Ms T Njozela	8	8

In the conduct of its duties, the Audit Committee, has *inter alia*, reviewed the following:

- The effectiveness of the internal control systems.
- The effectiveness of the internal audit function.
- The risk areas of the entity's operations covered in the scope of internal and external audits.
- The adequacy, reliability and accuracy of financial information provided by management and other users of such information.
- Accounting and auditing concerns identified as a result of external and internal audits.
- The entity's compliance with legal and regulatory provisions.
- The activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.
- The independence and objectivity of the internal and external auditors.

The Audit Committee is of the opinion based on the information and explanation by management and the internal auditors and discussions with the independent external auditors on the result of their audits and status in addressing the matters raised by SCOPA, that the internal accounting controls are operating, though they need strengthening and improvement

to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

Nothing significant has come to the attention of the Audit Committee other than the matters referred to in the Auditor-General's report to indicate that any material breakdown in the functioning of these control, procedures and systems has occurred during the year under review.

The Audit Committee has evaluated the annual financial statements of the Department of Housing for the year ended 31 March 2006 and based on the information provided to the Audit Committee, considers that it complies, in all material respects, with the requirements of the Public Financial Management Act, 1 of 1999, as amended and Accounting Practice.

At the meeting held on the 25 July 2006, the Audit Committee recommended the adoption of the annual financial statements by the Department of Housing.



Chairperson  
Ms S Hari  
Date: 25 July 2006





## 94 **PART 4. ANNUAL FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2006**

#### **Report of the accounting officer for the year ended 31 March 2006**

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

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

This year follows on the heels of the approval of the Comprehensive Plan. Being the first year of the plan 2005/06 was the year of activity. A year during which, much attention was given to policy review and development of new policies in order to take into account the principles of the "Plan". Such review work included:

- Review mandate and re-positioning our public entities such that they are more effective in supporting our efforts to implement the "Plan".
- A social housing policy for South Africa was developed and approved.
- Review of the allocation formula which has always been urban biased was finalised this year.
- OPSCAP guidelines were approved and included in the framework of the Division of Revenue Act, 2005.
- The enhanced discount benefit scheme.

The following conferences were hosted by the Department to ensure that the housing sector develops better communication between the stakeholders:

- National Municipal Housing Indaba.
- International Research Seminar.
- Social Housing Contract.

We commenced the process of audit and consolidation of the waiting list in Cape Town, Western Cape. The process has provided us with lessons which we will use as the process moves into other areas of the country. Negotiations with the banks resulted in the pledging of R42 billion which will be released into the affordable housing market.

Through a partnership, ABSA Bank and the National Builders Registration Council have made much progress in developing new housing designs. This innovative project is progressing well and will change the face of our future housing projects.

A policy which will assist in ensuring that municipality's IDP's provide for the integration of housing chapters that is ready for approval. This will create a housing voice in the local sphere of government.

In recognition of the fact that the local sphere of government is critical in housing delivery, a framework for the accreditation of municipalities was developed with provinces prioritising some municipalities for accreditation. Funding ear-marked for accreditation was subsequently made available for use by some of the prioritised Local Authorities and Provinces in their effort to build capacity.

A consumer education programme was successfully piloted in four provinces.

## 1.1 General budget overview

The Departments' adjusted budget is R5,265 billion for the year under review and represents a 8.33% increase from the R4,827 billion adjusted appropriation for the previous financial year. Overall 95.30% or R5,018 billion was budgeted for transfers and subsidies. The amount of R5,018 billion was budgeted for as follows:

Provinces	R4,868 billion
Departmental Agencies	R148,958 million
Foreign Governments	R0,069 million
Public Corporations & Private Enterprises	R0,411 million
Households	R0,478 million

The remaining 5% was budgeted for various programmes as shown below (as percentage of the total 5%):

Programme 1 – Administration	R97,384 million	39,36%
Programme 2 – Policy Planning and Research	R22,504 million	9,10%
Programme 3 – Programme Management	R62,412 million	25,23%
Programme 4 – Housing Sector Performance	R56,529 million	22,85%
Programme 5 – Housing Equity	R 2,348 million	0,95%
Programme 6 – Housing Development Funding	R 6,216 million	2,51%

## 1.2 Spending analysis

The Department spent R5,241 billion out of the total of R5,265 billion. This represents a 99,55% spending rate and 0,45% (0,51% in 2004/05) underspending on the vote.

This 0,45% underspending translates to an amount of R23,756 million (R24,678 million in 2004/05) and is due to the following:

### A. Compensation of employees

Underspending on this item amounts to R5,725 million and is mainly due to vacant positions during the year while they were being filled or which could not be filled during the year. The most affected programmes where the amounts exceed 5% are:

Programme 3: Programme Management	29,93%
Programme 4: Housing Sector Performance	18,63%

### B. Goods and services

The combined underspending on this item amounts to R15,175 million. This is mainly due to:-

- Savings on the transversal contract with Dimension Data.
- Delays in the completion of, or cancellation of the following projects:
  - Auditing of the Housing waiting lists in the country, the updating and consolidation thereof.
  - Assessment and auditing of the interpretation and implementation of local and provincial legislation.
  - Determining the capacity requirements of the National and Provincial Departments of Housing.
  - Development of a detailed policy and implementation manual on the



variation of subsidy amount to cater for extraordinary development conditions and special housing requirements of certain categories of beneficiaries.

- Development of a comprehensive monitoring, evaluation and impact assessment system.
- Revision of the National Housing Programme: Rural Housing Subsidies.

The most affected programmes are:

Programme 2: Policy Planning and Research	14,76%
Programme 3: Programme Management	13,02%
Programme 4: Housing Sector Performance	8,82%
Programme 5: Housing Equity	9,04%
Programme 6: Housing Development Funding	7,42%

### C. Department agencies and accounts

The combined underspending on this item amounts to R0,704 million. This amount was left unclaimed for VAT as the actual VAT amount was less than anticipated.

### D. Machinery and equipment

The combined underspending on this item amounts to R1,472 million. This is mainly due to items ordered before year end and delivered after year end.

Programme 1: Administration	6,03%
Programme 2: Policy Planning and Research	28,15%
Programme 3: Programme Management	42,10%
Programme 4: Housing Sector Performance	20,86%
Programme 5: Housing Equity	31,16%
Programme 6: Housing Development Funding	29,32%

## 2. Services rendered by the Department

By its nature, the National Department of Housing's main purpose, task and mandate is that of policy development and monitoring. This includes the setting of appropriate norms and standards for housing development, programme implementation monitoring and evaluation, including research on housing related matters, maintenance of a housing data bank (for housing information derived from and for the other spheres of government through the HUIS, HSS and the Housing Debtors' systems), and assessment and analysis of appropriate information related to key housing indicators necessary for informed decision making. The Department therefore does not render direct services to the public.

### 2.1 Free services

No free services were rendered by the Department to the public during the year under review and there are none planned for the foreseeable future.

### 2.2 Inventories

Category	Amount	Costing Method
Stationery	R71 292	Average cost

### 3. Capacity constraints

At the beginning of the financial year, the Department had a total of 345 posts, of which 83 were vacant. This translates to a 24% vacancy rate. About 84% of this vacancy rate relates to highly skilled staff and senior management while the remainder was in respect of skilled and lower skilled staff.

At the end of the financial year, the Department had a total of 406 (345 + 61 additional posts) positions, of which 79 were vacant. This translates to a 19% vacancy rate. This situation reflects some improvement from the previous year. The Department was compelled to outsource some work to various service providers.

### 4. Utilisations of donor funds

In addition to an opening balance of R4,123 million from USAID, a total amount of R21,751 million was received during the financial year. These funds were used to assist fund projects as follows:

Social Housing Foundation	R20,209 million
Social Housing Foundation	R1,542 million
People's Housing Partnership Trust	R1,402 million

### 5. Trading entities and public entities

The following are the public or trading entities established through the Department of Housing:-

#### 5.1 South African Housing Fund

The purpose of the South African Housing Fund is to avail funds to Provincial governments to finance national and provincial Housing programmes in terms of the Housing Act, 1997(Act 107 of 1997). All funds transferred through the South African Housing Fund must be utilized according to pre-scripts set out by the Housing Code. In addition, funds transferred to the Fund are distributed to provinces in terms of the annual Division of Revenue Act (DORA) as conditional grants. The provincial allocations are determined according to an allocation formula based on a number of factors as determined Housing MinMEC and approved by Cabinet.

During 2003/4 financial year MINMEC approved that the fund be disestablish as its continued existence was no longer necessary as result the fund was subsequently de-listed. In anticipation of its disestablishment no funds were transferred to the provinces through the fund during the current year.

#### 5.2 SERVCON

The purpose of the establishment of SERVCON is to provide exclusive management services with respect to the normalisation of a designated or ring-fenced portfolio comprising Properties in Possession (PIP's) and Non-Performing Loans (NPL's) in terms of the normalisation programme agreed to between Government through the Department of Housing and the Banking Council which represents the participating banks.

SERVCON provided the Department with a business plan, which set out activities, key performance indicators and a budget including an expected



cash flow. The Department received quarterly progress reports, a statement of real expenditure for that quarter and a claim for costs incurred for the previous quarter.

SERVCON's mandate was to finalise its portfolio by 31 March 2006. This however, has not been possible and therefore it has been agreed that it must finalise its mandate by the end of June 2006.

### 5.3 Social Housing Foundation

The purpose of the establishment of the Social Housing Foundation is to develop and build capacity of social housing institutions, to encourage networking both locally and internationally, to promote development aid funding for social housing development in South Africa, to promote information and skills exchange and to develop a policy framework for social housing in South Africa.

The Social Housing Foundation submitted to the Department a business plan for approval. This was approved subject to conditions agreed upon with the Foundation. The Foundation then submitted claims based on requirements and expenditure reports that were evaluated by the Department. Quarterly reports of performance were also received by the Department and are compared to set targets.

### 5.4 National Urban Reconstruction and Housing Agency (NURCHA)

The NURCHA's mission is to expedite housing delivery for low-income households over the short to medium term. It was established as a Presidential Lead Project in 1995 by agreement between Government and the Open Society Foundation of New York. Its primary function is to help release finance for low-cost housing from financial institutions. NURCHA's main activity is to offer guarantees to banks, to encourage them to make bridging finance loans available to developers. MINMEC appointed NURCHA as the savings scheme intermediary for the National Savings Programme.

NURCHA provided the Department with a business plan, which set out activities, key performance indicators and a budget including an expected cash flow. The Department received quarterly progress reports, a statement of actual expenditure for that quarter and a claim for costs incurred for the previous quarter.

## 6. Organisations to whom transfer payments have been made

The Department transferred funds to the following institutions as shown below:

### 6.1 Provinces: Human Settlement Redevelopment Programme

This grant is transferred to the provincial departments to address dysfunctional human settlements. The province must submit a business plan, which should have been developed and agreed to with local authorities.

On approval of a business plan funds are transferred to the provinces in terms of the annual Division of Revenue Act, 2005 as conditional grants. The provincial allocations are determined according to an allocation for-



mula based on a number of factors as determined by Housing MINMEC and approved by Cabinet. In respect of each project to be funded a province must submit project proposals outlining activities to be funded which are considered and approved by the Human Settlement Redevelopment Programme Steering Committee. A total amount of R24,396 million was transferred to provinces during the year under review. This year has been the last year for the grant as it has now been merged into the Housing Grant to form part of the Integrated Housing and Human Settlement Development Grant.

## **6.2 Provinces: Integrated Housing and Human Settlement Development Grant**

This grant is transferred to the provincial departments to finance national and provincial housing programmes. Funds were transferred to the provinces in terms of the annual Division of Revenue Act, 2005 as conditional grants. The provincial allocations are determined according to an allocation formula based on a number of factors as determined by Housing MINMEC. A total of R4,843 billion was transferred to the provinces during the year under review.

## **6.3 Habitat**

This is for membership subscription in respect of the International Cooperation Forum. A total amount of R0,069 million was transferred for the annual membership fee.

## **6.4 SERVCON**

A total of R42,097 million was transferred during the year under review.

## **6.5 Social Housing Foundation**

A total of R20,578 million was transferred during the year under review.

## **6.6 National Urban Reconstruction and Housing Agency (NURCHA)**

A total of R22,879 million was transferred during the year under review.

## **6.7 Banking Institutions: First Time Home Buyers Interest Subsidy Scheme**

This is in respect of interest subsidies to banks for first time home buyers. This programme under which this arrangement was made is currently being phased out and will be finalised by 2006/07.

## **7. Public, Private, Partnership (PPP)**

No Public, Private, Partnership as contemplated in terms of the Treasury Regulations was entered into by the Department under review.

## **8. Corporate Governance**

A risk management committee was established during the year and will assist as from 2006/07 in developing a risk management and fraud prevention strategy.



### **9. Discontinued activities/activities to be discontinued**

The SA Housing Fund has been delisted from the list of Public Entities by the National Treasury. The delisting of the fund is due to the agreement with National Treasury that the continued existence of the fund is no longer necessary, a decision that was approved by MINMEC in November 2003. The legislative process is underway:

- To amend the Housing Act is underway to effect alignments between the Housing Act and the Public Finance Management Act and Division of Revenue legislation provisions; and
- To disestablish the fund.

### **10. Events after the Reporting date**

The chairperson of the audit committee rendered his resignation subsequent to his appointment as internal auditor for the Rural Housing Loan Fund.

### **11. Performance Information**

The Department's Strategic Plan is regarded as the primary plan that guides all other planning processes of the Department. This plan is reviewed annually and aligned to the Medium Term Expenditure Framework process and is the basis for preparation of the operational plans of each unit, performance agreements of Senior Managers and work plans of all other staff. In accordance with the governance and committee structure framework approved by the Strategic Management Committee (Stratman), operational plans and performance agreements are reviewed at operational level on a quarterly basis and quarterly reports submitted to the Executive Authority dealing with higher level strategic issues. Performance reports by provinces are tabled and discussed by the Stratman on a monthly basis and the intergovernmental structures in Housing namely, the Technical MINMEC and MINMEC on a quarterly basis.

Housing Institutions report to the Department on a quarterly basis in accordance with a framework that was developed by the Department in this regard, and their reports are also tabled in the Technical MINMEC and the MINMEC.

### **Approval**

The Annual Financial statements starting from pages 94 to 156 have been approved by the Accounting Officer.



I W KOTSOANE  
DIRECTOR-GENERAL  
DATE: 31 MAY 2006

## Report of the Auditor-General to Parliament on the Financial Statements of the Department of Housing Vote 28 for the year ended 31 March 2006

### 1. Audit assignment

The financial statements as set out on pages 94 to 156 for the year ended 31 March 2006 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No 25 of 2004) and section 40 of the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

### 2. Scope

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- assessing the accounting principles used and significant estimates made by management.
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

### 3. Basis of accounting

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in paragraph 1.1 of the accounting policies to the financial statements.

