

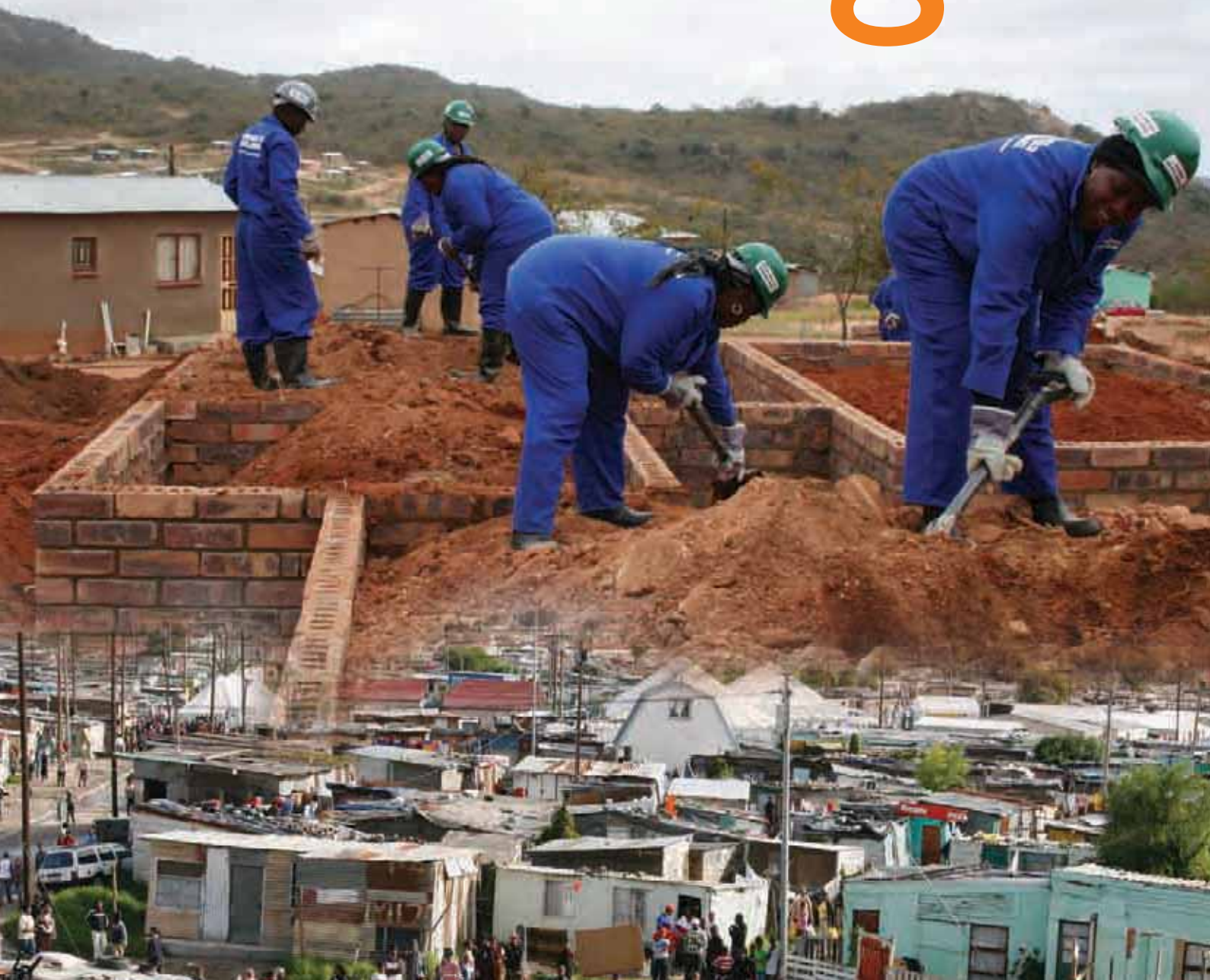


housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT
2008-2009

housing



DEPARTMENT OF HOUSING:

Vote 26, Annual Report for the financial year ending 31 March 2009

RP136/2009

ISBN: 978-0-621-38696-7



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

CONTENTS



CONTENTS

I GENERAL INFORMATION

1.1	INTRODUCTION BY THE HEAD OF THE INSTITUTION AND SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY	7
1.2	INFORMATION ON THE MINISTRY	9
1.2.1	Activities in which the ministry was involved during the year under review	9
1.2.2	Public entities reporting to the Minister	10
1.3	VISION	11
1.4	MISSION	11
1.5	LEGISLATIVE AND OTHER MANDATES	11

2 PROGRAMME PERFORMANCE IN RESPECT OF FINANCE AND ECONOMIC ISSUES

2.1	VOTED FUNDS	17
2.2	AIM OF THE VOTE	17
2.3	SUMMARY OF PROGRAMMES	17
2.4	OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT DURING 2008/2009	18
2.5	OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT DURING 2008/2009	21
2.6	STRATEGIC OVERVIEW OF AND KEY POLICY DEVELOPMENTS DURING THE 2008/2009 FINANCIAL YEAR	21
2.7	DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS	25
2.7.1	Collection of departmental revenue	25
2.7.2	Departmental expenditure	25
2.7.3	Transfer payments	26
2.7.4	Conditional grants and earmarked funds	26
2.7.5	Report in terms of the Division of Revenue Act, 2008 (Act 2 of 2008)	28

2.8	PROGRAMME PERFORMANCE	30
2.8.1	Programme 1:Administration	30
2.8.2	Programme 2: Planning and Research	41
2.8.3	Programme 3: Service Delivery Support	45
2.8.4	Programme 4: Housing Development Funding	57
3	REPORT OF THE AUDIT COMMITTEE	61
4	ANNUAL FINANCIAL STATEMENTS	65
5	HUMAN RESOURCES MANAGEMENT	141





housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

GENERAL INFORMATION



PART I

I. GENERAL INFORMATION

I.1 INTRODUCTION BY THE HEAD OF THE INSTITUTION AND SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

During the 2008-2009 period under review, the Department of Housing managed to accelerate housing delivery and attend to institutional challenges so as to improve delivery. In this regard, the department successfully completed the necessary administrative processes for the closure of Thubelisha Homes and Servcon Housing Solutions.

The establishment of the Housing Development Agency will help the department realise the objective of creating sustainable human settlements with access to the necessary socio-economic infrastructure. In the same vein, work commenced on the realignment of the Social Housing Foundation with the objectives of the Comprehensive Plan for the Creation of Sustainable Human Settlements (Breaking New Ground (BNG)).

To meet the growing demand for human settlements, the department was restructured to align it with the requirements of BNG. Some of the responsibilities of the Branch: Service Delivery Support as captured in the ENE, were reassigned to other units whereas some functions were amplified in the remaining functions.

The Branch: Policy and Research continued to pursue the development of policy and strategies contained in BNG. In line with its revised mandate, it strengthened its focus on policy assistance to a variety of stakeholders through the newly created Directorate: Policy Development Assistance. The National Housing Code, together with a number of new policy instruments, was approved by the Minister and the MEC's (MinMec) in February 2009 and will be published in the new financial year. A considerable number of *ad-hoc* tasks consumed substantial capacity, but were nevertheless completed.

In some instances policy development processes were delayed owing to further consultations and intergovernmental cooperation requirements, which posed challenges in the finalising of policy instruments. Since research underpinned policy development, a number of research papers were developed to inform departmental policy decisions and programme evaluation. The Branch: Policy and Research, through the Chief Directorate: Monitoring and Evaluation, developed and launched a Monitoring, Evaluation and Impact Assessment Policy and Implementation Framework for the housing sector. The latter also makes provision for a monitoring, evaluation and impact assessment (MEIA) system that will enable all three spheres of government to report on their performance in respect of the implementation of BNG against a set of measurable indicators.