### 4. Audit opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Housing at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in paragraph 1.1 of the accounting policies to the financial statements, and in the manner required by the PFMA.



## 5. Emphasis of matter

Without further qualifying the audit opinion, attention is drawn to the following matters:

### 5.1 Internal audit

- i) The work of the internal auditor could not be relied on since the internal audit reports were not issued timeously.
- ii) The internal audit function did not comply with section 30(3) of the Division of Revenue Act, 2005 (Act No. 1 of 2005) which requires that the internal audit unit of the transferring national department must coordinate and cooperate with the internal audit units of the provincial departments and the municipalities. The accounting officer of the national department also did not report to the audit committee on compliance with this section, as required by section 30(4).

### 5.2 National Environmental Act

The department did not comply with section 11(1) of the National Environmental Act, 1998 (Act No.107 of 1998) by preparing a new Environmental Implementation Plan within 4 years after the first one which had to be prepared within one year after promulgation of the act. The first plan was prepared in November 2000.

## 6. Audit of performance information

The department's report on performance against predetermined objectives was only received on 28 June 2006 and not by 15 June 2006 as required by the Guide for the Preparation of Annual Reports issued by the National Treasury. Consequently, the auditing of this information was delayed. The more significant shortcoming identified was that the measurable objectives are not consistent between the Estimate of National Expenditure, the Strategic Plan and the performance information reported on in the annual report for programme 5.

## 7. Human Resource Management

The department did not have a human resource management plan as required by the Public Service Regulations 2001, chapter 1, part III D.1, consequently no gap analysis was performed by the department.

## 8. Information systems audit of the program and data change control process within the housing subsidy system

An information systems audit of the program and data change controls within the housing subsidy system is currently being conducted and the outcome will be reported on if needed.

## 9. South African Housing Trust (SAHT)

The South African Housing Trust has been disestablished in terms of the disestablishment of the South African Housing Trust Limited Act, 2002 (Act no 26 of 2002).

The Special Investigating Unit (SIU) is currently investigating the manner in which the SAHT and its wholly owned subsidiaries and the business of these companies were sold, and certain matters relating to it in terms of Proclamation 49 of 2004.

### **10. Performance audit of the approval and allocation of housing subsidies at provincial housing departments**

Performance audits were conducted in all nine provinces on the application and approval process pertaining to housing subsidies. Since most of the findings originated from deficient management measures that were generic throughout, the summarised findings were reported to parliament in a separate report RP 13/2006 in January 2006.

### **11. Special audit into the N2 Gateway Project at the Department of Housing**

Emanating from a request from the national Department of Housing in June 2006, the Auditor-General is conducting a special audit into the N2 Gateway project. The primary objectives of the audit are:

- to audit the process flow, identify deviations from the planned activities and time frames, and determine related root causes and role players;
- to study the memorandum of understanding between various role players and audit adherence to responsibilities and commitments; and
- to highlight any inefficiency in the applicable policies, processes or structures involved in the N2 Gateway project that were revealed during the audit.

The scope will be limited to the instructions received from the department and the audit is not a comprehensive evaluation of the said project. The outcome of this audit is expected to be available early in 2007.

### **12. Appreciation**

The assistance rendered by the staff of the Department of Housing during the audit is sincerely appreciated.

*Shaunet Fakie*

S A Fakie  
Auditor-General  
Pretoria  
31 July 2006



AUDITOR - G E N E R A L





## Accounting Policies

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. 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 1 of 2005.

### 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 or when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

#### 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. A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

## 2. Revenue

### 2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective. Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund, unless approval has been given by the National/Provincial

Treasury to rollover the funds to the subsequent financial year. These roll-over funds form part of retained funds in the annual financial statements. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

## **2.2 Departmental revenue**

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

### **2.2.1 Tax revenue**

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits). Tax receipts are recognised in the statement of financial performance when received.

### **2.2.2 Sales of goods and services other than capital assets**

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

### **2.2.3 Fines, penalties & forfeits**

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

### **2.2.4 Interest, dividends and rent on land**

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

### **2.2.5 Sale of capital assets**

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

### **2.2.6 Financial transactions in assets and liabilities**

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements. Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

### **2.2.7 Gifts, donations and sponsorships (transfers received)**

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements. All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.



## 2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised in the financial records when notification of the donation is received from the National Treasury or when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the statement of financial performance as revenue.

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds. A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance. Unutilised amounts are recognised in the statement of financial position.

## 3. Expenditure

### 3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages 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). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance.

All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system.

### 3.2 Short term employee benefits

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages 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).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognised in the statement of financial performance.

#### 3.2.1 Long-term employee benefits

##### 3.2.1.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

### 3.2.1.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of 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/Provincial Revenue Fund and not in the financial statements of the employer department. The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

## 3.3 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 services were used on a capital project.

## 3.4 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.

## 3.5 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 amounts are disclosed as a disclosure note. All other losses are recognised when authorisation has been granted for the recognition thereof.

## 3.6 Unauthorised expenditure

When discovered 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 recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

## 3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered



from the responsible person or written off as irrecoverable in the statement of financial performance.

### 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.

### 3.9 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).

### 3.10 Expenditure for capital assets

Payments made for capital assets 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).

## 4. Assets

### 4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. 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 Prepayments and advances

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

### 4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party. Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

### 4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance. 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.

### 4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.



## 4.6 Asset

Assets are recorded in an assets register, at cost, on receipt of the item. Cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods, may be stated at fair value, where determinable, or R1, in instances where the original cost of acquisition of fair value cannot be established. No revaluation or impairment of assets is currently recognised in the asset register. Projects (of construction/development) running over more than one financial year relating to assets, are only brought into asset register on completion of the project and at the total cost incurred over the duration of the project.

Annexure 4 and 5 of the disclosure notes, reflect the total movement in the asset register of assets with a cost equal to and exceeding R5000 (therefore capital assets only) for the current year. The movement is reflected at the cost as recorded in the asset register and not recognised in the financial statements under the modified cash basis of accounting. The opening balance reflected on Annexure 4 and 5 will include items procured in prior accounting periods and closing balance will represent the total cost of the register for capital on hand.

## 5. Liabilities

### 5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

### 5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These 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. Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures to the financial statements.

### 5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system. 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.

### 5.4 Contingent liabilities

- A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or
- A contingent liability is a present obligation that arises from past events but is not recognised because:
  - It is not probable that an outflow of resources embodying economic



benefits or service potential will be required to settle the obligation;  
or

- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

## 5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

## 6. Net assets

### 6.1 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 transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

### 6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.

## 7. Related party transactions

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

## 8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

## Appropriation statement for the year ended 31 March 2006

Appropriation per Programme									
	2005/06					2004/05			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>1. Administration</b>									
Current payment	87,164	(1,422)	7,562	93,304	90,743	2,561	97.3%	79,368	77,145
Transfers and subsidies	242	173	-	415	315	100	75.9%	214	202
Payment for capital assets	2,831	1,249	-	4,080	3,834	246	94.0%	6,698	6,563
<b>2. Policy Planning and Research</b>									
Current payment	23,753	(461)	(1,900)	21,392	19,115	2,277	89.4%	21,595	20,669
Transfers and subsidies	116	114	-	230	203	27	88.3%	96	83
Payment for capital assets	765	347	-	1,112	798	314	71.8%	448	447
<b>3. Programme Management</b>									
Current payment	69,785	(796)	(7,600)	61,389	51,632	9,757	84.1%	21,454	9,222
Transfers and subsidies	24,903	150	-	25,053	24,559	494	98.0%	116,494	115,913
Payment for capital assets	373	646	-	1,019	590	429	57.9%	529	293
<b>4. Housing Sector Performance</b>									
Current payment	52,097	(1,158)	4,027	54,966	49,122	5,844	89.4%	31,037	29,004
Transfers and subsidies	119,060	5	30,000	149,065	148,286	779	99.5%	62,671	60,937
Payment for capital assets	410	1,153	-	1,563	1,237	326	79.1%	1,725	1,625
<b>5. Housing Equity</b>									
Current payment	2,148	17	(109)	2,056	1,975	81	96.1%	3,331	1,706
Transfers and subsidies	9	3	-	12	6	6	50.0%	5	3
Payment for capital assets	292	(20)	20	292	201	91	68.8%	276	-
<b>6. Housing Development Funding</b>									
Current payment	7,928	(150)	(2,000)	5,778	5,501	277	95.2%	6,777	4,310
Transfers and subsidies	4,873,506	-	(30,000)	4,843,506	4,843,488	18	100.0%	4,473,603	4,473,602
Payment for capital assets	290	150	-	440	311	129	70.7%	460	379
<b>SUBTOTAL</b>	<b>5,265,672</b>	<b>-</b>	<b>-</b>	<b>5,265,672</b>	<b>5,241,916</b>	<b>23,756</b>	<b>99.5%</b>	<b>4,826,781</b>	<b>4,802,103</b>



## Appropriation statement for the year ended 31 March 2006

Appropriation per Programme									
	2005/06					2004/05			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Statutory Appropriation</b>									
Current payments				-		-	0.0%		
Transfers and subsidies				-		-	0.0%		
Payment for capital assets				-		-	0.0%		
<b>TOTAL</b>	5,265,672	-	-	5,265,672	5,241,916	23,756	99.5%	4,826,781	4,802,103
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Prior year unauthorised expenditure approved with funding				-				-	
Departmental receipts				945				5,782	
Local and foreign aid assistance				21,751				35,955	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				5,288,368				4,868,518	
<b>Add:</b>									
Local and foreign aid assistance					23,153				35,955
Prior year unauthorised expenditure approved									
Prior year fruitless and wasteful expenditure authorised									
<b>Actual amounts per Statement of Financial Performance Expenditure</b>					5,265,069				4,838,058

## Appropriation statement for the year ended 31 March 2006

Appropriation per Economic classification									
	2005/06					2004/05			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	93,761	(13,915)	(11,834)	68,012	62,288	5,724	91.6%	54,901	50,449
Goods and services	149,114	9,945	11,714	170,773	155,700	15,073	91.2%	108,035	91,510
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	100	100	100	-	100.0%	-	96
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	4,898,347	(1)	(30,000)	4,868,346	4,868,065	281	100.0%	4,589,312	4,589,286
Departmental agencies & accounts	118,958	-	30,000	148,958	148,254	704	99.5%	62,637	60,915
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	69	-	-	69	69	-	100.0%	65	65
Public corporations & private enterprises	411	-	-	411	1	410	0.02%	928	355
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	51	446	-	497	468	29	94.2%	120	120
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	4,961	3,361	20	8,342	6,869	1,473	82.3%	10,251	8,817
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	164	-	164	102	62	62.2%	532	490
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
<b>TOTAL</b>	<b>5,265,672</b>	<b>-</b>	<b>-</b>	<b>5,265,672</b>	<b>5,241,916</b>	<b>23,756</b>	<b>99.5%</b>	<b>4,826,781</b>	<b>4,802,103</b>





## Appropriation statement for the year ended 31 March 2006

	Statutory Appropriation									
	2005/06					2004/05				
Direct charge against National Revenue Fund	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
List all direct charges against the Revenue Fund	-	-	-	-	-	-	0.0%	-	-	-
President and Deputy President salaries	-	-	-	-	-	-	0.0%	-	-	-
Member of executive committee/ parliamentary officers	-	-	-	-	-	-	0.0%	-	-	-
Judges salaries	-	-	-	-	-	-	0.0%	-	-	-
Sector education and training authorities SETA	-	-	-	-	-	-	0.0%	-	-	-
National skills fund	-	-	-	-	-	-	0.0%	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	<b>0.0%</b>	-	-	-

## Detail per programme 1 - Administration for the year ended 31 March 2006

Programme per subprogramme	Statutory Appropriation										2004/05	
	2005/06										Final Appropriation R'000	Actual Expenditure R'000
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %					
<b>1.1 Minister</b>												
Current payment	843	1,759	-	2,602	2,571	31	98.8%			2,032		2,026
Transfers and subsidies	-	11	-	11	9	2	81.8%			1		1
Payment for capital assets	-	20	-	20	6	14	30.0%			762		762
<b>1.2 Management</b>												
Current payment	5,484	13,613	(1,882)	17,215	16,582	633	96.3%			9,607		9,358
Transfers and subsidies	63	3	-	66	30	36	45.5%			19		17
Payment for capital assets	75	446	-	521	434	87	83.3%			58		42
<b>1.3 Corporate Services</b>												
Current payment	80,837	(16,794)	9,444	73,487	71,590	1,897	97.4%			67,729		65,761
Transfers and subsidies	179	159	-	338	276	62	81.7%			194		184
Payment for capital assets	2,756	783	-	3,539	3,394	145	95.9%			5,878		5,759
<b>TOTAL</b>	<b>90,237</b>	<b>-</b>	<b>7,562</b>	<b>97,799</b>	<b>94,892</b>	<b>2,907</b>	<b>97.0%</b>			<b>86,280</b>		<b>83,910</b>



## Appropriation statement for the year ended 31 March 2006

Economic classification	Appropriation per Programme									
	2005/06					2004/05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current payments</b>										
Compensation of employees	40,859	(3,758)	(1,236)	35,865	35,494	371	99.0%	29,675	29,006	
Goods and services	46,305	2,336	8,698	57,339	55,149	2,190	96.2%	48,864	48,042	
Interest and rent on land				-	-	-	0.0%	-	-	
Financial transactions in assets and liabilities			100	100	100	-	100.0%		96	
Transfers & subsidies										
Provinces & municipalities	191	(4)		187	107	80	57.2%	95	83	
Departmental agencies & accounts				-		-	0.0%			
Universities & technikons				-		-	0.0%			
Foreign governments & international organisations				-		-	0.0%			
Public corporations & private enterprises				-		-	0.0%			
Non-profit institutions				-		-	0.0%			
Households	51	177		228	208	20	91.2%	120	120	
<b>Payments for capital assets</b>										
Buildings & other fixed structures						-	0.0%			
Machinery & equipment	2,831	1,158		3,989	3,757	232	94.2%	7,285	6,322	
Biological or cultivated assets				-		-	0.0%			
Software & other intangible assets		91		91	77	14	84.6%	241	241	
Land & subsoil assets				-		-	0.0%			
<b>TOTAL</b>	<b>90,237</b>	<b>-</b>	<b>7,562</b>	<b>97,799</b>	<b>94,892</b>	<b>2,907</b>	<b>97.0%</b>	<b>86,280</b>	<b>83,910</b>	