The monitoring system was enhanced to monitor provincial housing departments in meeting targets set in the various provincial business plans. The Chief Directorate: Monitoring and Evaluation implemented a project-level

monitoring process to verify and validate the value of products delivered under the conditional grant. The Chief Directorate also initiated a comprehensive beneficiary occupancy audit to verify occupants against beneficiary lists.

In the period 2008 to 2009, the Chief Directorate: Priority Projects oversaw the implementation of priority housing projects across the country. Agreements of cooperation among the three spheres of government were concluded for the Klarinet Project and the Khutsong Redevelopment Initiative. Implementation agreements were finalised among the executive principals of administration of the three spheres of government for the Klarinet Housing Project, the Khutsong Redevelopment Initiative and the Lerato Park Housing Project.

During the year under review, 4 000 subsidised housing units were handed over to beneficiaries of the N2 Gateway Housing Project and the partnership between government and the banking sector enabled the construction of bonded housing units for mixed-income households with the emphasis on sustainability.

To Dr L Sisulu, MP, Minister of Housing

I have the honour of submitting the 2008/2009 Annual Report of the National Department of Housing in terms of the Public Finance Management Act, 1999 (Act 1 of 1999).



MR I W KOTSOANE

DIRECTOR-GENERAL

Date: 31 May 2009

1.2 INFORMATION ON THE MINISTRY

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

Minister L N Sisulu was involved in the following activities during the 2008/2009 financial year:

The Minister attended the following conferences:

- 16 July 2008: Third Barbara Ward Lecture (London), where she delivered the keynote address
- 30 July 2008: Second Meeting of the African Ministerial Conference on Housing and Urban Development, where she delivered a paper
- International Urban Poor Fund (India), which she chaired
- 20–21 February 2009: International Urban Poor Fund Board Meeting (Brazil), which she chaired.

The Minister undertook the following official visit abroad:

- 13 October 2009: Third IBSA meeting (India).

In addition to the international engagements mentioned above and parliamentary activities that included presentations on the budget vote debates to both the National Assembly and the National Council of Provinces (NCOP) on 28 and 30 May 2008, respectively, participation in and presentations to various media briefings and answering of parliamentary questions, the Minister also delivered the following key presentations during the year under review:

- 8 May 2008: Introduction of the Housing Development Agency Bill (NA)
- 13 May 2008: Introduction of the Housing Development Agency Bill (NCOP)
- 25 June 2008: Introduction of the Social Housing Bill (NCOP)
- 30 July 2008: Address at the Second Meeting of the African Ministerial Conference on Housing and Urban Development
- 15 August 2008: Handover of houses at Zanemvula
- 21 August 2008: Launch of Signal Hill houses
- 27 August 2008: Public lecture and debate on the contribution made by Professor Adduparai in the elimination of the housing backlog
- 29 September 2008: Address at the International Housing Finance Conference
- 10 October 2008: Hosting of the Second Govan Mbeki Housing Awards
- 2 March 2009: Hosting the launch of Housing Development Agency.

MinMEC, which comprises the Minister of Housing and provincial MECs for Housing, met on the following dates to discuss housing delivery and the successful implementation of BNG:

- 21–22 May 2008, in Pretoria
- 8 July 2008, in Johannesburg
- 21–22 August 2008, in Durban
- 19–20 November 2008, in Port Elizabeth
- 16 January 2009, in Johannesburg.

During the period under review the Minister attended and launched the following housing-related developments and projects:

- April 2008: Housing exhibition at the Rand Easter Show
- 9 and 10 April 2008: Imbizo in Limpopo
- 8 April 2008: Sod turning at the Limpopo Integrated Human Settlement Project
- 1 May 2008: Hosting of women politicians from Sri Lanka with a special interest in poverty alleviation, at the University of Cape Town (UCT)
- 7 August 2008: Handover of houses built by women in celebration of Women's Month, in Kimberley
- 15 August 2008: Launch of the Zanemvula Housing Project, in Port Elizabeth
- 30 September 2008: Launch of the Sareleng Housing Project, in North-West Province
- 23 October 2008: Handover of 1 000 houses at Delft
- 26 October 2008: N2 Gateway handover of 1 000 houses at Delft
- December 2008: N2 Gateway handover of 1 000 houses at Delft
- 27 February 2009: Launch of rectification housing projects, in the Eastern Cape Province
- 5 March 2009: Launch of the International Innovation Hub, in the Western Cape Province
- 31 March 2009: Launch of the FNB/Joe Slovo Second Phase of the N2 Gateway project.

The Minister also made several site visits and attended imbizos throughout the country. These visits afforded her the opportunity to experience first hand the appreciation of beneficiaries of projects implemented successfully as part of the housing programme since 2004. She also shared in the experiences of communities in areas where projects had been implemented but who were still awaiting their turn to benefit from the initiatives, and met with communities who are themselves assisting government by finding their own housing solutions.

In addition to first-hand information and testimony from communities who experienced the joy of accessing housing opportunities provided by the government's housing programme, the Minister also heard of problems such as substandard houses. In many cases, houses that failed to meet the required minimum norms and standards could be ascribed to unscrupulous partners who were alleged to have acted in collusion with government officials. These irregularities are being pursued by departmental task teams investigating corruption and maladministration in the implementation of the housing programme. All these experiences – the negative as well as the positive – gave the Minister insight in her role in providing directives for corrective and pro-active policy interventions to address the matters raised.

1.2.2 Public entities reporting to the Minister of Housing

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

- Servcon Housing Solutions
- Thubelisha Homes
- National Home Builders Registration Council (NHBRC)
- National Housing Finance Corporation (NHFC)
- National Urban Reconstruction and Housing Agency (NURCHA)
- Rural Housing Loan Fund (RHLF)
- Social Housing Foundation (SHF)
- Housing Development Agency (HDA).

1.3 VISION

A nation housed within sustainable human settlements with access to the necessary socio-economic infrastructure.

1.4 MISSION

To establish and facilitate a process that is sustainable and that provides access to affordable homes within the context of sustainable human settlements and economic opportunities for all.

1.5 LEGISLATIVE AND OTHER MANDATES

1.5.1 Legislative mandates

1.5.1.1 Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)

Section 26(1) of the Constitution enshrines access to adequate housing as a basic right of all South Africans. The state is compelled to take reasonable measures within its available resources, including the introduction of legislation, to work towards ensuring that all South Africans enjoy this right (Section 26(2)). The legislation that the Department of Housing promulgated and implemented to date falls squarely within this Constitutional imperative. In terms of Schedule 4 of the Constitution, national and provincial governments have concurrent legislative competence in respect of housing.

Section 214 provides for the equitable division of revenue raised nationally among the national, provincial and local spheres of government. This was taken into account in the housing grant allocation formula.

1.5.1.2 Housing Act, 1997 (Act 107 of 1997)

The Housing Act requires the Minister of Housing to determine national housing policy and programmes and negotiate funding for such programmes.

The Department of Housing is carrying out its legislative imperative as set out in the Housing Act, 1997 through existing legislation and the National Housing Code. Section 2 of the Housing Act compels all three spheres of government to prioritise the needs of the poor in housing development (section 2(1)(a)). All three spheres of government must ensure that housing development:

- provides as wide a choice of housing and tenure options as is feasible
- is economically and socially affordable and sustainable
- is based on integrated development planning
- is administered in a transparent, accountable and equitable manner that upholds good governance practices (section 2(1)(c)).