## Detail per programme 2 - Policy Planning and Research for the year ended 31 March 2006

Programme per subprogramme	Appropriation per Programme									
	2005/06					2004/05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>2.1 National Policy and Strategy</b>										
Current payment	6,710	-1,415	-67	5,228	4,686	542	89.6%	14,005	13,838	
Transfers and subsidies	12	3		15	11	4	73.3%	8	7	
Payment for capital assets	167	161		328	267	61	81.4%	292	291	
<b>2.2 Human Settlement Policy and Integration</b>										
Current payment	9,461	2,540	-801	11,200	10,090	1,110	90.1%	3,218	3,152	
Transfers and subsidies	13	109		122	114	8	93.4%	12	6	
Payment for capital assets	70	186		256	241	15	94.1%	66	66	
<b>2.3 Housing Framework Legislation</b>										
Current payment	3,066	237	-557	2,746	2,362	384	86.0%	2,068	1,578	
Transfers and subsidies	15	2		17	7	10	41.2%	7	4	
Payment for capital assets	475			475	290	185	61.1%	13	13	
<b>2.4 Research</b>										
Current payment	4,516	-1,823	-475	2,218	1,977	241	89.1%	2,304	2,101	
Transfers and subsidies	7			7	2	5	28.6%	4	1	
Payment for capital assets	53			53		53	0.0%	77	77	
<b>2.5 Contributions</b>										
Current payment				-		-	0.0%			
Transfers and subsidies	69			69	69	-	100.0%	65	65	
Payment for capital assets				-		-	0.0%			
<b>TOTAL</b>	<b>24,634</b>	<b>-</b>	<b>(1,900)</b>	<b>22,734</b>	<b>20,116</b>	<b>2,618</b>	<b>88.5%</b>	<b>22,139</b>	<b>21,199</b>	



Appropriation per Programme									
Economic classification	2005/06						2004/05		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	9,473	-192	-1,244	8,037	7,730	307	96.2%	6,076	5,985
Goods and services	14,280	-269	-656	13,355	11,385	1,970	85.2%	15,519	14,684
Interest and rent on land				-		-	0.0%		
Financial transactions in assets and liabilities				-		-	0.0%		
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	47	3		50	24	26	48.0%	31	18
Departmental agencies & accounts				-		-	0.0%		
Universities & technikons				-		-	0.0%		
Foreign governments & international organisations	69			69	69	-	100.0%	65	65
Public corporations & private enterprises				-		-	0.0%		
Non-profit institutions				-		-	0.0%		
Households		111		111	110	1	99.1%		
<b>Payments for capital assets</b>									
Buildings & other fixed structures				-		-	0.0%		
Machinery & equipment	765	335		1,100	786	314	71.5%	448	447
Biological or cultivated assets				-		-	0.0%		
Software & other intangible assets		12		12	12	-	100.0%		
Land & subsoil assets				-		-	0.0%		
<b>TOTAL</b>	<b>24,634</b>	<b>-</b>	<b>(1,900)</b>	<b>22,734</b>	<b>20,116</b>	<b>2,618</b>	<b>88.5%</b>	<b>22,139</b>	<b>21,199</b>



## Detail per programme 3 - Programme Management for the year ended 31 March 2006

Programme per subprogramme	Appropriation per Programme									
	2005/06					2004/05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>3.1 National Housing Subsidy Scheme</b>										
Current payment	7,640	962		8,602	5,863	2,739	68.2%	7,594	4,342	
Transfers and subsidies	14			14	9	5	64.3%	14	11	
Payment for capital assets	141	155		296	168	128	56.8%	289	68	
<b>3.2 Capacity Building</b>										
Current payment	58,932	-673	-7,600	50,659	44,315	6,344	87.5%	11,566	3,418	
Transfers and subsidies	79	143		222	143	79	64.4%	8	5	
Payment for capital assets	158	491		649	373	276	57.5%	104	89	
<b>3.3 Special Programme Support</b>										
Current payment	3,213	-1,085		2,128	1,454	674	68.3%	2,294	1,462	
Transfers and subsidies	24,399	7		24,406	24,406	-	100.0%	115,544	115,542	
Payment for capital assets	74			74	49	25	66.2%	136	136	
<b>3.4 Phasing out of Subsidy Programmes</b>										
Current payment				-		-	0.0%			
Transfers and subsidies	411			411	1	410	0.2%	928	355	
Payment for capital assets				-		-	0.0%			
<b>TOTAL</b>	<b>95,061</b>	<b>-</b>	<b>(7,600)</b>	<b>87,461</b>	<b>76,781</b>	<b>10,680</b>	<b>87.8%</b>	<b>138,477</b>	<b>125,428</b>	



Economic classification	Appropriation per Programme									
	2005/06					2004/05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current payments</b>										
Compensation of employees	19,200	-3,739	-5,000	10,461	7,330	3,131	70.1%	7,394	5,809	
Goods and services	50,585	2,943	-2,600	50,928	44,302	6,626	87.0%	14,263	3,413	
Interest and rent on land				-		-	0.0%			
Financial transactions in assets and liabilities				-		-	0.0%			
<b>Transfers &amp; subsidies</b>										
Provinces & municipalities	24,492	2		24,494	24,418	76	99.7%	115,544	115,558	
Departmental agencies & accounts				-	-	-	0.0%			
Universities & Technikons				-		-	0.0%			
Foreign governments & international organisations				-		-	0.0%			
Public corporations & private enterprises	411			411	1	410	0.2%	928	355	
Non-profit institutions				-		-	0.0%			
Households		148		148	140	8	94.6%			
<b>Payments for capital assets</b>										
Buildings & other fixed structures				-		-	0.0%			
Machinery & equipment	373	633		1,006	577	429	57.4%	348	293	
Biological or cultivated assets				-		-	0.0%			
Software & other intangible assets		13		13	13	-	100.0%			
Land & subsoil assets				-		-	0.0%			
<b>TOTAL</b>	<b>95,061</b>	<b>-</b>	<b>(7,600)</b>	<b>87,461</b>	<b>76,781</b>	<b>10,680</b>	<b>87.8%</b>	<b>138,477</b>	<b>125,428</b>	

## Detail per programme 4 - Housing Sector Performance for the year ended 31 March 2006

	Appropriation per Programme									
	2005/06					2004/05				
Programme per subprogramme	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>4.1 Policy and programme monitoring</b>										
Current payment	6,438	615	38	7,091	6,468	623	91.2%	8,991	7,700	
Transfers and subsidies	13	5		18	15	3	83.3%	13	7	
Payment for capital assets	126	84		210	166	44	79.0%	59	48	
<b>4.2 Information Management</b>										
Current payment	38,148	35	3,989	42,172	39,518	2,654	93.7%	18,838	18,571	
Transfers and subsidies	49			49	9	40	18.4%	12	7	
Payment for capital assets	134	1,093		1,227	1,042	185	84.9%	977	913	
<b>4.3 Industry Analysis and Development Finance</b>										
Current payment	6,159	-1,201		4,958	2,972	1,986	59.9%	3,079	2,719	
Transfers and subsidies	32			32	8	24	25.0%	9	8	
Payment for capital assets	150	-40		110	13	97	11.8%	70	45	
<b>4.4 Housing Institutions</b>										
Current payment	1,352	-607		745	164	581	22.0%	129	14	
Transfers and subsidies	8			8		8	0.0%			
Payment for capital assets		16		16	16	-	100.0%	619	619	
<b>4.5 Contributions</b>										
Current payment				-		-	0.0%			
Transfers and subsidies	118,958		30,000	148,958	148,254	704	99.5%	62,637	60,915	
Payment for capital assets				-		-	0.0%			
<b>TOTAL</b>	<b>171,567</b>	<b>-</b>	<b>34,027</b>	<b>205,594</b>	<b>198,645</b>	<b>6,949</b>	<b>96.6%</b>	<b>95,433</b>	<b>91,566</b>	



Appropriation per Programme										
Economic classification	2005/06						2004/05			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current payments</b>										
Compensation of employees	20,413	-6,290	-3,962	10,161	8,268	1,893	81.4%	8,022	7,331	
Goods and services	31,684	5,132	7,989	44,805	40,854	3,951	91.2%	23,015	21,673	
Interest and rent on land				-		-	0.0%			
Financial transactions in assets and liabilities				-		-	0.0%			
<b>Transfers &amp; subsidies</b>										
Provinces & municipalities	102			102	26	76	25.5%	34	22	
Departmental agencies & accounts	118,958		30,000	148,958	148,254	704	99.5%	62,637	60,915	
Universities & Technikons				-		-	0.0%			
Foreign governments & international organisations				-		-	0.0%			
Public corporations & private enterprises				-		-	0.0%			
Non-profit institutions				-		-	0.0%			
Households		5		5	6	(1)	120.0%			
<b>Payments for capital assets</b>										
Buildings & other fixed structures				-		-	0.0%			
Machinery & equipment	410	1,105		1,515	1,237	278	81.7%	1,434	1,376	
Biological or cultivated assets				-		-	0.0%			
Software & other intangible assets		48		48		48	0.0%	291	249	
Land & subsoil assets				-		-	0.0%			
<b>TOTAL</b>	<b>171,567</b>	<b>-</b>	<b>34,027</b>	<b>205,594</b>	<b>198,645</b>	<b>6,949</b>	<b>96.6%</b>	<b>95,433</b>	<b>91,566</b>	

## Detail per programme 5 - Housing Equity for the year ended 31 March 2006

	Appropriation per Programme									
	2005/06					2004/05				
Programme per subprogramme	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>5.1 Office of Disclosure</b>										
Current payment	2,148	17	-109	2,056	1,975	81	96.1%	3,331	1,706	
Transfers and subsidies	9	3		12	6	6	50.0%	5	3	
Payment for capital assets	292	-20	20	292	201	91	68.8%	276	-	
<b>TOTAL</b>	<b>2,449</b>	<b>-</b>	<b>(89)</b>	<b>2,360</b>	<b>2,182</b>	<b>178</b>	<b>92.5%</b>	<b>3,612</b>	<b>1,709</b>	





Economic classification	Appropriation per Programme									
	2005/06					2004/05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current payments</b>										
Compensation of employees	1,367	59	-89	1,337	1,321	16	98.8%	1,758	836	
Goods and services	781	-42	-20	719	654	65	91.0%	1,573	870	
Interest and rent on land				-		-	0.0%			
Financial transactions in assets and liabilities				-		-	0.0%			
<b>Transfers &amp; subsidies</b>										
Provinces & municipalities	9			9	4	5	44.4%	5	3	
Departmental agencies & accounts				-		-	0.0%			
Universities & Technikons				-		-	0.0%			
Foreign governments & international organisations				-		-	0.0%			
Public corporations & private enterprises				-		-	0.0%			
Non-profit institutions				-		-	0.0%			
Households		3		3	2	1	66.7%			
<b>Payments for capital assets</b>										
Buildings & other fixed structures				-		-	0.0%			
Machinery & equipment	292	-20	20	292	201	91	68.8%	276	-	
Biological or cultivated assets				-		-	0.0%			
Software & other intangible assets				-		-	0.0%			
Land & subsoil assets				-		-	0.0%			
<b>TOTAL</b>	<b>2,449</b>	<b>-</b>	<b>(89)</b>	<b>2,360</b>	<b>2,182</b>	<b>178</b>	<b>92.5%</b>	<b>3,612</b>	<b>1,709</b>	

## Detail per programme 6 - Housing Development Funding for the year ended 31 March 2006

Programme per subprogramme	Appropriation per Programme							2004/05	
	2005/06							Expenditure as % of final appropriation %	Final Appropriation R'000
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000			Actual Expenditure R'000
<b>6.1 Fund Management</b>									
Current payment	7,928	-150	-2,000	5,778	5,501	277	95.2%	6,777	4,310
Transfers and subsidies	26			26	8	18	30.8%	6	5
Payment for capital assets	290	150		440	311	129	70.7%	460	379
<b>6.2 Grants to Housing Funds</b>									
Current payment				-		-	0.0%		
Transfers and subsidies	4,873,480		-30,000	4,843,480	4,843,480	-	100.0%	4,473,597	4,473,597
Payment for capital assets				-		-	0.0%		
<b>TOTAL</b>	<b>4,881,724</b>	<b>-</b>	<b>(32,000)</b>	<b>4,849,724</b>	<b>4,849,300</b>	<b>424</b>	<b>100.0%</b>	<b>4,480,840</b>	<b>4,478,291</b>



Appropriation per Programme										
Economic classification	2005/06					2004/05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current payments</b>										
Compensation of employees	2,449	5	-303	2,151	2,145	6	99.7%	1,976	1,482	
Goods and services	5,479	-155	-1,697	3,627	3,356	271	92.5%	4,801	2,828	
Interest and rent on land				-		-	0.0%			
Financial transactions in assets and liabilities				-		-	0.0%			
<b>Transfers &amp; subsidies</b>										
Provinces & municipalities	4,873,506	-2	-30,000	4,843,504	4,843,486	18	100.0%	4,473,603	4,473,602	
Departmental agencies & accounts				-		-	0.0%			
Universities & Technikons				-		-	0.0%			
Foreign governments & international organisations				-		-	0.0%			
Public corporations & private enterprises				-		-	0.0%			
Non-profit institutions				-		-	0.0%			
Households		2		2	2	-	100.0%			
<b>Payments for capital assets</b>										
Buildings & other fixed structures				-		-	0.0%			
Machinery & equipment	290	150		440	311	129	70.7%	460	379	
Biological or cultivated assets				-		-	0.0%			
Software & other intangible assets				-		-	0.0%			
Land & subsoil assets				-		-	0.0%			
<b>TOTAL</b>	<b>4,881,724</b>	<b>-</b>	<b>(32,000)</b>	<b>4,849,724</b>	<b>4,849,300</b>	<b>424</b>	<b>100.0%</b>	<b>4,480,840</b>	<b>4,478,291</b>	

## Notes to the Appropriation Statement for the year ended 31 March 2006

1. Detail of transfers and subsidies as per Appropriation Act (after Virement): Detail of these transactions can be viewed in note 9 (Transfers and subsidies) and Annexure 1 (A-L) 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 note 8 (Details of special functions (theft and losses)) to the annual financial statements.
4. Explanations of material variances from Amounts Voted (after virement):

### 4.1 Per programme:

Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
<b>P1: Administration</b>				
Current payment	93,304	90,743	2,561	97.3%
Transfers and subsidies	415	315	100	75.9%
Expenditure for capital assets	4,080	3,834	246	94.0%
Under spending on Personnel and Goods & Services are due to saving on personnel and personnel related expenditure as a result of vacant posts or posts filled in the latter part of the financial year.				
<b>P2: Policy Planning and Research</b>				
Current payment	21,392	19,115	2,277	89.4%
Transfers and subsidies	230	203	27	88.3%
Expenditure for capital assets	1,112	798	314	71.8%
Under spending on Personnel and Goods & Services are made up of savings on personnel and personnel related expenditure as a result of vacant posts or posts filled in the latter part of the financial year and delay in some tenders due to changes in the scope and methodology of the tenders.				
<b>P3: Programme Management</b>				
Current payment	61,393	51,632	9,761	84.1%
Transfers and subsidies	25,053	24,559	494	98.0%
Expenditure for capital assets	1,019	590	429	57.9%
Under spending on Personnel and Goods & Services are made up of savings on personnel and personnel related expenditure as a result of vacant posts or posts filled in the latter part of the financial year. In addition, some tenders were delayed and/or cancelled.				
<b>P4: Housing Sector Performance</b>				
Current payment	54,966	49,122	5,844	89.4%
Transfers and subsidies	149,065	148,286	779	99.5%
Expenditure for capital assets	1,563	1,237	326	79.1%
Under spending on Personnel and Goods & Services are made up of savings on personnel and personnel related expenditure as a result of vacant posts or posts filled in the latter part of the financial year. Outstanding amounts on an ongoing project on the auditing of waiting list on a national basis, which was piloted in City of Cape Town.				
<b>P5: Housing Equity</b>				
Current payment	2,056	1,975	81	96.1%
Transfers and subsidies	12	6	6	50.0%
Expenditure for capital assets	292	201	91	68.8%
Under spending on Goods & Services are made up of savings on personnel and personnel related expenditure as a result of vacant posts or posts filled in the latter part of the financial year.				
<b>P6: Housing Development Funding</b>				
Current payment	5,778	5,501	277	95.2%
Transfers and subsidies	4,843,506	4,843,488	18	100.0%
Expenditure for capital assets	440	311	129	70.7%
Savings on Goods & Services are due to orders placed for goods in the last quarter of the financial year not delivered before the end of the financial year.				



#### 4.2 Per economic classification

<b>Current expenditure</b>	
Compensation of employees	5,725
Goods and services	15,073
Interest and rent on land	-
Financial transactions in assets and liabilities	-
Unauthorised expenditure approved	
<b>Transfers &amp; subsidies</b>	
Provinces & municipalities	281
Departmental agencies & accounts	704
Universities & Technikons	-
Public corporations & private enterprises	-
Foreign governments & international organisations	410
Non-profit institutions	-
Households	29
<b>Payments for capital assets</b>	
Buildings & other fixed structures	-
Machinery & equipment	1,473
Heritage assets	-
Biological assets	62
Software & other intangible assets	-
Land & subsoil assets	-
<b>Compensation to employees</b>	
Variance on compensation of employees can be attributed to vacancies in the Department	
<b>Goods and services</b>	
Savings on Goods & Services are due to saving on personnel related expenditure as a result of vacant posts or posts filled in the latter part of the financial year	
<b>Machinery &amp; equipment</b>	
Savings on Machinery & Equipment are due to saving on personnel related expenditure as a result of vacant posts or posts filled in the latter part of the financial year	

## Statement of Financial Performance for the year ended 31 March 2006

	Note	2005/06	2004/05
		R'000	R'000
<b>REVENUE</b>			
Annual appropriation	1.	5,265,672	4,826,781
Departmental revenue	2.	945	5,782
Local and foreign aid assistance	3.	21,751	35,955
<b>TOTAL REVENUE</b>		<b>5,288,368</b>	<b>4,868,518</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4.	62,288	50,449
Goods and services	5.	155,700	91,510
Financial transactions in assets and liabilities	6.	100	96
Local and foreign aid assistance	3.	23,153	35,955
Unauthorised expenditure approved	9.	-	-
<b>Total current expenditure</b>		<b>241,241</b>	<b>178,010</b>
Transfers and subsidies	7.	5,016,857	4,650,741
<b>Expenditure for capital assets</b>			
Machinery and Equipment	8.	6,869	8,817
Software and other intangible assets	8.	102	490
<b>Total expenditure for capital assets</b>		<b>6,971</b>	<b>9,307</b>
<b>TOTAL EXPENDITURE</b>		<b>5,265,069</b>	<b>4,838,058</b>
<b>SURPLUS/(DEFICIT)</b>		<b>23,299</b>	<b>30,460</b>
Add back unauthorised expenditure	9.	-	-
Add back fruitless and wasteful expenditure	10.	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>23,299</b>	<b>30,460</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds	15.	23,756	24,678
Departmental revenue	16.	945	5,782
Local and foreign aid assistance	3.	(1,402)	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>23,299</b>	<b>30,460</b>





## Statement of Financial Position as at 31 March 2006

	Note	2005/06	2004/05
		R'000	R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>26,741</b>	<b>83,394</b>
Unauthorised expenditure	9.	642	642
Fruitless and wasteful expenditure	10.	-	-
Cash and cash equivalents	11.	24,738	80,544
Prepayments and advances	12.	363	1,351
Receivables	13.	998	857
Investments	14.	-	-
Local and foreign aid assistance receivable	3.	-	-
<b>Non-current assets</b>		<b>880,000</b>	<b>880,000</b>
Investments	14.	880,000	880,000
<b>TOTAL ASSETS</b>		<b>906,741</b>	<b>963,394</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>26,710</b>	<b>83,330</b>
Voted funds to be surrendered to the Revenue Fund	15.	23,756	24,678
Departmental revenue to be surrendered to the Revenue Fund	16.	43	54,473
Payables	17.	190	56
Local and foreign aid assistance unutilised	3.	2,721	4,123
<b>TOTAL LIABILITIES</b>		<b>26,710</b>	<b>83,330</b>
<b>NET ASSETS</b>		<b>880,031</b>	<b>880,064</b>
Represented by:			
Capitalisation Reserves		880,000	880,000
Recoverable revenue		31	64
Retained funds		-	-
Revaluation Reserves (Housing dept)		-	-
<b>TOTAL</b>		<b>880,031</b>	<b>880,064</b>

## Statement of Changes in Net Assets for the year ended 31 March 2006

	Note	2005/06	2004/05
		R'000	R'000
<b>Capitalisation Reserves</b>			
Opening balance		880,000	880,000
Transfers		-	-
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		880,000	880,000
<b>Recoverable revenue</b>			
Opening balance		64	66
Transfers		(33)	(2)
Debts written off	6.3	(33)	-
Debts revised		-	-
Debts recovered (included in departmental receipts)		-	(2)
Debts raised		-	-
Balance at 31 March		31	64
<b>Retained funds</b>			
Balance at 1 April		-	-
Transfer from Statement of Financial Performance		-	-
Utilised during the year		-	-
Other		-	-
Balance at 31 March		-	-
<b>Revaluation Reserve</b>			
Balance at 1 April		-	-
Revaluation adjustment (Housing departments)		-	-
Transfers		-	-
Other		-	-
Balance at 31 March		-	-
<b>TOTAL</b>		<b>880,031</b>	<b>880,064</b>



## Cash Flow Statement for the year ended 31 March 2006

	Note	2005/06	2004/05
		R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		5,288,368	4,863,054
Annual appropriated funds received	1.1	5,265,672	4,826,781
Statutory appropriated funds received		-	-
Appropriation for unauthorised expenditure received	9.	-	-
Departmental revenue received		945	318
Local and foreign aid assistance received	3.	21,751	35,955
Net (increase)/decrease in working capital		981	(1,918)
Surrendered to Revenue Fund		(80,053)	(17,126)
Current payments		(241,241)	(178,010)
Transfers and subsidies paid		(5,016,857)	(4,650,741)
<b>Net cash flow available from operating activities</b>	18.	(48,802)	15,259
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(6,971)	(9,307)
Payments for investments		-	-
Proceeds from sale of capital assets	2.	-	5,464
Proceeds from sale of investments		-	-
Proceeds from sale of other financial assets		-	-
(Increase)/decrease in loans		-	(2)
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets			
<b>Net cash flows from investing activities</b>		(6,971)	(3,845)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		(33)	-
Increase/(decrease) in non-current payables		-	-
<b>Net cash flows from financing activities</b>		(33)	-
Net increase/(decrease) in cash and cash equivalents		(55,806)	11,414
Cash and cash equivalents at beginning of period		80,544	69,130
<b>Cash and cash equivalents at end of period</b>	19.	24,738	80,544

## Notes to the Annual Financial Statements for the year ended 31 March 2006

133

## 1. Annual Appropriation

1.1 Annual Appropriation				
Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted Funds)				
Programmes	Final appropriation R'000	Actual funds received R'000	Funds not requested/not received R'000	Appropriation received 2004/05 R'000
Administration	97,799	97,799	-	86,280
Policy Planning and Research	22,734	22,734	-	22,139
Programme Management	87,461	87,461	-	138,477
Housing Sector Performance	205,594	205,594	-	95,433
Housing Equity	2,360	2,360	-	3,612
Housing Development Funding	4,849,724	4,849,724	-	4,480,840
<b>TOTAL</b>	<b>5,265,672</b>	<b>5,265,672</b>	<b>-</b>	<b>4,826,781</b>

2. Departmental revenue to be surrendered to Revenue Fund				
Tax revenue		-	-	
Sales of goods and services other than capital assets	2.1	100	67	
Fines, penalties and forfeits		-	-	
Interest, dividends and rent on land	2.2	8	3	
Sales of capital assets	2.3	-	5,464	
Financial transactions in assets and liabilities	2.4	837	248	
Transfers received		-	-	
Total revenue collected		945	5,782	
Less: Departmental revenue budgeted	16.	-	-	
<b>TOTAL</b>		<b>945</b>	<b>5,782</b>	

2.1 Sales of goods and services other than capital assets				
Sales of goods and services produced by the department		100	67	
Sales by market establishment		-	-	
Administrative fees		-	-	
Other sales		100	67	
Sales of scrap, waste and other used current goods				
<b>TOTAL</b>		<b>100</b>	<b>67</b>	

2.2 Interest, dividends and rent on land				
Interest		8	3	
Dividends		-	-	
Rent on land		-	-	
<b>TOTAL</b>		<b>8</b>	<b>3</b>	

2.3 Sales of capital assets				
Land and subsoil assets		-	-	
Other capital assets		-	5,464	
<b>TOTAL</b>		<b>-</b>	<b>5,464</b>	

2.4 Financial transactions in assets and liabilities				
Nature of loss recovered				
Loans		-	-	
Receivables		-	-	
Other receipts including recoverable revenue		837	248	
<b>TOTAL</b>		<b>837</b>	<b>248</b>	



## Notes to the Annual Financial Statements for the year ended 31 March 2006

	Note	2005/06	2004/05
		R'000	R'000
<b>3. Local and foreign aid assistance</b>			
<b>3.1 Assistance received in cash from RDP</b>			
<b>Foreign</b>			
Opening Balance		4,123	4,123
Revenue		27,751	35,955
Expenditure		23,153	35,955
Current		23,153	35,955
Capital		-	-
Closing Balance		2,721	4,123
<b>TOTAL</b>			
Opening Balance		4,123	4,123
Revenue		21,751	35,955
Expenditure		23,153	35,955
Current		23,153	35,955
Capital		-	-
Closing Balance		2,721	4,123
<b>Analysis of balance</b>			
Local and foreign aid receivable		-	-
Local and foreign aid unutilised		2,721	4,123
Local foreign aid payable to RDP fund/donors		-	-
Closing balance		(2,721)	(4,123)

## Notes to the Annual Financial Statements for the year ended 31 March 2006

135

	Note	2005/06	2004/05
		R'000	R'000
<b>4. Compensation of employees</b>			
<b>4.1 Salaries and wages</b>			
Basic salary		41,571	34,099
Performance award		2,092	2,035
Service Based		142	135
Compensative/circumstantial		2,507	1,658
Periodic payments		-	-
Other non-pensionable allowances		9,010	6,070
<b>TOTAL</b>		<b>55,322</b>	<b>43,997</b>
<b>4.2 Social contributions</b>			
<b>4.2.1 Employer contributions</b>			
Pension		4,945	4,678
Medical		2,013	1,767
UIF		-	-
Bargaining council		8	7
Official unions and associations		-	-
Insurance		-	-
<b>TOTAL</b>		<b>6,966</b>	<b>6,452</b>
<b>4.2.2 Post retirement benefits</b>			
Medical		-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPENSATION OF EMPLOYEES</b>		<b>62,288</b>	<b>50,449</b>
Average number of employees		323	227





## Notes to the Annual Financial Statements for the year ended 31 March 2006

	Note	2005/06	2004/05
		R'000	R'000
<b>5. Goods and services</b>			
Advertising		4,245	3,834
Bank charges and card fees		108	140
Bursaries (employees)		127	120
Communication		5,118	2,986
Computer services		37,376	17,632
Consultants, contractors and special services		61,431	20,146
Courier and delivery services		804	233
Drivers licenses and permits		38	66
Entertainment		1,007	885
External audit fees	5.1	2,374	1,285
Equipment less than R5 000		1,435	1,145
Freight service		2	-
Inventory	5.2	5,458	5,446
Legal fees		1,719	20
Maintenance, repair and running costs		2,757	10,681
Operating leases		2,208	1,241
Personnel agency fees		815	134
Photographic services		61	280
Plant flowers and other decorations		76	18
Professional bodies and membership fees		-	61
Resettlement costs		275	722
Subscriptions		82	14
Taking over of contractual obligations		4	2
Owned and leasehold property expenditure		-	760
Translations and transcriptions		6	2
Travel and subsistence	5.3	19,234	10,828
Venues and facilities		6,132	10,738
Protective, special clothing & uniforms		597	287
Training & staff development		2,211	1,804
<b>TOTAL</b>		<b>155,700</b>	<b>91,510</b>

## Notes to the Annual Financial Statements for the year ended 31 March 2006

137

	Note	2005/06 R'000	2004/05 R'000
<b>5.1 External audit fees</b>			
Regulatory audits		2,374	1,285
Performance audits		-	-
Other audits		-	-
<b>TOTAL EXTERNAL AUDIT FEES</b>		<b>2,374</b>	<b>1,285</b>
<b>5.2 Inventory</b>			
Domestic Consumables		156	63
Food and Food supplies		423	14
Fuel, oil and gas		118	43
Other consumables		20	19
Stationery and Printing		4,720	5,212
Medical Supplies		21	95
<b>TOTAL INVENTORY</b>		<b>5,458</b>	<b>5,446</b>
<b>5.3 Travel and subsistence</b>			
Local		15,977	8,278
Foreign		3,257	2,550
<b>TOTAL TRAVEL AND SUBSISTENCE</b>		<b>19,234</b>	<b>10,828</b>
<b>6. Financial transactions in assets and liabilities</b>			
Other material losses written off	6.1	-	96
Debts written off	6.2	100	-
<b>TOTAL</b>		<b>100</b>	<b>96</b>
<b>6.1 Other material losses</b>			
<b>Nature of losses</b>			
Diners Club - Interest		-	96
<b>TOTAL</b>		<b>-</b>	<b>96</b>
<b>6.2 Debts written off</b>			
<b>Nature of debts written off</b>			
Transfer to debts written off			
Security System - Former Ministers residence		8	-
Salary overpayment - Late R T Dube		10	
Cell phone debt - S Mangena		3	
Military Service and Bursary		53	
State Guarantee		26	
<b>TOTAL</b>		<b>100</b>	<b>-</b>
<b>6.3 Recoverable revenue debts written off</b>			
(Group major categories, but list material items)			
O'Neill GM		(10)	-
Schietekat MC		(23)	
<b>TOTAL</b>		<b>(33)</b>	<b>-</b>