1.5.1.3 Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998 (Act 19 of 1998)

The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act repealed the Prevention of Illegal Squatting Act, 1951 (Act 52 of 1951) and makes provision for a fair and equitable process when evicting people who have unlawfully invaded land. The

Act makes it an offence to evict without following the due process of law.

1.5.1.4 Housing Consumers Protection Measures Act, 1998 (Act 95 of 1998)

This Act provides for the establishment of a statutory body for homebuilders. The NHBRC registers builders engaged in certain categories of housing construction and regulates the home-building industry by formulating and enforcing a code of conduct. Implementation of the Act is monitored continuously.

1.5.1.5 Rental Housing Act, 1999 (Act 50 of 1999)

This Act repealed the Rent Control Act, 1976 (Act 80 of 1976) and defines government's responsibilities around 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, the Act 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 these tribunals. The duty of establishing rental housing tribunals resides with the provinces.

Work in the fields of social and / or rental housing work is informed by the Social Housing Act, 2008 (Act 16 of 2008) and the Rental Housing Amendment Bill [B30B-2007]. Both these pieces of legislation inform the framework and parameters within which the social and/or rental housing sectors operate.

1.5.1.6 Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000)

The Act provides for the establishment of an Office of Disclosure and the monitoring of financial institutions that serve the housing finance needs of communities. It requires financial institutions to disclose information required to identify possible discriminatory lending patterns. The Act was promulgated in 2000 and came into effect in 2007 by presidential proclamation.

1.5.1.7 Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA)

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

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

1.5.1.8 Annual Division of Revenue Act (DORA)

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

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

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

Key to realising the objectives of BNG is the vigorous engagement and participation of sector-specific stakeholders, which include the presidency (so-called chapter 9 institutions), government departments, private sector and civil society.

1.5.1.10 Broad Based Black Economic Empowerment Act, 2003 (Act 53 of 2003)

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

1.5.1.11 Youth Commission Act, 1996 (Act 19 of 1996)

The Act reflects commitment by government to ensure the promotion and protection of the rights and needs of the youth of South Africa.

The following programmes have been developed and implemented to date:

- Framework for the Implementation of the Social Contract for Rapid Housing Delivery
- Rural Housing Compact
- Framework for House Builds
- Framework for the Govan Mbeki Housing Awards
- National Youth Development Policy Framework
- Framework for the Implementation Programme: Women in Housing
- Emerging Contractor Development Framework

1.5.1.12 Public Service Act and related Regulations

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

1.5.1.13 Collective agreements

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

Examples of collective agreements are the Public Service White Paper, 1995; the Transforming Public Service Delivery (Batho Pele) White Paper, 1997; the Employment Equity Act, 1998 (Act 55 of 1998); the Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000); the Broad Based Black Economic Empowerment Act, 2003 (Act 53 of 2003); national housing policies and ministerial pronouncements.

1.5.2 Other mandates: public entities reporting to the Department of Housing

1.5.2.1 Servcon Housing Solutions

Servcon Housing Solutions was established in 1995 as a result of the Record of Understanding signed in October 1994. The company was established in terms of the Companies Act, 1973 (Act 61 of 1973) and was mandated to provide exclusive management services in respect of a documented "ring-fenced" portfolio of 33 310 properties comprising properties in possession (PIPs) and non-performing loans (NPLs) worth R1,277 billion for a period of eight years, from 1 April 1998 to 31 March 2006. During 2007 the institution undertook to assist provinces through a programme of normalisation and regularisation.

During the year under review, a closure plan was developed and approved. A Joint Transition Management Committee was instituted to oversee the closure process that is to be concluded in 2009/2010.

1.5.2.2 Thubelisha Homes

Thubelisha Homes 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". With the changing housing delivery landscape, Thubelisha was requested to act as project manager/developer in assisting provinces and municipalities in the delivery of housing in line with BNG.

A closure plan for Thubelisha Homes was developed and approved. The Joint Transition Management Committee oversees the closure process of Thubelisha Homes, which is to be concluded in 2009/2010.

1.5.2.3 National Home Builders Registration Council (NHBRC)

The NHBRC is a public entity established in terms of the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998) and provides 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. Since its inception, it has been striving to regulate and provide better services to consumers through the registration of homebuilders, the enrolment of homes and home inspections. The institution continues to manage the Housing Consumers Warranty Fund.

1.5.2.4 National Housing Finance Corporation (NHFC)

The NHFC was established following a cabinet decision in May 1996, as envisaged in the White Paper on Housing. The mandate of the NHFC is to search for new and better ways to mobilise finance for housing from sources outside the state, in partnership with the broadest practicable range of organisations.

1.5.2.5 National Urban Reconstruction and Housing Agency (NURCHA)

NURCHA resulted from a partnership between the South African government and the Open Society Institute of New York. It was established in 1995 as a section 21 company in terms of the Companies Act, 1973 (Act 61 of 1973).

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

1.5.2.6 Rural Housing Loan Fund (RHLF)

The RHLF is a development finance institution that was established in August 1996 as an association not for gain. The company operates as a wholesale lender to retail intermediaries with the main aim to provide development finance to the low-income rural market in order to create or improve housing opportunities.

1.5.2.7 Social Housing Foundation (SHF)

The SHF is a section 21 company established to broadly develop and build capacity for social housing, to encourage local and international networking by bringing together various players across a range of forums in order to promote information and skills exchanges and cooperation, and to develop a policy framework for social housing.

The SHF continues to implement the Interim Social Housing Programme in the absence of the Social Housing Regulatory Authority (SHRA). The future existence of the institution will be considered in the context of the establishment of the SHRA.

1.5.2.8 Housing Development Agency (HDA)

The HDA was recently established in terms of the Housing Development Agency Act, 2008 (Act 23 of 2008), effective from 31 October 2008. The purpose of the HDA is to respond to the requirements of BNG by carrying out various functions, including:

- identifying, acquiring, holding, developing and releasing state, privately and communally owned land for residential and community development
- monitoring progress in the development of land and landed property acquired for the purpose of creating sustainable human settlements
- undertaking such project management services as may be necessary, including providing assistance in respect of approvals required for housing development.

1.5.2.9 Social Housing Regulatory Authority (SHRA)

The Social Housing Act, 2008 (Act 16 of 2008), promulgated on 5 November 2008, provides for the establishment of the SHRA. The institution will be required to promote the development of the social housing sector; to regulate all social housing institutions obtaining or having obtained public funds, and to give statutory recognition to social housing institutions.



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

PROGRAMME PERFORMANCE



PART 2

2 PROGRAMME PERFORMANCE IN RESPECT OF FINANCIAL AND ECONOMIC ISSUES

2.1 VOTED FUNDS

Voted funds were appropriated and expended as set out in the table below.

Table 2.1 Appropriation and expenditure of voted funds during the 2008/2009 financial year

Appropriation (R'000)	Main appropriation (R'000)	Adjusted appropriation (R'000)	Actual amount spent (R'000)	Over-/under- expenditure (R'000)
Programme 1: Administration	126 509	140 309	138 658	1 651
Programme 2: Policy and Research	105 542	92 042	89 041	3 001
Programme 3: Service Delivery Support	182 926	234 494	232 606	1 888
Programme 4: Housing Development Funding	10 171 546	10 461 642	10 459 986	1 656
Total	10 586 523	10 928 487	10 920 291	8 196
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, coordinate, communicate and monitor the implementation of housing policy and human settlements.