## Notes to the Annual Financial Statements for the year ended 31 March 2006

	Note	2005/06	2004/05
		R'000	R'000
<b>7. Transfers and subsidies</b>			
Provinces and municipalities	ANNEXURE 1A & 1B	4,868,065	4,589,286
Departmental agencies and accounts	ANNEXURE 1C	148,254	60,915
Foreign governments and international organisations	ANNEXURE 1D	69	65
Public Corporations and private enterprises	ANNEXURE 1E	1	355
Households	ANNEXURE 1F	468	120
<b>TOTAL</b>		<b>5,016,857</b>	<b>4,650,741</b>
<b>8. Expenditure on capital assets</b>			
Machinery and equipment	ANNEXURE 4	6,869	8,817
Software and other intangible assets	ANNEXURE 5	102	490
<b>TOTAL</b>		<b>6,971</b>	<b>9,307</b>
<b>9. Unauthorised expenditure</b>			
<b>9.1 Reconciliation of unauthorised expenditure</b>			
Opening balance		642	642
Unauthorised expenditure – current year		-	-
Unauthorised expenditure awaiting authorisation		642	642
<b>10. Fruitless and wasteful expenditure</b>			
<b>10.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		-	96
Fruitless and wasteful expenditure – current year		-	-
Amounts condoned		-	(96)
Current expenditure			(96)
Transfers and subsidies			
Expenditure for capital assets			
Transfer to receivables for recovery (not condoned)			
Fruitless and wasteful expenditure awaiting condonement		-	-
<b>11. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		40,220	99,536
Cash receipts		1	7
Disbursements		(15,503)	(18,987)
Cash on hand		15	12
Cash with commercial banks		5	(24)
<b>TOTAL</b>		<b>24,738</b>	<b>80,544</b>
<b>12. Prepayments and advances</b>			
<b>Description</b>			
Travel and subsistence		363	219
Advances paid to other entities		-	1,132
<b>TOTAL</b>		<b>363</b>	<b>1,351</b>

## Notes to the Annual Financial Statements for the year ended 31 March 2006

139

		Less than one year	One to three years	Older than three years	2005/06	2004/05
		R'000	R'000	R'000	R'000	R'000
<b>13. Receivables</b>						
Staff debtors	13.1	-	129	-	129	74
Other debtors	13.2	778	-	-	778	396
Claims recoverable	Annex 6	65	26	-	91	387
<b>TOTAL</b>		<b>843</b>	<b>155</b>	<b>-</b>	<b>998</b>	<b>857</b>
<b>13.1 Staff debtors</b>						
Telephone					2	5
S&T debt					3	7
Study					22	2
Vehicle					24	5
Home Loan					5	-
Tax					42	42
Salary Disallowance					9	-
Salary Reversal					8	-
Housing Guarantee					14	13
<b>TOTAL</b>					<b>129</b>	<b>74</b>
<b>13.2 Other Debtors</b>						
Military debt					-	50
Suspense Account					422	60
Government Garage					282	265
Salaries					36	17
Resettlement					38	4
<b>TOTAL</b>					<b>778</b>	<b>396</b>
<b>14. Investments</b>						
<b>Non-current</b>						
<b>Shares and other equity</b>						
NHFC					880,000	880,000
<b>TOTAL</b>					<b>880,000</b>	<b>880,000</b>
<b>Securities other than shares</b>						
<b>TOTAL</b>					<b>-</b>	<b>-</b>
<b>TOTAL NON-CURRENT</b>					<b>880,000</b>	<b>880,000</b>



## Notes to the Annual Financial Statements for the year ended 31 March 2006

			2005/06	2004/05
			R'000	R'000
<b>15. Voted funds to be surrendered to the Revenue Fund</b>				
Opening balance			24,678	16,634
Transfer from Statement of Financial Performance			23,756	24,678
Voted funds not requested/not received			-	-
Paid during the year			(24,678)	(16,634)
<b>Closing balance</b>			<b>23,756</b>	<b>24,678</b>
<b>16. Departmental revenue to be surrendered to the Revenue Fund</b>				
Opening balance			54,473	49,183
Transfer from Statement of Financial Performance			945	5,782
Paid during the year			(55,375)	(492)
<b>Closing balance</b>			<b>43</b>	<b>54,473</b>
<b>17. Payables – current</b>				
<b>Description</b>		<b>30 Days R'000</b>	<b>30+ Days R'000</b>	<b>2005/06 R'000</b>
Clearing accounts 17.1		-	190	190
<b>TOTAL</b>		<b>-</b>	<b>190</b>	<b>190</b>
<b>17.1 Clearing accounts</b>				
<b>Description</b>				
EBT Rejection Account			-	3
Pension Deductions			-	(2)
TAX RSA			2	28
GG Gauteng Transport Control			188	27
<b>TOTAL</b>			<b>190</b>	<b>56</b>
<b>18. Net cash flow available from operating activities</b>				
Net surplus/(deficit) as per Statement of Financial Performance			23,299	30,460
Non-cash movements				
(Increase)/decrease in receivables – current			(141)	(232)
(Increase)/decrease in prepayments and advances			988	(1,351)
(Increase)/decrease in other current assets			-	96
Increase/(decrease) in payables – current			134	(431)
Proceeds from sale of capital assets			-	(141)
Proceeds from sale of investments				(5,323)
Proceeds on sale of other financial assets			-	-
Surrenders to revenue fund			(80,053)	(17,126)
Expenditure on capital assets			6,971	9,307
<b>Net cash flow generated by operating activities</b>			<b>(48,802)</b>	<b>15,259</b>

## Notes to the Annual Financial Statements for the year ended 31 March 2006

141

			2005/06	2004/05
			R'000	R'000
<b>19. Reconciliation of cash and cash equivalents for cash flow purposes</b>				
Consolidated Paymaster General Account			40,220	99,536
Fund requisition account			-	-
Cash receipts			1	7
Disbursements			(15,503)	(18,987)
Cash on hand			15	12
Cash with commercial banks			5	(24)
<b>TOTAL</b>			<b>24,738</b>	<b>80,544</b>
These amounts are not recognised in the financial statements and are disclosed to enhance the usefulness of the financial statements.				
		Note	2005/06 R'000	2004/05 R'000
<b>20. Contingent liabilities - Liable to</b>				
	Nature			
Housing loan guarantees	Employees	Annexure 3A	796	778
Other guarantees		Annexure 3A	19,969	204,955
Claims against the department		Annexure 3B	315	-
Other departments (interdepartmental unconfirmed balances)		Annexure 7	312	989
<b>TOTAL</b>			<b>21,392</b>	<b>206,722</b>
<b>21. Commitments</b>				
<b>Current expenditure</b>				
Approved and contracted			8,733	7,897
Approved but not yet contracted			87	
<b>SUB TOTAL</b>			<b>8,820</b>	<b>7,897</b>
<b>Capital expenditure</b>				
Approved and contracted			475	-
Approved but not yet contracted			-	784
<b>SUB TOTAL</b>			<b>475</b>	<b>784</b>
<b>Total Commitments</b>			<b>9,295</b>	<b>8,681</b>
<b>22. Accruals</b>				
<b>By economic classification</b>				
	30 Days R'000	30+ Days R'000	2005/06 R'000	2004/05 R'000
Goods and services	734	210	944	1,827
Transfers and subsidies			-	4
Machinery and Equipment			-	135
<b>TOTAL</b>			<b>944</b>	<b>1,966</b>
<b>Listed by programme level</b>				
Administration			811	1,129
Policy Planning			55	387
Programme Management			29	72
Housing Sector Performance			49	184
Housing Equity			-	13
Housing Development Funding			-	181
<b>TOTAL</b>			<b>944</b>	<b>1,966</b>





## Notes to the Annual Financial Statements for the year ended 31 March 2006

				2005/06	2004/05
				R'000	R'000
<b>23. Employee benefit provisions</b>					
Leave entitlement				984	937
Thirteenth cheque				1,730	1,380
Capped leave commitments				4,455	4,192
<b>TOTAL</b>				<b>7,169</b>	<b>6,509</b>
<b>24. Lease Commitments</b>					
<b>24.1 Operating leases</b>	<b>Land</b>	<b>Buildings &amp; other fixed structures</b>	<b>Machinery and equipment</b>	<b>Total</b>	<b>Total</b>
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
<b>TOTAL PRESENT VALUE OF LEASE LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24.2 Finance leases</b>					
<b>TOTAL VALUE OF FINANCE LEASES</b>			<b>1,090</b>	<b>1,090</b>	<b>2,244</b>
Finance Lease resulted from using transversal contract RT3 - National Treasury Nett present value of the above finance leases amounts to R953 (05/06) R858 (04/05)					
<b>25. Irregular expenditure</b>					
<b>25.1 Reconciliation of irregular expenditure</b>				<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Opening Balance				1,241	-
Irregular expenditure – current year				2,155	1,241
Amounts condoned				-	-
Current expenditure				-	-
Transfers and subsidies				-	-
Expenditure for capital assets				-	-
Transfers to receivable for recovery (not condoned)				-	-
Irregular expenditure awaiting condonement				3,396	1,241
<b>Analysis</b>					
Current				2,155	-
Prior years				1,241	-
<b>TOTAL</b>				<b>3,396</b>	<b>-</b>
RT3 Transversal contract entered into by National Treasury resulted in irregular expenditure					
<b>25.2 Irregular expenditure</b>					
RT3 Transversal contract entered into by National Treasury resulted in irregular expenditure A letter was forwarded to National Treasury				2,155	1,241
<b>TOTAL</b>				<b>2,155</b>	<b>1,241</b>

## Notes to the Annual Financial Statements for the year ended 31 March 2006

143

26. Key management personnel		2005/06	2004/05
Description	No of Individuals	Total R'000	Total R'000
Political Office Bearers	1	837	1,602
Officials Level 15 to 16	4	2,772	1,335
Officials Level 14	11	6,115	4,382
Family members of key management personnel			
<b>TOTAL</b>		<b>9,724</b>	<b>7,319</b>
Minister L Sisulu			
27. Provisions			
Potential irrecoverable debts			
Staff debtors		7	
<b>TOTAL</b>		<b>7</b>	<b>-</b>



NAME OF PROVINCE/ GRANT	GRANT ALLOCATION				TRANSFERS			SPENT		2004/05	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred R'000	Amount received by department R'000	Amount spent by department R'000	% of available funds spent by department %	Division of Revenue Act R'000	
Housing Subsidy Grant											
Eastern Cape	581,218	26,057	-	607,275	581,218	95.7%	581,218	607,275	100.0%	598,900	
Free State	398,618	72,843	-	471,461	398,618	84.5%	398,618	355,475	75.4%	385,641	
Gauteng	1,340,675	9,025	-	1,349,700	1,340,675	99.3%	1,340,675	1,349,352	100.0%	1,117,463	
KwaZulu-Natal	799,659		-	799,659	799,659	100.0%	799,659	815,603	102.0%	748,463	
Limpopo	397,650	59,265	-	456,915	397,650	87.0%	397,650	372,776	81.6%	369,818	
Mpumalanga	321,123	17	-	321,140	321,123	100.0%	321,123	262,071	81.6%	296,457	
Northern Cape	79,917		-	79,917	79,917	100.0%	79,917	102,576	128.4%	89,442	
North West	467,880	141,915	-	609,795	467,880	76.7%	467,880	615,411	100.9%	421,378	
Western Cape	456,740	76,509	-	533,249	456,740	85.7%	456,740	533,248	100.0%	446,035	
Human Settlement Redevelopment Programme:											
Eastern Cape	-	174	16,748	16,922	-	0.0%	-	174	1.0%	11,660	
Free State	9,475	11,208	11,205	31,888	9,475	29.7%	9,475	14,655	46.0%	9,010	
Gauteng	4,130	3,169	3,167	10,466	4,130	39.5%	4,130	7,299	69.7%	22,260	
KwaZulu-Natal	-	-	55,420	55,420	-	0.0%	-	-	0%	27,560	
Limpopo	1,418	19,843	28,409	41,670	1,418	3.4%	1,418	5,001	12.0%	11,660	
Mpumalanga	-	9,123	8,985	18,108	-	0.0%	-	7,108	39.3%	7,420	
Northern Cape	-	3,180	-	3,180	-	0.0%	-	3,180	100.0%	3,180	
North West	-	-	-	-	-	0.0%	-	-	0%	-	
Western Cape	9,373	20,365	-	29,738	9,373	31.5%	9,373	18,601	62.5%	14,310	
TOTAL	4,867,876	452,693	115,934	5,436,503	4,867,876		4,867,876	5,069,805		4,580,657	

## Annexures to the Annual Financial Statements for the year ended 31 March 2006

145

## ANNEXURE 1B

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES										
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
		R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Taxes and compulsory fees - Municipalities: RCSL: Tshwane Metropolitan	189	-	-	189	189	100.0%	-	0.0%		149
				-		0.0%			0.0%	
<b>TOTAL</b>	<b>189</b>	<b>-</b>	<b>-</b>	<b>189</b>	<b>189</b>		<b>-</b>	<b>-</b>		<b>149</b>
RCS Levies										

## ANNEXURE 1C

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS							
DEPARTMENTS/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER 2004/05		
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
SERVCON	42,097			42,097	42,097	100.0%	38,554
SOCIAL HOUSING FOUNDATION	20,578			20,578	20,578	100.0%	21,047
NURCHA	22,879			22,879	22,879	100.0%	1,314
PHPT	5,000			5,000	5,000	100.0%	-
THUBELISHA HOMES	57,700			57,700	57,700	100.0%	
<b>TOTAL</b>	<b>148,254</b>	<b>-</b>	<b>-</b>	<b>148,254</b>	<b>148,254</b>		<b>60,915</b>

## ANNEXURE 1D

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS							
FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE 2004/05		
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers HABITAT	69			69	69	100.0%	65
<b>TOTAL</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>69</b>		<b>65</b>



## Annexures to the Annual Financial Statements for the year ended 31 March 2006

146

## ANNEXURE 1E

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES									
	TRANSFER ALLOCATION				EXPENDITURE				2004/05
(NAME OF PUBLIC CORPORATION /PRIVATE ENTERPRISE)	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Private Enterprises Phasing out of subsidy scheme	411			411	1	0.2%		355	355
TOTAL	411	-	-	411	1		-	355	355

## ANNEXURE 1F

STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS							
	TRANSFER ALLOCATION				EXPENDITURE 2004/05		
HOUSEHOLDS	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Gifts	296			296	296	100.0%	355
Leave gratuity H v Brakel	37			37	37	100.0%	120
Bursaries Capacity B	135			135	135	100.0%	-
<b>TOTAL</b>	<b>468</b>	<b>-</b>	<b>-</b>	<b>468</b>	<b>468</b>		<b>475</b>

## ANNEXURE 1G

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2006					
NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
<b>Received in cash</b>					
European Union	Support programme for Social Housing	-	20,209	20,209	-
Norway	Development of the housing co-operation sector in South Africa programme		1,542	1,542	-
USAID	Peoples housing programmes	4,123	-	1,402	2,721
<b>TOTAL</b>		<b>4,123</b>	<b>21,751</b>	<b>23,153</b>	<b>2,721</b>

## Annexures to the Annual Financial Statements for the year ended 31 March 2006

147

## ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2006 (Only Public and Private Entities)												
Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 04/05	% Held 05/06	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	Yes/No
National/ Provincial Public Entity	3A	100.0%	100.0%	84,187,338	84,187,338	880,000	880,000	3,129,695	1,827,732	72,081	59,808	No
National Housing Finance Corporation (NHFC)												
TOTAL						880,000	880,000	3,129,695	1,827,732	72,081	59,808	





## Annexures to the Annual Financial Statements for the year ended 31 March 2006

148

## ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 - LOCAL								
Guarantor institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2005	Guarantees issued during the year	Guarantees released/ paid/ cancelled/ reduced during the year	Guaranteed interest outstanding as at 31 March 2006	Closing Balance 31/03/2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
STANDARD BANK OF SA LTD	Housing	90	72	18	-	-	90	-
NEDBANK LTD	Housing	165	134	31	-	-	165	-
FIRSTRAND BANK LTD FIRST	Housing	53	84	-	31	-	53	-
ABSA	Housing	272	272	52	52	-	272	-
OLD MUTUAL FINANCE LTD	Housing	6	6	-	-	-	6	-
PEOPLES BANK LTD FORME	Housing	14	14	-	-	-	14	-
NEDBANK LTD	Housing	16	16	-	-	-	16	-
FIRSTRAND BANK LTD FIRST	Housing	127	127	-	-	-	127	-
OLD MUTUAL BANK DIV OF NEDBANK	Housing	53	53	-	-	-	53	-
Sub Total		796	778	101	83	-	796	-
SERVCON	Other	245,284	204,955	-	184,986	-	19,969	-
Sub Total		245,284	204,955	-	184,986	-	19,969	-
<b>TOTAL</b>		<b>246,080</b>	<b>205,733</b>	<b>101</b>	<b>185,069</b>	<b>-</b>	<b>20,765</b>	<b>-</b>

## ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 200					
Nature of Liability	Opening Balance 01/04/2005	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable	Closing Balance 31/03/2006
	R'000	R'000	R'000	R'000	R'000
Claims against the department Legal Action	-	315	-	-	315
<b>TOTAL</b>	<b>-</b>	<b>315</b>	<b>-</b>	<b>-</b>	<b>315</b>

## Annexures to the Annual Financial Statements for the year ended 31 March 2006

149

## ANNEXURE 4

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006				
	Opening Balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	12,921	7,076	1,052	18,945
Transport assets	754	-	-	754
Specialised military assets		-	-	
Computer equipment	5,201	2,180	555	6,826
Furniture and Office equipment	4,653	3,818	497	7,974
Other machinery and equipment	2,313	1,078	-	3,391
<b>TOTAL CAPITAL ASSETS</b>	<b>12,921</b>	<b>7,076</b>	<b>1,052</b>	<b>18,945</b>
<b>ANNEXURE 4.1</b>				
<b>ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006</b>				
		Cash R'000	In-Kind R'000	Total R'000
<b>MACHINERY AND EQUIPMENT</b>		6,869	-	6,869
Transport assets				-
Specialised military assets				-
Computer equipment		2,157		2,157
Furniture and Office equipment		3,746		3,746
Other machinery and equipment		966		966
<b>TOTAL CAPITAL ASSETS</b>		<b>6,869</b>		<b>6,869</b>
<b>ANNEXURE 4.2</b>				
<b>DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006</b>				
		Cost/Carrying Amount R'000	Cash R'000	Profit/(loss) on Disposal R'000
<b>MACHINERY AND EQUIPMENT</b>		1,052	-	(1,052)
Transport assets				-
Specialised military assets				-
Computer equipment		555		(555)
Furniture and Office equipment		497		(497)
Other machinery and equipment				-
<b>TOTAL CAPITAL ASSETS</b>		<b>1,052</b>	<b>-</b>	<b>(1,052)</b>



## Annexures to the Annual Financial Statements for the year ended 31 March 2006

**ANNEXURE 4.3****CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

		<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Total Movement R'000</b>
<b>MACHINERY AND EQUIPMENT</b>		8,817	677	8,140
Transport assets		500	311	189
Specialised military assets		-	-	-
Computer equipment		1,705	356	1,349
Furniture and Office equipment		3,700	-	3,700
Other machinery and equipment		2,912	10	2,902
<b>TOTAL CAPITAL ASSETS</b>		8,817	677	8,140

**ANNEXURE 5****CAPITAL INTANGIBLE ASSET COST MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	<b>Opening Balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Closing Balance R'000</b>
Patents, Copyrights, Brand Names & Trademarks	-	-	-	-
Computer Software	1,224	102	-	1,326
Masterheads & Publishing Titles	-	-	-	-
Recipes, Formulas, Prototypes, Designs & Models	-	-	-	-
<b>TOTAL</b>	<b>1,224</b>	<b>102</b>		<b>1,326</b>

**ANNEXURE 5.1****ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	<b>Cash R'000</b>	<b>In-Kind R'000</b>	<b>Total R'000</b>
Patents, Copyrights, Brand Names & Trademarks	-	-	-
Computer Software	102	-	102
Masterheads & Publishing Titles	-	-	-
Recipes, Formulas, Prototypes, Designs & Models	-	-	-
<b>TOTAL</b>	<b>102</b>		<b>102</b>

**ANNEXURE 5.2****CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Total Movement R'000</b>
<b>BUILDING AND OTHER FIXED STRUCTURES</b>			
Patents, Copyrights, Brand Names & Trademarks	-	-	-
Computer Software	490	-	490
Masterheads & Publishing Titles	-	-	-
Recipes, Formulas, Prototypes, Designs & Models	-	-	-
<b>TOTAL</b>	<b>490</b>	<b>-</b>	<b>490</b>

## Annexures to the Annual Financial Statements for the year ended 31 March 2006

151

## ANNEXURE 6

## INTER-GOVERNMENTAL RECEIVABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
DEPARTMENTS						
Other Depts Salary Refunds	-	-	-	165	-	165
Eastern Cape	-	124	-	-	-	124
Kwazulu Natal	-	60	-	-	-	60
Northern Province	-	38	26	-	26	38
Transport	6	-	-	-	6	-
Water Affairs And Forestry	7	-	-	-	7	-
Defense	8	-	-	-	8	-
Labour	10	-	-	-	10	-
Uif	1	-	-	-	1	-
Statistics SA	17	-	-	-	17	-
SARS	16	-	-	-	16	-
<b>TOTAL</b>	<b>65</b>	<b>222</b>	<b>26</b>	<b>165</b>	<b>91</b>	<b>387</b>

## ANNEXURE 7

## INTER-DEPARTMENTAL PAYABLES – CURRENT

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
DEPARTMENTS						
Current						
Department of Foreign Affairs			307		307	-
Department of Justice			5		5	-
Department of Health				13		13
Department of Labour				29		29
Office of the Premier: KwaZulu-Natal				914		914
SAMDI				33		33
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>312</b>	<b>989</b>	<b>312</b>	<b>989</b>



**Annual financial statements and annual reports for 2005/06 in terms of section 27 of the Division of Revenue Act, 2005: Integrated Housing and Human Settlement and Development Grant**

**1. Section 27(a)**

<b>Integrated Housing and Human Settlement Development Grant</b>	<b>R`000</b>
<b>PROVINCE</b>	<b>581,218</b>
Eastern Cape	398,618
Free State	1,340,675
Gauteng	799,659
Limpopo	397,650
Mpumalanga	321,123
Northern Cape	79,917
North West	467,880
Western Cape	456,740
<b>TOTAL</b>	<b>4,843,480</b>
<b>Human Settlement Redevelopment Grant</b>	
Eastern Cape	0
Free State	9,475
Gauteng	4,130
KwaZulu-Natal	0
Limpopo	1,418
Mpumalanga	0
North West	0
Western Cape	9,373
<b>TOTAL</b>	<b>24,396</b>

**2. Section 27(b)**

Indicate the transfers, if any, that were withheld in respect of each province or municipality.

There were no grant funds withheld during the year.

**3. Section 27(c)**

It is hereby certified that all the allocated funds in respect of the two grants were deposited in the provincial primary accounts as per the instruction from the National Treasury.

**4. Section 27(d)**

The National Transferring Officer did not utilise nor retain any of the grant funds for administration purposes.

**5. Disclosure**

The National Department could not certify that all the provincial business plans in respect of the 2005/06 financial year were approved before the end of the 2004/05 financial year as some of the provincial Departments of

Housing experienced problems in the compilation thereof and consequently submitted the business plans late.

The submission of business plans was not a requirement prior to 2005/06. It should be emphasised that the submission of business plans in the format and magnitude required was a first time experience for all the provinces and as such that contributed to the delays in submission of the business plans. The Certificate of Compliance was submitted before the due date of 15 April 2005 in respect of eight of the provinces. No funds were transferred to the provinces prior to submission by the provinces of their business plans.

## 6. Monitoring of Provinces

All the provinces submitted the required conditional grants reports and provided the information in terms of the approved guidelines, and if and when necessary made additional information available. The National Department submitted expenditure reports and non-financial information on a quarterly basis, to HOD and MINMEC meetings where the content was discussed in detail.

The National Department was earlier in the financial year not satisfied with the rate of expenditure and communicated in writing with the provinces to rectify the situation. The Minister also visited most of the provinces and met with the MEC's and senior management staff to address housing delivery and attendant financial matters. The HSS system is also used to an extent.

In respect of the Human Settlement and Redevelopment grant compliance with the conditions of the Programme is being monitored in terms of an approved Monitoring and Reporting Framework. Despite having this framework in place it has been difficult to monitor compliance with the Division of Revenue Act. This was due to a lack of quality reporting in accordance with the above framework by some Provinces. The Department addressed the aforementioned problems through provincial project manager meetings, providing provinces with detailed monthly feedback regarding the quality of the monthly reports and conducting provincial visits. In addition to these interventions the Departments also requested detailed project by project status quo reports in some provinces from the project implementors to ensure that information contained in the monthly reports are accurate and concise. These feedback processes focused on resolving inconsistencies in and omissions of required information. This task has, however, been challenging in relation to some provinces as the provincial project managers are changed regularly with the end result that ongoing training and capacitation needs to occur to ensure that the required information is submitted. In accordance with the grant framework only funding committed in terms of approved business plans was transferred to the Provinces throughout the course of the financial year.

The HSRP was furthermore reviewed concurrently with the formulation of the Comprehensive Plan for the Development Sustainable Human Settlements of the Department of Housing within which the Department committed itself towards achieving the broader notion of sustainable human settlements and more efficient cities, towns and regions. The projects funded through this pilot programme contributed towards the mainstreaming of certain elements within the comprehensive plan including *inter alia* the funding of the provision of selected social and economic facilities and amenities.





## 7. Extent of achievements in respect of the Integrated Housing and Human Settlement Development Grant

Number of housing projects approved:	321
Number of subsidies represented by approved housing projects:	137 746
Number of subsidies approved to specific beneficiaries:	153 528
<b>Housing delivery:</b>	
Number of sites completed:	115 175
Number of units completed:	137 659

## 8. Explanations on under expenditure of Conditional Grants

### 8.1 Integrated Housing and Human Settlement Development Grant

#### 8.1.1. Limpopo

The province indicated the following matters, which affects the expenditure:

- Building of houses were affected by a shortage of acceptable quality bricks. The contractors could only deliver 1 500 bricks per week while the province needed 3 000 to meet their target of building 12 000 houses.
- Housing delivery was affected by heavy rains in the period January to March 2006.
- Non-compliance by developers when submitting claims without the relevant supporting documents.
- Usage of unspecified material by some of the contractors delayed the flow of payment.

The province took the following remedial actions:

- Specifications amended to authorise certain individual contractors to use cement bricks.
- All local authorities were informed in writing that cement bricks may be used as indicated in the first bullet.
- Contractors were reminded to attach the relevant supporting documents when they submit progress claims. Project Managers were also requested to ensure that all supporting documents are attached to claims at the time of submission.
- A meeting was held with all contractors to urge them to complete projects in terms of provisions of the agreement.
- Contractors were urged to use the specified material as per departmental prescripts.

#### 8.1.2. Free State

A variety of factors influenced housing delivery in the province but one of the major contributing factors was the heavy rainfall experienced in many areas, which resulted in the delay of the construction process, as the material delivery vehicles could not access the construction sites. Lack of capacity, especially on technical level is a crucial factor.

The Provincial Housing Department, in consultation with the MEC and with the approval of the Provincial Executive Council, is addressing matters influencing delivery in a document named "The Turn-A-Round" housing strategy. The document is comprehensive and *inter alia* the following aspects will be addressed:

- The Provincial Housing Department will support Local Authorities with the development of their IDP's and based on that document, in a consultative process, execute housing delivery.
- Identify suitable land in collaboration with Local Authorities and ensure that a general plan and township register be opened.
- Prioritise the provision of services for proposed affordable housing development.
- Ensure that Local Authorities create and manage a "Living Waiting List" of prospective beneficiaries.
- Capacitate Local Authorities through the departmental capacity building programmes. Emphasising skills of a technical nature which include, project management, quality control, legal, consumer education and other housing delivery related aspects.
- Ensure the completion of partially constructed housing units.

### 8.1.3. Mpumalanga

#### General

The department took a strategic decision to focus on the completion of incomplete housing projects that were blocked as a result of non-availability of land and inflation problems.

The provincial department had challenges relating to staff due to high vacancy rates in the Chief Directorate: Housing and Technical, especially in the area of project management and engineering services.

#### Specific problems

**Individual and contract based subsidies:** In this province there are over 750 small emerging builders building houses and some of them have been found to be non-performing. Regrettably, fraudulent activities occurred on some projects, which resulted in disciplinary actions being taken as well as criminal charges being laid. The impact of inflation in respect of the subsidies also had an effect;

**Project linked:** The subsidy amount is used not only for the top structure, but also to design and install water and sewer connections, gravel roads and minimum storm water systems in a Greenfield area where a number of houses are planned. The projects were blocked due to various land related matters, eg. township establishment. The heavy rain also contributed significantly to slow progress.

**People Housing Process:** This instrument is in respect of the people who wish to construct their own houses with the help of a support organisation. The progress is slow due to factors such as water supply in the rural areas, escalation of material prices; support organisations which are not credit worthy or do not have adequate funds to purchase materials in bulk.