2.3 SUMMARY OF PROGRAMMES

2.3.1 Programme 1: Administration

Purpose: To provide strategic leadership, and administrative, management and legal support services to the department.

2.3.2 Programme 2: Planning and Research

Purpose: To nationally develop and promote sustainable human settlements and housing policies supported by a responsive research agenda; to monitor and assess the implementation, performance and impact of national housing policies and programmes; and to provide integrated business information.

2.3.3 Programme 3: Service Delivery Support

Purpose: To provide implementation and delivery support, build capacity, liaise and communicate with stakeholders, and to manage intergovernmental and international relations in respect of housing and human settlement programmes.

2.3.4 Programme 4: Housing Development Funding

Purpose: To fund national housing and human settlement development programmes in terms of the Housing Act, 1997 (Act 107 of 1997); to provide financial, grant and housing institution management; to manage all matters provided for by the Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000).

2.4 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT DURING THE 2008/2009 FINANCIAL YEAR

2.4.1 Economic developments and their impact on housing delivery

During the 2008/2009 financial year, numerous global challenges impacted negatively on the economy.

The global economic slow-down was intensified by the problems in the US, which in turn affected exports, but mainly domestic industries that depend on credit. Domestically, there was a knock-on effect from the electricity supply shock, which hampered the performance of many industries and ultimately the entire economy.

These challenges raised questions about the funding of the current account deficit and large infrastructure projects as uncertainties in the financial markets made it more expensive to borrow money. As a result, extra revenue to fund social and infrastructure programmes – including housing programmes – may not be available at the current projected levels or may not increase in line with the past three years' rate in the next few years. The South African Revenue Services (SARS) also could not reach its target in terms of revenue collection, which means that government will have to source funding elsewhere in order to address social and development problems.

2.4.1.1 General global economic overview

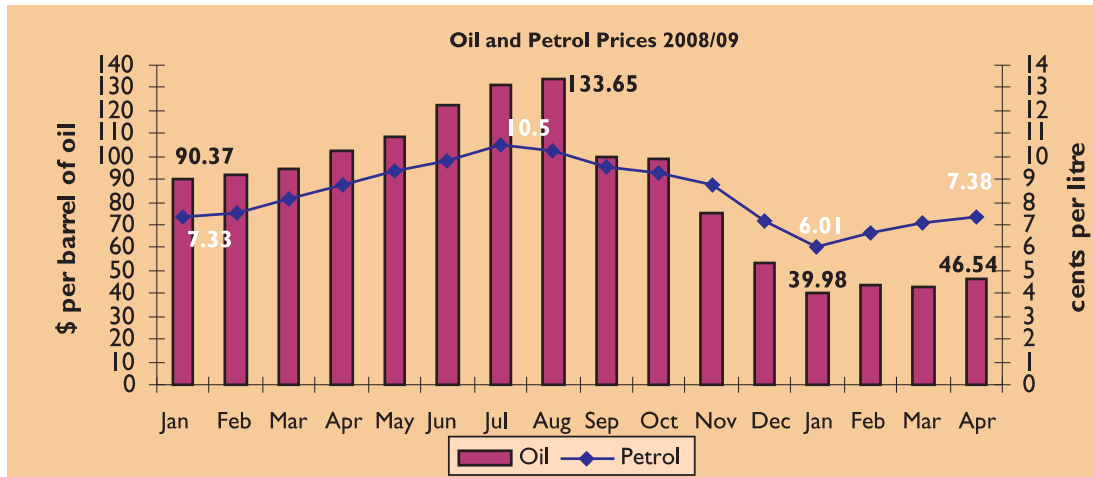
As in previous financial years, numerous global challenges continued to affect key economic indicators and drivers of the South African economy with some having a negative impact on the housing market in general. The sub-prime crisis in the US continued to undermine confidence in the US and global financial systems and markets, with dire consequences for emerging markets, including – albeit to a limited effect – South Africa, putting these economies under increased investor scrutiny and making them vulnerable to sudden capital outflows. These factors also put the rand under immense pressure, which undermined the currency's ability to cushion the economy from imported inflationary pressure. During the year under review, the political climate in South Africa was characterised by the uncertainty that precedes all general elections, which added pressure on the value of the rand over and above the risks mentioned above.

2.4.1.2 Oil and petrol prices

An oil price shock pushed the petrol price in South Africa to levels around R10,50 a litre, thereby fuelling production costs and, ultimately, general inflation. This impacted negatively on transport costs and ultimately on input costs of housing developments. The Haylett Index of the Bureau for Economic Research (BER), a reflection of builders' input costs in respect of materials and labour, rose by 16,7 % in the year up to October 2008 before subsiding to a 10,3 % increase in February 2009.

From August 2008 to 31 March 2009 the decline in the oil price, which resulted from the global recession, brought some relief in respect of petrol prices and general inflation. The trend depicted in the graph in figure 2.1 suggests that the stability of the rand in the early part of 2008 played a relatively greater role as a buffer against imported inflation whereas its weakness from October 2008 to March 2009 prevented a drop in the petrol price in line with the drop in the oil price.

Figure 2.1

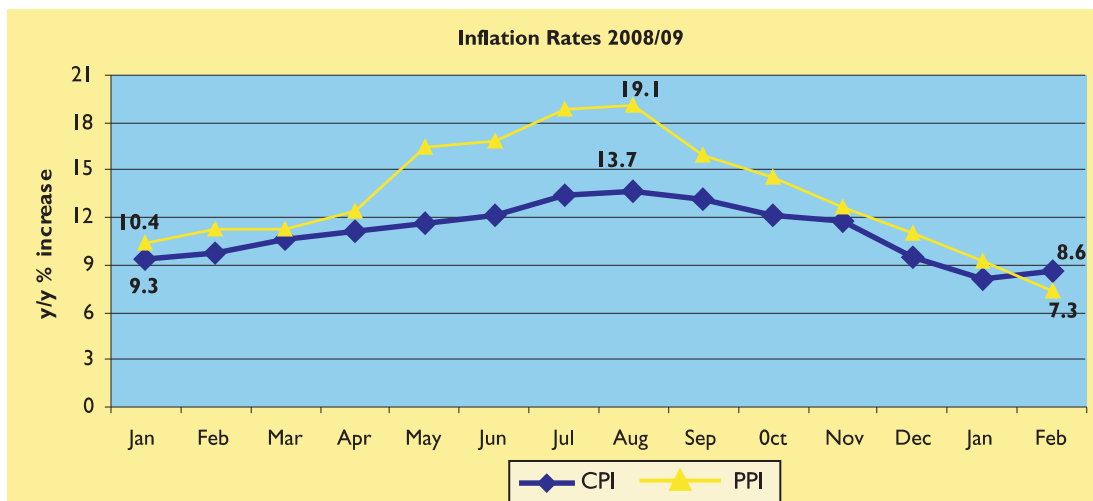


Source: Department of Minerals and Energy, February 2009.

2.4.1.3 Movements in inflation

South Africa's targeted inflation changed from CPIX to headline CPI inflation, and slowed to 8,1 % year-on-year in January 2009. Throughout the year under review, rising food prices were reported as the main contributor to high inflation. Producer price inflation declined substantially from August 2008 to February 2009. At the time of writing, the still-declining inflationary trend makes it likely that inflation will be within the Reserve Bank target by the end of the year.

Figure 2.2



Source: Statistics South Africa, February 2009.

Inflation by definition is the rate at which prices are increasing. Therefore 8,6 % inflation means that average prices have increased by a lesser margin and the pressure on household income is still increasing, although to a lesser extent. In practical terms this means that a product that had a price tag of R10 in January 2009 only increased by 86 cents in February 2009 compared to an increase of R1,37 cents if inflation had remained at 13,7 %. Despite declining inflation from August 2008 to January 2009, average prices of goods and services increased by 68,3 % in the same period, which meant that households came under heavy pressure in maintaining their lifestyle. This indicates that inflation remained very high, especially for poor and unemployed South Africans.

In terms of housing, specifically, pressure mounted on the ability to maintain homes, which may be the reason why many government-subsidised housing is not well maintained or improved. On the supply side, building costs still increased, although to a lesser extent. Building costs, as provided by the BER, rose by 14,3 % in 2008 compared to the increase of 15,3 % during 2007. The year-on-year drop in the first quarter of 2009 was -0,7 %. The BER expects an average decline of -2,1 % in building costs during the remainder of 2009. Possible contributing factors include a slower rise in input costs, an easing of bottlenecks in respect of labour and materials, decreasing demand, increasing competition in tendering and the shrinking profit margins of developers. In order to maintain the standard of housing delivered by government, a bigger subsidy adjustment will be required.

2.4.1.4 Movements in inflation and interest rates

Owing to the declining inflationary pressures and a required response to the ailing economy, the Reserve Bank has reduced the re-purchase rate by 250 basis points since December 2008. Commercial banks followed suit by reducing their prime lending rate from 15,5 % to 13 %. Although this relief came after many South Africans had lost their mortgaged homes, it alleviated pressure on the disposable income of those who had some form of credit exposure. All these had a direct effect on the demand for housing and ultimately dampened the production of new stock.

2.4.1.5 Property market

The financial difficulties currently faced by South African consumers as a result of trends in domestic inflation and high interest rates from 2006 to 2008, the drop in real disposable income of households, the consequent increase in household debt and debt-servicing costs, as well as the effect of the National Credit Act, 2005 (Act 34 of 2005) and the tightening of credit criteria by banks, caused the housing property market to cool off to levels not seen for many years. According to the Knight Frank Global House Price Index, South Africa went down from being the top performing housing market in the world in 2005 down to 25th place in the third quarter 2008. (The index is a London-based property consultancy's global ranking, which tracks house price movements in 44 countries.)

According to ABSA's Housing Review for the first quarter of 2009, the nominal prices of affordable housing, which refers to houses of between 40 and 79 square metres priced at R400 000 or less, slowed down to 7,3 % year-on-year in the third quarter of 2008 as compared to 2,1 % in the middle-income market and 10,4 % in the luxury market. This indicated that the middle-income housing segment was affected the most by interest rate hikes.

In the context of the trends observed in the local property market, the government housing programme may be under increased pressure as more households look to the state for assistance in meeting their housing needs. Should this come about, the department's social housing will have to be prioritised so as to deliver more affordable rental housing.

2.4.1.6 Economic performance

South Africa's economic performance surprised the market in the fourth quarter by growing below expectations signalling a need for quick action on interest rates. The seasonally adjusted real GDP at market prices for the fourth quarter of 2008 decreased by an annualised rate of 1,8 % compared to the third quarter of 2008. The corresponding real annualised economic growth rates for the first three quarters of 2008 were 1,7 % (1st quarter), 5,0 % (2nd quarter) and 0,2 % (3rd quarter) compared to the figures for the previous year (Statistics South Africa (Stats SA) 2009).

2.4.1.7 Employment

The latest (2009) Labour Force Survey of Stats SA shows that the country's unemployment rate has increased from 23 % to 29,1 %. While unemployment declined by 249 000 (6,0%), there was a 97 000 increase in the number of discouraged work seekers. The economically active portion of the working-age population (the labour force) declined (59 000), which resulted in a lower labour force participation rate, which indicates that unemployment rate in South Africa is higher than reported. This poses a challenge to government to provide goods and services, including housing for those who cannot afford it on their own.

2.5 OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT IN 2008/2009

The year under review was a period of consolidation of the organisational structure implemented in 2007/2008. The department recruited more personnel to fulfil the many new roles, which necessitated the acquisition of additional office accommodation, operating support infrastructure and consumables. Training requirements also increased. Although the expanded staff component meant progress in the department's ability to service its expanded mandate on human settlements, the rapid influx of new appointees also brought about increased pressure on organisational culture and change management. The effectiveness and efficiency of the growing administrative component working towards attaining BNG goals had to be monitored with great care. Cross-functional dependencies, new inter-relationships and possible overlaps and synergies, where identified, demanded rationalisation and/or realignment.

Overall, the period under review was characterised by increasing organisational stability that resulted from the department's enhanced capacity and capability to meet the demands of BNG.

The department's intervention in the Eastern Cape Province in terms of section 100(1)(a) of the Constitution placed additional demands on the department. Dedicated resources, personnel and focus were required in supporting the Eastern Cape in turning housing delivery around. Key personnel held dual responsibilities and had to discharge their primary functions in addition to actions in support of the intervention.

Measures for reporting, as well as operating standards and systems, showed process maturity but still required continuous monitoring. Capacity gaps diminished in terms of skills, human capital and organisational alignment to the department's vision, which bore testimony to the positive yield of the department's reorganisation. As the last phase of the turnaround process, the department embarked on the development of a service delivery improvement plan to consolidate its responsiveness and service delivery orientation.

2.6 STRATEGIC OVERVIEW OF AND KEY POLICY DEVELOPMENTS IN THE 2008/2009 FINANCIAL YEAR

In line with government's constitutional responsibility to ensure that every South African has access to adequate housing on a progressive basis and within its available resources, the Department of Housing aims to promote an adequate supply of affordable permanent residential structures with secure tenure and access to basic services, privacy and protection, as well as to regulate the single residential property market.

After the approval of BNG by cabinet in September 2004, the department sought to adjust its focus in line with its strategic positioning. BNG builds on existing housing policy articulated in the 1994 White Paper on Housing, but shifts the strategic focus from merely ensuring the delivery of affordable housing to ensuring that housing is delivered in settlements that are both sustainable and habitable.

The department's mandate in the built environment is not limited to low-income housing; it includes the development and monitoring of policy, as well as policy implementation through the development of human settlements. Priorities are the continuing quest to address the gap in demand and supply, to provide energy-efficient housing, to monitor the performance of the housing development market, and to form viable partnerships for the speedy delivery of housing.

The following are strategic priorities of BNG:

- Accelerate housing delivery
- Improve the quality of housing products and environments to ensure asset creation
- Ensure a single, efficient formal housing market
- Restructure and integrate human settlements
- Use the provision of housing as a job creation strategy
- Assess property as an asset for wealth creation and empowerment.

The main challenges facing the housing sector were intergovernmental co-ordination towards accelerated delivery, specifically in relation to the capacity of provinces and local government to deliver on national priorities. Efforts were made to ensure seamless performance in the three spheres of government with central coordination at MinMEC and its sub-committees on housing delivery.

2.6.1 Key policy developments

2.6.1.1 National Housing Code

The revised National Housing Code was approved and aligns housing policy and programmes with BNG. The revised code is much more flexible and provides guidelines in catering for locally specific development conditions. The Integrated Residential Development Programme promotes integrated development and sustainable human settlements and facilitates the implementation of inclusionary housing requirements. The Informal Settlement Upgrading Programme provides guidelines for upgrading informal settlements in pursuance of government targets.

2.6.1.2 Farm Worker and Occupier Housing Assistance Programme (FHAP)

FHAP was approved by MinMEC and incorporated in the National Housing Code. The programme makes provision for housing assistance to qualifying farm residents who will hold rental or freehold tenure. It also includes assistance to beneficiaries of the Department of Land Affairs Labour Tenants Programme.