#### Remedial action taken

- Cancelled the contracts of the non-performing contractors and followed the prescribed process to appoint new contractors. A more stringent approach was adopted with appointment of new/replacement contractors.
- The legal department allocated more resources towards the finalisation of new contracts.



- In respect of the effects of inflation on the subsidies the province obtained an additional allocation from the Provincial Treasury to address the problem.
- In view of the small profit margin only small contractors could be appointed.
- Consultants appointed, were instructed to concentrate more on construction management in areas where incomplete top structures existed. Departmental staff were instructed to be on sites for at least 3 days to assist contractors with problems.
- Contracted with material suppliers in order to assist contractors who have difficulty to obtain credit.

## 8.2. Human Settlement Redevelopment Programme (HSRP)

The transfer of funds was affected on condition that suitable business plans were submitted and approved by the Department of Housing. The allocation of R24,396 million was made available to honour the commitments made in relation to project business plans already approved in the 2004/05 financial year. The grant funds the capital expenditure of the projects approved in terms of the criteria of the Programme.

The Transfer of Payment Schedule was not amended during the 2005/06 financial year. As prescribed by the grant framework the funding was only transferred to the provinces once approved business plans were in place.

In the 2005/06 financial year total expenditure in terms of the HSRP amounted to R102,351 million. The total 2005/06 allocation plus R77,955 million of the roll overs from previous financial years was thus spent. Provinces generally have improved upon their year on year expenditure in the 2005/06 financial year. Gauteng has spent 100% of its HSRP funding whilst Free State, Mpumalanga and North West have spent over 75% of the total allocations (current year allocations plus roll over amounts from previous financial years).

# SOUTH AFRICAN HOUSING FUND

157

## Financial statements for the year ended 31 March 2006

### *Report of the accounting officer for the year ended 31 March 2006*

#### 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. The draft legislation is in the process of being approved to give effect to that decision. As reflected in the Annual Report of 2003/2004 the Department's intention to disestablish the South African Housing Fund was indicated as a pre-requisite legislative action to amend the Housing Act of 1997.

MINMEC approved that the process for the disestablishment of the Fund be commenced with and that draft legislation be prepared for Executive approval.

A draft Bill has been submitted to the Minister for consideration on 28 April 2005 before the matter can be submitted to Cabinet.

The delisting of the South African Housing Fund was approved with effect from 18 November 2003.

In view of the aforementioned, the South African Housing Fund was dormant as from 01 April 2004 to facilitate the final audit of the Fund and consequently no transactions were processed during the financial year.

#### 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 authority 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 section 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 11(8) of the Housing Act, 1997 (Act No. 107 of 1997) the Auditor-General has the responsibility to audit the books and statements of account and balance sheet of the South African Housing Fund. The Office of the Auditor-General will continue to perform the statutory audit of the South African Housing Fund.



#### 4. Approval of financial statements

The financial statements set out on pages 157 to 163 for the South African Housing Fund were approved by the accounting officer.



Chief Financial Officer  
M Dlabantu

Date: 31 May 2006



Accounting Officer  
I W Kotsoane

Date: 31 May 2006

## Report of the Auditor-General to Parliament on the Financial Statements of the South African Housing Fund for the year ended 31 March 2006

### 1. Audit Assignment

The financial statements as set out on pages 157 to 163, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, 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). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

### 2. Scope

The audit was conducted in accordance with International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no.28723 of 10 April 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

#### An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

### 3. Basis of accounting

The entity's policy is to prepare the financial statements on the entity specific basis of accounting described in note 1 to the financial statements.

### 4. Audit opinion

In my opinion, the financial statements fairly present, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements.

### 5. Emphasis of matter

Without qualifying the audit opinion expressed above, attention is drawn to the following matter:

#### 5.1 Disestablishment of the South African Housing Fund

As disclosed in note 8 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.

## 5.2 Trade and other receivables

As reported in the previous report, although the debt amounting to R 420 274 as reflected in note 3 to the financial statements has been fully provided for as a bad debt, insufficient steps have been taken to recover the debt.

## 6. Appreciation

The assistance rendered by the staff of the Department of Housing during the audit is sincerely appreciated.



FJ Joubert for Auditor-General  
Pretoria  
31 July 2006



## Accounting policies

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 conducts 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, investments, receivables and creditors.

##### **Measurement**

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

##### **Investments**

Investments are stated at cost. Investments are with Corporation for Public Deposits and does not earn any interest.

##### **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 Housing.



BALANCE SHEET AT 31 MARCH 2006			
ASSETS	Notes	31 March 2006 R'000	31 March 2005 R'000
<b>Non current assets</b>		<b>25,356</b>	<b>25,356</b>
Investments and loans	2	25,356	25,356
<b>Current Assets</b>		<b>7,229</b>	<b>7,240</b>
Trade and other receivables	3	-	-
Cash and Cash Equivalents	6.2	7,229	7,240
<b>TOTAL ASSETS</b>		<b>32,585</b>	<b>32,596</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>		<b>31,958</b>	<b>31,958</b>
Treasury Reserves			
Non Distributable Reserves			
Accumulated profits/(Losses)		31,958	31,958
<b>Current Liabilities</b>		<b>627</b>	<b>638</b>
Trade and other payables	4	627	638
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,585</b>	<b>32,596</b>
<b>INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006</b>			
Grant received from National Department of Housing		-	-
Other operating income		-	-
Other operating expenses		-	-
Operating loss		-	-
<b>(Deficit)/Surplus for the period</b>		<b>-</b>	<b>-</b>
<b>STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006</b>			
<b>Balance as at 1 April</b>		<b>31,958</b>	<b>31,958</b>
Balance as previously reported		31,958	31,958
Deficit for the period			
<b>Balance as at 31 March</b>		<b>31,958</b>	<b>31,958</b>
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		<b>-</b>	<b>-</b>
Cash receipts from customers		-	-
Cash paid to suppliers and employees		-	-
Cash generated from/(utilised in) operations	6.1	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		<b>-</b>	<b>-</b>
Loans to Local Authorities		-	-
Investments in CPD		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		<b>-</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents		(11)	-
Cash and cash equivalents at beginning of period		7,240	7,240
<b>Cash and cash equivalents at end of period</b>		<b>7,229</b>	<b>7,240</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006**

N0.	Notes	31 March 2006 R'000	31 March 2005 R'000
<b>2. INVESTMENTS</b>			
Corporation for Public Accounts (CPD)		25,356	25,356
<b>Total</b>		<b>25,356</b>	<b>25,356</b>
<b>Corporation for Public Deposits (CPD)</b>			
Investments in the Corporation for Public Deposits are not ceded.			
On 24 January 1996 Cabinet approved the suspension of interest payments with effect from 1 February 1996			
<b>3. TRADE AND OTHER RECEIVABLES</b>			
Debtors		421	421
Less: Provision for bad debt		(421)	(421)
<b>Total</b>		<b>-</b>	<b>-</b>
<b>4. TRADE AND OTHER PAYABLES</b>			
Post office account		638	638
Deposit		1	-
Less Payment		(12)	-
<b>Total</b>		<b>627</b>	<b>638</b>
<b>6. NOTES TO THE CASH FLOW STATEMENT</b>			
<b>6.1 Reconciliation of net loss to cash utilised in operations</b>			
Net (deficit)/surplus		-	-
Adjustments for:			
Provision for bad debt		-	-
Write-off of Loans to Local Authorities		-	-
Unpaid subsidies		-	-
Shares transferred		-	-
Operating profit before working capital changes		-	-
Movement in working capital:			
Increase (decrease) in accounts payable		(11)	-
		<b>(11)</b>	<b>-</b>
<b>6.2 Cash and cash equivalents</b>			
Cash on hand		7,229	7,240
		<b>7,229</b>	<b>7,240</b>
<b>7. Administration Costs</b>			
All administration costs are borne by the Department of Housing			
<b>8. Disestablishment of the S A Housing Fund</b>			
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 Minister for consideration on 28 April 2005 before the matter can be submitted to cabinet. The delisting of the South African Housing Fund was approved with effect from 18 November 2003.			



## PART 5. HUMAN RESOURCE MANAGEMENT

### 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	43	33	23.3	5
Cleaners in offices workshops hospitals etc.	17	11	35.3	4
Information Clerks/Receptionists/Switchboard Operators	1	1	0	1
Communication and information related	15	12	20	4
Computer programmers	1	0	100	0
Planners	44	24	45.5	0
Town and Regional Planners	15	10	33.3	0
Finance and economics related	16	14	12.5	0
Financial and related professionals	7	7	0	2
Financial clerks and credit controllers	16	14	12.5	6
Food services aids and waiters	4	3	25	0
General legal administration & rel. professionals	2	2	0	0
Head of department/chief executive officer	1	0	100	0
Human resources & organisat developm & relate prof.	9	8	11.1	1
Human resources clerks	11	9	18.2	2
Human resources related	3	3	0	0
Legal related	9	5	44.4	0
Librarians and related professionals	1	1	0	0
Mail and related clerks	5	5	0	1
Light vehicle drivers	2	2	0	0
Logistical support personnel	6	6	0	3
Material-recording and transport clerks	7	6	14.3	1
Messengers porters and deliverers	8	7	12.5	0
Other administrat & related clerks and organisers	55	40	27.3	5
Other administrative policy and related officers	2	2	0	1
Other information technology personnel	5	4	20	0
Other occupations	1	1	0	0
Secretaries & other keyboard operating clerks	38	33	13.2	5
Security guards	1	1	0	0
Security officers	21	21	0	9
Senior managers	47	38	19.1	5
<b>TOTAL</b>	<b>413</b>	<b>323</b>	<b>21.8</b>	<b>55</b>

## HR Oversight - April 2005 to March 2006 - Department of Housing

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 Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	29	0	0	0	0	0	0
Contract (Levels 1-2)	5	0	0	0	0	0	0
Contract (Levels 3-5)	20	0	0	0	0	0	0
Contract (Levels 6-8)	28	0	0	0	0	0	0
Contract (Levels 9-12)	2	0	0	0	0	0	0
Contract (Band B)	2	0	0	0	0	0	0
Contract (Band C)	1	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	52	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	107	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	121	0	0	0	0	0	0
Senior Management Service Band A	28	0	0	0	0	0	0
Senior Management Service Band B	11	0	0	0	0	0	0
Senior Management Service Band C	5	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>413</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Profile of employees whose positions were upgraded due to their posts being upgraded					
Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0
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
xxx	0	xxx	xxx	xxx	
xxx	0	xxx	xxx	xxx	
Total	0				
Percentage of Total Employment	0				0
Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]					
Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0





## HR Oversight - April 2005 to March 2006 - Department of Housing

Annual Turnover Rates by Salary Band				
Salary Band	Employment at beginning of period (April 2005)	Appoint- ments	Terminations	Turnover Rate
Lower skilled (Levels 1-2)	14	2	1	7.1
Skilled (Levels 3-5)	35	7	1	2.9
Highly skilled production (Levels 6-8)	73	6	4	5.5
Highly skilled supervision (Levels 9-12)	87	8	1	1.1
Senior Management Service Band A	17	0	0	0
Senior Management Service Band B	7	1	0	0
Senior Management Service Band C	4	1	0	0
Contract (Levels 3-5)	5	26	10	200
Contract (Levels 6-8)	9	26	6	66.7
Contract (Levels 9-12)	2	12	5	250
Contract (Band A)	0	1	0	0
Contract (Band B)	1	1	0	0
Contract (Band D)	0	1	0	0
<b>TOTAL</b>	<b>254</b>	<b>92</b>	<b>28</b>	<b>11</b>

Annual Turnover Rates by Critical Occupation				
Occupation	Employment at beginning of period (April 2005)	Appoint- ments	Terminations	Turnover Rate
Administrative related	28	4	2	7.1
Information Clerks/Receptionists/Switchboard Operators)	1	0	0	0
Cleaners in offices workshops hospitals etc	7	6	4	57.1
Client inform clerks (switchboard recept inform clerks)	4	2	0	0
Communication and information related	6	6	2	33.3
Economists	18	6	2	11.1
Electrical and electronics engineering technicians	1	0	0	0
Town and Regional Planners	9	2	3	33.3
Finance and economics related	9	0	0	0
Financial and related professionals	6	2	0	0
Financial clerks and credit controllers	8	11	1	12.5
Food services aids and waiters	4	5	3	75
General legal administration & rel. professionals	4	2	0	0
Human resources & organisat developm & relate prof	9	0	0	0
Human resources clerks	7	2	1	14.3
Human resources related	5	0	0	0
Legal related	4	0	1	25
Library mail and related clerks	5	1	0	0
Light vehicle drivers	2	0	0	0
Logistical support personnel	3	3	0	0
Material-recording and transport clerks	6	1	0	0
Messengers porters and deliverers	6	1	0	0
Other administrat & related clerks and organisers	33	10	1	3
Other administrative policy and related officers	2	1	0	0
Other information technology personnel	5	0	0	0
Other occupations	2	0	0	0
Secretaries & other keyboard operating clerks	26	11	6	23.1
Security guards	8	1	2	25
Security officers	4	9	0	0
Senior managers.	21	6	0	0
Social sciences related	1	0	0	0
<b>TOTAL</b>	<b>254</b>	<b>92</b>	<b>28</b>	<b>11</b>



## Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total
Resignation	10	35.7	3.9	28
Expiry of contract	15	53.6	5.9	28
Dismissal-misconduct	1	3.6	0.4	28
Retirement	1	3.6	0.4	28
Other	1	3.6	0.4	28
<b>TOTAL</b>	<b>28</b>	<b>100</b>	<b>11</b>	<b>28</b>
Resignations as % of Employment	11			

Promotions by Critical Occupation					
Occupation	Employment at Beginning of Period (April 2005)	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	28	8	28.6	11	39.3
Receptionist	1	1	100	0	0
Cleaners in offices workshops hospitals etc.	7	0	0	4	57.1
Client inform clerks(switchboard receptor inform clerks)	4	0	0	0	0
Communication and information related	6	3	50	1	16.7
Planners	18	6	33.3	6	33.3
Graphic Designer	1	0	0	0	0
Town and Regional Planners	9	1	11.1	1	11.1
Finance and economics related	9	4	44.4	3	33.3
Financial and related professionals	6	3	50	2	33.3
Financial clerks and credit controllers	8	0	0	3	37.5
Food services aids and waiters	4	0	0	4	100
General legal administration & rel. professionals	4	0	0	0	0
Human resources & organisat developm & relate prof	9	3	33.3	5	55.6
Human resources clerks	7	1	14.3	2	28.6
Human resources related	5	0	0	3	60
Legal related	4	0	0	1	25
Mail and related clerks	5	0	0	2	40
Light vehicle drivers	2	0	0	2	100
Logistical support personnel	3	0	0	2	66.7
Material-recording and transport clerks	6	1	16.7	2	33.3
Messengers porters and deliverers	6	1	16.7	2	33.3
Other administrat & related clerks and organisers	33	7	21.2	6	18.2
Other administrative policy and related officers	2	1	50	1	50
Other information technology personnel	5	1	20	1	20
Other occupations	2	0	0	1	50
Secretaries & other keyboard operating clerks	26	3	11.5	11	42.3
Security guards	8	1	12.5	0	0
Security officers	4	0	0	1	25
Senior managers	21	4	19	5	23.8
Social sciences related	1	0	0	0	0
<b>TOTAL</b>	<b>254</b>	<b>49</b>	<b>19.3</b>	<b>82</b>	<b>32.3</b>