2.6.1.3 Environmental efficiency in the housing sector

The department cooperated with the National Home Builders Registration Council (HBRC) to determine possible additional measures to improve energy efficiency in the subsidised housing sector. This followed the completion of the guidelines for environmental efficiency in the housing sector and their inclusion in the National Housing Code in the previous financial year. The department also participated in an interdepartmental task team that dealt with pollution in the Vaal/Witbank development axis.

2.6.1.4 Military Veterans Housing Assistance Programme

Following MinMEC's approval of a policy to assist military struggle veterans in securing housing, the department cooperated with the South African National Defence Force (SANDF) in its implementation. The Minister of Housing called a national summit in Port Elizabeth to give special attention to the housing and development needs of the veterans. The SANDF and provincial housing departments were assigned primary responsibility for implementing the programme which forms part of a broader government programme for socio-economic assistance to military veterans.

2.6.1.5 Housing programme for persons with special housing needs

This programme focuses mainly on children who have lost both their parents or guardians through death and are currently destitute. It is foreseen that the programme may provide relief in a variety of ways ranging from community-based projects to institutionalised care facilities.

A draft housing assistance programme has been completed and will be presented to MinMEC for consideration in the new financial year.

2.6.1.6 Insurance cover for subsidy-financed housing

The initiative is well advanced and in process of consultation with key stakeholders before submission for final consideration.

2.6.1.7 Framework for central planning in the development of human settlements

In its endeavours to respond to difficulties in the development and delivery of human settlements, the department prioritised the development of a framework to define a seamless process so as to achieve the following:

- greater coordination and alignment of various planning instruments and economic policies that constitute the heart of sustainable human settlements
- directing resource allocation and distribution in an overall coordinated response to human settlements
- restructuring the funding mechanism and consolidating all housing-related grants and funding streams
- achieving long-term planning through a government-wide planning structure.

2.6.1.8 Legislation

During the 2008/2009 financial year, the Department of Housing developed and introduced for promulgation several pieces of housing legislation to consolidate national housing policy towards the alleviation of poverty and the provision of a better life for all. Most of the legislation promulgated was aimed at enhancing the housing delivery process. In addition, the legislation was geared to keeping abreast of the objectives and principles of BNG, which is aimed at promoting the establishment, development and maintenance of socially and economically viable communities and safe, healthy living conditions.

Legislation promulgated to enhance and fast-track housing development and delivery, in support of the national housing policy, are discussed below.

2.6.1.8.1 Housing Development Agency Act, 2008 (Act 23 of 2008)

The Housing Development Agency Act, 2008 was tabled and promulgated during the 2008/2009 financial year. The primary aim of the Act is to establish the Housing Development Agency (HDA) which is tasked with the responsibility to identify, acquire, hold, assemble and release state-owned and private land to fast-track housing development processes for the creation of sustainable human settlements. The HDA will provide housing development services, monitor that there is centrally co-ordinated planning of, and budgeting and provisioning for all infrastructure required for the development of sustainable human settlements.

2.6.1.8.2 Social Housing Act, 2008 (Act 16 of 2008)

The primary aim of the Social Housing Act, 2008 is to establish and promote a sustainable social housing environment; define the functions of national, provincial and local governments in respect of social housing; provide for the establishment of the Social Housing Regulatory Authority (SHRA) which will regulate all social housing institutions that obtain public funds; allow for the undertaking of approved projects by delivery agents other than state, with the benefit of public money; give statutory recognition to social housing institutions; and provide for matters connected therewith.

2.6.1.8.3 Rental Housing Amendment Bill [B30B-2007]

The Rental Housing Amendment Bill, 2007 amends certain provisions of the Rental Housing Act, 1999 (Act 50 of 1999).

The Act defines government responsibility in respect of rental housing property; creates a mechanism to promote the provision

of rental housing property; promotes access to adequate housing by creating a mechanism to ensure the proper functioning of the rental housing market; makes provision for the establishment of rental housing tribunals; defines the functions, powers and duties of such tribunals; lays down general principles for conflict resolution in the rental housing sector; provides for the facilitation of sound relations between tenants and landlords and, for this purpose, to lay down general requirements in respect of leases; repeals the Rent Control Act, 1976 (Act 80 of 1976); and provides for matters connected therewith.

2.6.1.8.4 Rental Housing Regulations

The Regulations were developed and certified by the Office of State Law Advisers during the 2008/2009 financial year to support and complement the effective implementation of the Rental Housing Amendment Bill, 2007 once it has been promulgated.

2.6.1.8.5 Sectional Titles Amendment Bill [B8B-2006]

The main aim of the Bill is to give effect to cabinet's strategy to bring all housing-related legislation currently administered by other departments under the Department of Housing. In terms of BNG, the mandate of the department has been expanded to encompass the entire residential property market and one of its mandated tasks is to ensure that the envisaged transfer of all legislative matters is achieved. The Bill has three functions:

- to remove the scheme management provisions from the Sectional Titles Act, 1986 (Act 95 of 1986)
- to incorporate the scheme management provisions in a new statute that will be administered by the Minister of Housing
- to rearrange the scheme management provisions so as to make them more understandable to members of the public and persons and authorities who must implement them, but without changing their content.

The Bill was certified by the Office of the State Law Advisers during the year under review.

2.6.1.8.6 Community Scheme Ombud Service Bill

The principal objective of the Bill is to establish a Community Scheme Ombud Service that will provide a dispute resolution service for all community schemes, in other words, for property developments (including sectional titles schemes, share block companies, home owners associations and housing schemes for retired persons) that involve community governance, shared financial responsibility and land or facilities used in common.

The Bill has three functions:

- to establish the Community Scheme Ombud Service as a national public entity under the executive authority of the Minister of Housing
- to provide a framework for the avoidance and resolution of disputes in community schemes
- to take custody of documentation related to community scheme governance.

The Bill was certified by the Office of the State Law Advisers during the year under review.

2.6.1.8.7 Inclusionary Housing Bill

The Bill aims to harness private initiative – which mainly pursues housing delivery to middle- and higher-income households – to join in providing affordable housing so as to achieve a better socio-economic balance in residential developments and contribute to the supply of affordable housing.

The Bill was certified by the Office of the State Law Advisers during the year under review.

2.7 DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

2.7.1 Collection of departmental revenue

Departmental receipts were projected to amount to R1 053 000 in 2008/2009. Receipts came largely from financial transactions such as the recovery of subsidies erroneously paid and advances. The increase in departmental revenue relates to the increased activities around debt recovery from officials, as well as the higher success rate of the Special Investigations Unit (SIU) in recovering subsidies paid to dishonest beneficiaries such as officials who did not comply with departmental policies.

Table 2.2 Breakdown of sources of departmental revenue

	2005/06	2006/07	2007/08	2008/09		Deviation from target (%)
	Actual (R'000)	Actual (R'000)	Actual (R'000)	Target (R'000)	Actual (R'000)	
Tax revenue	–	–	–	–	–	–
Non-tax revenue	108	850	265	578	320	45
Sale of goods and services produced by the department	100	111	222	120	74	38
Interest, dividends and rent on land	8	739	43	458	245	47
Sale of capital assets (capital revenue)	–	–	128	–	–	–
Financial transactions (recovery of loans and advances)	837	1 020	282	475	2 072	336
TOTAL DEPARTMENTAL RECEIPTS	945	1 870	675	1 053	2 392	127

2.7.2 Departmental expenditure

Departmental expenditure is set out in the table below.

Table 2.3 Departmental expenditure during the 2008/2009 financial year

Programme	Voted for 2008/09 (R'000)	Roll-overs and adjustments (R'000)	Virements (R'000)	Total voted (R'000)	Actual expenditure (R'000)	Variance (R'000)
Programme 1: Administration	126 509	13 300	500	140 309	138 635	1 674
Programme 2: Policy and Research	105 542	-10 000	-3 500	92 042	89 045	2 997
Programme 3: Service Delivery Support	182 926	13 568	38 000	234 494	232 606	1 888
Programme 4: Housing Development Funding	10 171 546	325 096	-35 000	10 461 642	10 459 986	1 656
TOTAL	10 586 523	341 964	–	10 928 487	10 920 272	8 215

2.7.2.1 Programme 1: Administration

Programme 1 was allocated R126,5 million, which was increased in the adjustment estimate by a roll-over of R3,3 million for equipment, as well as a virement from Programme 2 of R10 million specifically to increase the allocation of the Special Investigations Unit (SIU). R500 000 was shifted from Programme 4: Housing Development Funding to offset costs related to provincial support. The total budget of Programme 1 amounted to R138,6 million. The variance of R1,6 million can be attributed to under-spending on personnel and personnel-related costs owing to vacancies experienced throughout the year as a result of staff turnover.

2.7.2.2 Programme 2: Planning and Research

The programme was initially allocated R105,5 million for the 2008/09 financial year and was adjusted downward in the adjustment estimate by R10 million that was shifted to Programme 1 and R3,5 million that was shifted to Programme 3, bringing the total budget to R92 million. The variance of R1,6 million can be attributed to under-spending on personnel and personnel-related costs owing to vacancies experienced throughout the year as a result of staff turnover. Total spending on Programme 2 amounted to R89 million.

2.7.2.3 Programme 3: Service Delivery Support

The programme's allocation of R182,9 million for the 2008/09 financial year was adjusted in the adjustment estimate by a roll-over of R13,5 million and R38 million shifting from Programme 2 and Programme 4 to fund the continuation of communication campaigns, bringing the total allocation of the programme to R234,4 million. The programme spent a total of R232,6 million. The under-spending of R1,8 million can be attributed to funds transferred to GCIS for media campaigns still underway. However, GCIS could not process any payments and as a result the amount was classified as an advance.

2.7.2.4 Programme 4: Housing Development Funding

The programme was allocated R10,1 billion, of which R9,8 billion was allocated to the Integrated Housing and Human Settlement Development grant and R227,7 million to the department's entities. The allocation of the Integrated Housing and Human Settlement Development Grant was adjusted in the adjustment estimate by a roll-over of R74,6 million and additional funding of R250,4 million, a total adjustment of R325 million. The programme spent a total of R10,4 billion. The variance of R1,6 million can be attributed to under-spending on personnel and personnel-related costs owing to vacancies experienced throughout the year as a result of staff turnover.

2.7.3 Transfer payments

Table 2.3 Transfers to public entities

Institution	Amount transferred (R'000)	Estimated expenditure (R'000)
Social Housing Foundation	217 738	217 738
Thubelisha Homes	10 000	10 000
TOTAL	227 738	227 738

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

2.7.4 Conditional grants and earmarked funds

2.7.4.1 Integrated Housing and Human Settlement Development Grant

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

The grant funds the following key elements of housing delivery:

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

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

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

Table 2.4 Adjusted grant allocation for 2008/2009 as at 31 March 2009

Province	Voted initial allocation 2008/2009 (R'000)	Adjustment appropriations and transfers					Adjusted budget (R'000)
		National level				Provincial level	
		Additional appropriations (R'000)	Funds withheld (R'000)	Funds reallocated (R'000)	Adjusted allocation (R'000)	Appropriated (R'000)	
Eastern Cape	1 251 018		-270 000		981 018		981 018
Free State	772 410	18 712		68 000	859 122		859 122
Gauteng	2 579 974	74 698		152 000	2 806 672		2 806 672
KwaZulu-Natal	1 575 586	46 467			1 622 053		1 622 053
Limpopo	783 247	41 559			824 806		824 806
Mpumalanga	629 210	17 460		50 000	696 670	105 000	801 670
Northern Cape	161 312	5 962		52 000	219 274		219 274
North-West	896 101	18 361	-52 000		862 462	89 662	952 124
Western Cape	1 203 984	101 878			1 305 862		1 305 862
Other					-		-
TOTAL	9 852 842	325 097	-322 000	322 000	10 177 939	194 662	10 372 601

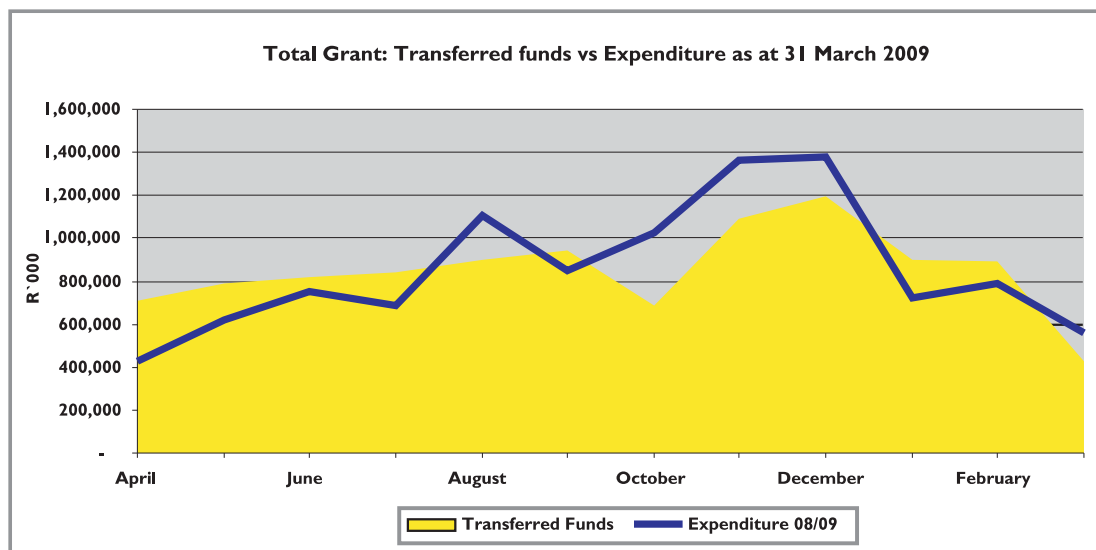
The initial allocation to the Integrated Housing and Human Settlement Development Grant was R9,9 billion. During the adjustment budget process an allocation of R325,1 million was made, which comprised an inflationary adjustment of R250,4 million and a roll-over of R56,1 million for the Western Cape and R18,5 million for Limpopo.

As a result of the application of section 26 of the Division of Revenue Act, 2008 (DORA), R270 million was stopped from being transferred to the Eastern Cape and reallocated as follows: R152 million to Gauteng, R68 million to Free State, and R50 million to Mpumalanga.

In addition, R52 million due to North-West was stopped and reallocated to Northern Cape as a result of inter-provincial agreements reached between the two provinces to finance projects in Northern Cape in terms of cross-border re-demarcation changes. The adjustments brought the total amount transferred to provinces at national level to R10,2 billion for the 2008/09 financial year.

The Mpumalanga provincial government provided an additional R105 million for the grant in Mpumalanga from its equitable share allocation and R89,6 million was rolled-over in North-West. This resulted in R10,4 billion being available for spending.