Promotions by Salary Band					
Salary Band	Employment at Beginning of Period (April 2005)	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)	14	0	0	11	78.6
Skilled (Levels 3-5)	35	4	11.4	6	17.1
Highly skilled production (Levels 6-8)	73	7	9.6	29	39.7
Highly skilled supervision (Levels 9-12)	87	31	35.6	31	35.6
Senior management (Levels 13-16)	28	7	25	5	17.9
Contract (Levels 3-5)	5	0	0	0	0
Contract (Levels 6-8)	9	0	0	0	0
Contract (Levels 9-12)	2	0	0	0	0
Contract (Levels 13-16)	1	0	0	0	0
<b>TOTAL</b>	<b>254</b>	<b>49</b>	<b>19.3</b>	<b>82</b>	<b>32.3</b>

### HR Oversight - April 2005 To March 2006 - Department of Housing

Total number of employees (including 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	12	1	3	16	5	6	1	2	9	0	30
Professionals	47	1	5	53	9	52	2	1	55	18	135
Clerks	31	1	0	32	2	47	3	9	59	21	114
Service and sales workers	12	0	0	12	0	8	0	0	8	0	20
Plant and machine operators and assemblers	2	0	0	2	0	0	0	0	0	0	2
Elementary occupations	9	1	0	10	0	12	0	0	12	0	22
<b>TOTAL</b>	<b>113</b>	<b>4</b>	<b>8</b>	<b>125</b>	<b>16</b>	<b>125</b>	<b>6</b>	<b>12</b>	<b>143</b>	<b>39</b>	<b>323</b>
	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Employees with disabilities	2	0	0	2	0	0	0	0	0	0	2



170

**Total number of Employees (incl. Employees with disabilities) per Occupational Bands**

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Top Management	5	0	1	6	3	2	0	1	3	0	12
Senior Management	9	1	0	10	4	5	2	1	8	1	23
Professionally qualified and experienced specialists and mid-management	36	1	4	41	8	37	0	2	39	14	102
Skilled technical and academically qualified workers, junior management, supervisors, foremen	20	0	1	21	0	26	3	6	35	24	80
Semi-skilled and discretionary decision making	13	2	0	15	1	20	1	0	21	0	37
Unskilled and defined decision making	5	0	0	5	0	5	0	0	5	0	10
Contract (Top Management)	0	0	2	2	0	0	0	0	0	0	2
Contract (Senior Management)	2	0	0	2	0	0	0	0	0	0	2
Contract (Professionally qualified)	1	0	0	1	0	8	0	0	8	0	9
Contract (Skilled technical)	11	0	0	11	0	13	0	2	15	0	26
Contract (Semi-skilled).	11	0	0	11	0	9	0	0	9	0	20
<b>TOTAL</b>	<b>113</b>	<b>4</b>	<b>8</b>	<b>125</b>	<b>16</b>	<b>125</b>	<b>6</b>	<b>12</b>	<b>143</b>	<b>39</b>	<b>323</b>

**TABLE 6.3 - Recruitment**

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Top Management	0	0	0	0	0	0	0	1	1	0	1
Senior Management	1	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	1	1	6	0	0	6	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen	1	0	0	1	0	5	0	0	5	0	6
Semi-skilled and discretionary decision making	1	1	0	2	14	1	0	5	0	8	
Unskilled and defined decision making	2	0	0	2	0	0	0	0	0	0	2
Contract (Top Management)	0	0	1	1	0	0	0	0	0	0	1
Contract (Senior Management)	2	0	0	2	0	0	0	0	0	0	2
Contract (Professionally qualified)	2	0	0	2	0	10	0	0	10	0	12
Contract (Skilled technical)	10	0	0	10	0	14	0	2	16	0	26
Contract (Semi-skilled)	12	0	0	12	0	14	0	0	14	0	26
<b>TOTAL</b>	<b>32</b>	<b>1</b>	<b>1</b>	<b>34</b>	<b>2</b>	<b>53</b>	<b>1</b>	<b>3</b>	<b>57</b>	<b>0</b>	<b>93</b>
<b>No data</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Promotions</b>											
Top Management	1	0	0	1	0	0	0	0	0	0	1
Senior Management	4	1	0	5	5	2	0	0	2	0	12
Professionally qualified and experienced specialists and mid-management	29	1	0	30	5	19	0	0	19	8	62
Skilled technical and academically qualified workers, junior management, supervisors, foremen	5	2	0	7	0	7	2	0	9	20	36
Semi-skilled and discretionary decision making	4	0	0	4	0	6	0	0	6	0	10
Unskilled and defined decision making	2	0	0	2	0	9	0	0	9	0	11
<b>TOTAL</b>	<b>45</b>	<b>4</b>	<b>0</b>	<b>49</b>	<b>10</b>	<b>43</b>	<b>2</b>	<b>0</b>	<b>45</b>	<b>28</b>	<b>132</b>



[illegible]



Performance Rewards by Salary Band for Personnel 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)	11	10	110	66	6,000
Skilled (Levels 3-5)	7	37	18.9	49	7,000
Highly skilled production (Levels 6-8)	33	80	41.3	524	15,879
Highly skilled supervision (Levels 9-12)	30	102	29.4	894	29,800
Contract (Levels 3-5)	0	20	0	0	0
Contract (Levels 6-8)	0	26	0	0	0
Contract (Levels 9-12)	0	9	0	0	0
<b>TOTAL</b>	<b>81</b>	<b>284</b>	<b>28.5</b>	<b>1533</b>	<b>18926</b>
Performance Rewards by Critical Occupation					
Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	12	35	34.3	392	32,667
Architects town and traffic planners	0	2	0	0	0
Cleaners in offices workshops hospitals etc	4	9	44.4	15	3,750
Client information clerks (switch board reception information clerks)	0	4	0	0	0
Communication and information related	1	12	8.3	20	20,000
Economists	6	21	28.6	152	25,333
Electrical and electronics engineering technicians	0	1	0	0	0
Engineers and related professionals	0	8	0	0	0
Finance and economics related	3	12	25	64	21,333
Financial and related professionals	2	9	22.2	56	28,000
Financial clerks and credit controllers	3	16	18.8	51	17,000
Food services aids and waiters	3	5	60	11	3,667
General legal administration & rel. professionals	1	5	20	50	50,000
Human resources & organisational development & related professions	4	10	40	65	16,250
Human resources clerks	3	8	37.5	54	18,000
Human resources related	3	4	75	118	39,333
Legal related	1	2	50	43	43,000
Librarians and related professionals	0	2	0	0	0
Library mail and related clerks	4	6	66.7	52	13,000
Light vehicle drivers	2	2	100	9	4,500
Logistical support personnel	2	6	33.3	40	20,000
Material-recording and transport clerks	2	8	25	12	6,000
Messengers porters and deliverers	4	7	57.1	42	10,500
Other administrat & related clerks and organisers	6	40	15	70	11,667
Other administrative policy and related officers	1	2	50	12	12,000
Other information technology personnel	1	4	25	6	6,000
Other occupations	1	2	50	17	17,000
Secretaries & other keyboard operating clerks	13	32	40.6	216	16,615
Security guards	0	7	0	0	0
Security officers	1	13	7.7	6	6,000
Senior managers	4	29	13.8	184	46,000
<b>TOTAL</b>	<b>87</b>	<b>323</b>	<b>26.9</b>	<b>1757</b>	<b>20195</b>

**Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service**

SMS band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)	% of SMS wage bill	Personnel cost SMS (R'000)
Band A	5	3	66.7	169	3,380	1.8	9,255
Band B	1	22	4.5	55	5,500	1.1	4,972
Band C	0	13	0	0	0	0	0
Band D	0	1	0	0	0	0	0
<b>TOTAL</b>	<b>6</b>	<b>39</b>	<b>15.4</b>	<b>224</b>	<b>3733.3</b>	<b>1.6</b>	<b>14227</b>

**HR Oversight - April 2005 to March 2006 - Department of Housing****Foreign workers by salary band**

Salary band	Employment at beginning 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 change in employment
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 8.2 - Foreign workers by major occupation**

Major occupation	Employment at beginning 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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**HR Oversight - April 2005 to March 2006 - Department of Housing****Sick Leave for Jan 2005 to Dec 2005**

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)	Total number of employees using sick leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	81	81.5	10	4.7	8	12	215	
Skilled (Levels 3-5)	125	80.8	23	10.7	5	24	215	
Highly skilled production (Levels 6-8)	479	69.3	72	33.5	7	174	215	
Highly skilled supervision (Levels 9-12)	448	65.2	78	36.3	6	316	215	
Senior management (Levels 13-16)	118	78	20	9.3	6	202	215	
Contract (Levels 3-5)	10	90	2	0.9	5	2	215	
Contract (Levels 6-8)	24	62.5	7	3.3	3	9	215	
Contract (Levels 9-12)	15	73.3	3	1.4	5	15	215	
<b>TOTAL</b>	<b>1300</b>	<b>70.6</b>	<b>215</b>	<b>100</b>	<b>6</b>	<b>754</b>	<b>215</b>	

**Disability Leave (Temporary and Permanent) for Jan 2005 to Dec 2005**

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)	Total number of days with medical certification
Lower skilled (Levels 1-2)	71	100	1	20	71	11	71
Highly skilled production (Levels 6-8)	2	100	7	140	0	1	2
Highly skilled supervision (Levels 9-12)	11	100	5	100	2	6	11
Senior management (Levels 13-16)	86	100	2	40	43	149	86
<b>TOTAL</b>	<b>170</b>	<b>100</b>	<b>15</b>	<b>300</b>	<b>11</b>	<b>167</b>	<b>170</b>

**HR oversight - April 2005 To March 2006 - Department of Housing**

<b>Collective Agreements</b>			
Subject Matter	Date		
0	0		
0	0		
<b>Misconduct and discipline hearings finalised</b>			
Outcomes of disciplinary hearings	Number	Percentage of Total	Total
<b>TOTAL</b>	<b>3</b>	<b>100</b>	<b>3</b>
<b>Types of Misconduct Addressed and Disciplinary Hearings</b>			
Type of misconduct	Number	% of total	
Abscondment	1	25	
Nepotism	1	25	
Theft	1	25	
Sexual Harassment	1	25	
<b>TOTAL</b>	<b>4</b>		



176

<b>Grievances Lodged</b>		
<b>Number of grievances addressed</b>	<b>Number</b>	<b>% of total</b>
Resolved	1	11.1
Not resolved	8	88.9
<b>TOTAL</b>	<b>9</b>	
<b>Disputes Lodged</b>		
<b>Number of disputes addressed</b>	<b>Number</b>	<b>% of total</b>
Upheld	0	0
Dismissed	0	0
<b>TOTAL</b>	<b>0</b>	
<b>Strike Actions</b>		
Strike Actions	-	
Total number of person working days lost	31	
Total cost (R'000) of working days lost	11711	
Amount (R'000) recovered as a result of no work no pay	11711	
<b>Precautionary Suspensions</b>		
Precautionary Suspensions	-	
Number of people suspended	0	
Number of people whose suspension exceeded 30 days	0	
Average number of days suspended	0	
Cost (R'000) of suspensions	0	

**Oversight - April 2005 to March 2006 - Department of Housing****Training Needs identified**

Occupational Categories	Gender	Employment	Learner-ships	Skills programmes & other short courses	Other forms of training	Total
<b>Legislators, senior officials and managers</b>	<b>Female</b>	0	0	4	0	4
	Male	0	0	15	0	15
<b>Professionals</b>	<b>Female</b>	0	0	12	0	12
	Male	0	0	12	0	12
<b>Technicians and associate professionals</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Clerks</b>	<b>Female</b>	0	0	83	0	83
	Male	0	0	48	0	48
<b>Service and sales workers</b>	<b>Female</b>	0	0	0	0	00
	Male	0	0	0	0	0
<b>Skilled agriculture and fishery workers</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Craft and related trades workers</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Plant and machine operators and assemblers</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Elementary occupations</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Gender sub totals</b>	<b>Female</b>	0	0	99	0	99
<b>Male</b>	<b>0</b>	0	0	75	0	75
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>174</b>	<b>0</b>	<b>174</b>



178

**Oversight - April 2005 to March 2006 - Department of Housing****Training Provided**

Occupational Categories	Gender	Employment	Learner-ships	Skills programmes & other short courses	Other forms of training	Total
<b>Legislators, senior officials and managers</b>	<b>Female</b>	0	0	15	0	15
	Male	0	0	14	0	14
<b>Professionals</b>	<b>Female</b>	0	0	29	0	29
	Male	0	0	23	0	23
<b>Technicians and associate professionals</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Clerks</b>	<b>Female</b>	0	0	218	0	218
	Male	0	0	110	0	110
<b>Service and sales workers</b>	<b>Female</b>	0	0	0	0	00
	Male	0	0	0	0	0
<b>Skilled agriculture and fishery workers</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Craft and related trades workers</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Plant and machine operators and assemblers</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Elementary occupations</b>	<b>Female</b>	0	0	0	0	0
	Male	0	0	0	0	0
<b>Gender sub totals</b>	<b>Female</b>	0	0	262	0	99
Male	0	0	0	147	0	147
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>409</b>	<b>0</b>	<b>409</b>

**HR oversight - April 2005 to March 2006 - Department of Housing****Injury on Duty**

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>TOTAL</b>	<b>4</b>	

Job Evaluation, 1 April 2005 to 31 March 2006							
Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)							
Skilled (Levels 3-5)	4	4	100%	3	75%	0	0
Highly skilled production (Levels 6-8)							
Highly skilled supervision (Levels 9-12)							
Senior Management Service Band A							
Senior Management Service Band B							
Senior Management Service Band C							
Senior Management Service Band D							
<b>TOTAL</b>							

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

Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2005 to 31 March 2006					
Beneficiaries	African	Asian	Coloured	White	Total
Female	2				2
Male				1	1
<b>TOTAL</b>					<b>3</b>
Employees with a disability					0

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

Employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	
None	0	0	0	
None	0	0	0	
None	0	0	0	
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2003/04				0
Percentage of total employment				0





180

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

Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2004 to 31 March 2005 (in terms of PSR 1.V.C.3)					
Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	0	0	0	0	0
Employees with a disability	2				
Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2003/ 04					None