Figure 2.3 Transferred funds per month vs. expenditure per month for the 2008/09 financial year



Funds were transferred monthly in terms of DORA, 2008 and Practice Note 3/2008 issued by National Treasury. Business plans were approved by the accounting officer prior to transfer in terms of the approved payment schedule.

The graph in figure 2.3 illustrates the monthly projected cash flow as depicted by the payment schedule (funds transferred) to provinces against the actual monthly expenditure as reported by the provinces. In terms of the graph, spending started gradually below the cash flow projection, picked up momentum by the end of the first quarter, and accelerated in the second quarter that ended in September 2008. The third quarter showed spending levels above projections as all projects planned for the year reached construction stage. The drop in the last quarter reflects the planned trends and therefore largely reflects a positive correlation with projected spending levels.

Table 2.5 and the graph in figure 2.4 show that almost 100 % of funds available were spent by the provinces after taking into account all the adjustments and inter-provincial reallocations mentioned above. The grant spent amounted to R10,2 billion as at 31 March 2009, representing a 100 % spending rate of the R10,1 billion transferred to the provinces. Constant monitoring of spending and housing delivery matters was done in partnership with the provinces and all processes prescribed in the DORA were followed to ensure optimal expenditure. The department retained no grant funds for administrative purposes.

2.7.5 Report in terms of the Division of Revenue Act, 2008 (Act 2 of 2008) (DORA)

The department experienced problems in respect of full compliance with due submission of monthly reports by some provinces as required in terms of section 12(1)(a) of the (DORA). This, in turn, created challenges for the department in meeting its responsibilities in respect of submitting monthly reports to National Treasury, as required by the DORA. Some provinces submitted their monthly reports electronically and did not have them certified or signed off by the receiving officer until after the 15th. On average, submission from provinces were two days late. In all such instances, the department raised the issue with the relevant provincial department and obtained an undertaking that future reports would be submitted on time. Despite these challenges the department succeeded in meeting its reporting obligations.

Six provincial business plans were approved by the accounting officer on 31 March 2008, in line with section 10(1)(a)(iii) of the DORA. These plans were delivered to National Treasury on the same date and transfers to the provinces were made on 8 April 2008. The three remaining business plans were received after 31 March 2008 and approved by the accounting officer on 11 April 2008; payments were made on 15 April 2008. It must be emphasised that the provincial departments indicated that late approval of the plans by provincial treasuries was the cause of delayed submission. However, it must also be noted that transfer payments to the affected provinces were made after submission of the relevant documents to National Treasury. The department reviewed the processes involved so as to coordinate the functions of the various provincial role players and build capacity. The process put in place to discuss pre-final business plans during the provincial reviews held in January and February each year will assist to determine early on whether provinces will be able to submit final business plans on time and to embark on remedial action where the deadline is in jeopardy.

An extra transfer to the amount of R200 000,00 was made in error to the Gauteng in July 2008 as overpayment to the approved payment schedule for the month; the mistake was only discovered in January 2009. To recover the overpayment, the amount was set off against the last transfer made in January. Although time was too limited to obtain formal approval from National Treasury before adjustment of the error, the official of National Treasury confirmed that the January payment should be adjusted to accommodate the deduction of R200 000,00 for the transfer to be effected on time. In future all necessary steps will be put in place to avoid such problems and to ensure that written approval or confirmation is obtained from National Treasury before any such corrective action or set off is undertaken.

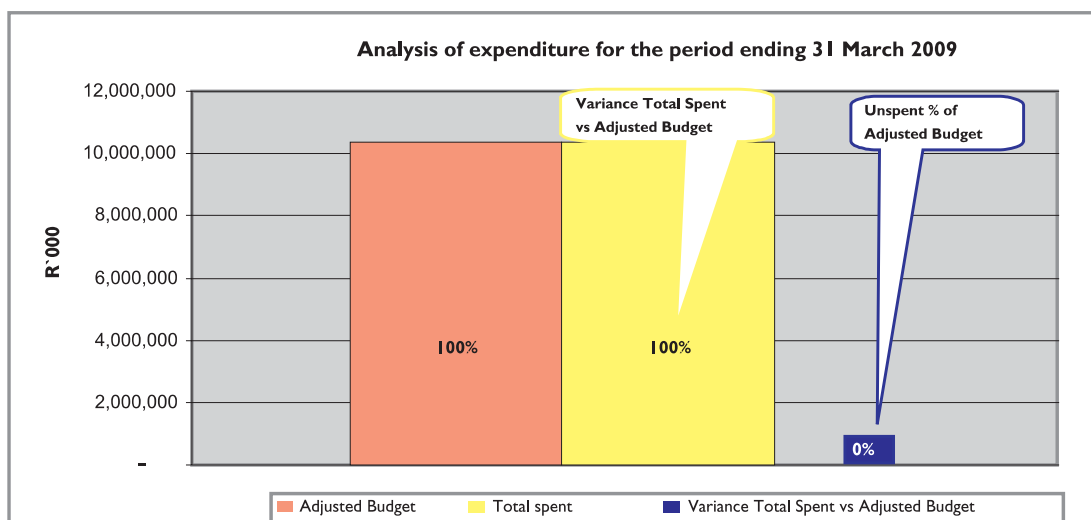
Two provinces – Free State and Northern Cape – had unspent funds amounting to R3,463.61 and R31.44, respectively, which were not surrendered during the reporting period. The Limpopo and Eastern Cape provincial departments surrendered their unspent funds to their provincial treasuries and the funds were then transferred to the National Department of Housing in June 2009, which was after the stipulated timeframe of April 2009 given in Practice Note 12 of 2008/09.

The performance evaluation report required in terms of the DORA was submitted to National Treasury one month late because staff shortages in both the national and provincial departments meant that full project-level verification of key projects took longer than anticipated. Remedial steps have since been taken to address staff shortages and implement ongoing project-level verification with consolidated reports being compiled every quarter. The department's monitoring unit was restructured to ensure that the report will be submitted on time in future.

Table 2.5 Expenditure as at 31 March 2009

	Adjusted budget (see table 2.4 for detail)	Year to date (1 April 2008 to 31 March 2009)					
		National allocation spent	Provincial allocation spent	Total spent	Variance: total spent vs. adjusted budget	Funds spent, as a percentage of adjusted budget	Funds unspent as a percentage of adjusted budget
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(%)	(%)
Eastern Cape	981 018	981 016		981 016	2	100	0
Free State	859 122	859 119		859 119	3	100	0
Gauteng	2 806 672	2 793 779		2 793 779	12 893	100	0
KwaZulu-Natal	1 622 053	1 627 664		1 627 664	-5 611	100	0
Limpopo	824 806	824 480		824 480	326	100	0
Mpumalanga	801 670	696 670	99 999	796 669	5 001	99	1
Northern Cape	219 274	219 274		219 274	-	100	0
North-West	952 124	862 462	89 620	952 082	42	100	0
Western Cape	1 305 862	1 305 862		1 305 862	-	100	0
Other	-						
TOTAL	10 372 601	10 170 326	189 619	10 359 945	12 656	100	0

Figure 2.4 Expenditure as at 31 March 2009



2.8 PROGRAMME PERFORMANCE

2.8.1 Programme I: Administration

Purpose: To provide strategic leadership and administrative and management support services to the department, and to manage intergovernmental and international relations and communication.

Measurable objective: Administration is a non-core but essential component in the Department of Housing in that it renders support services to line functions. The following are the strategic objectives of the programme for the MTEF period 2008 to 2011:

- Executive Support Services provides executive support to the DG
- Internal Audit, Risk Management and Special Investigations coordinate the provision of internal audit, risk management and special investigations services
- Human Resources Management manages and provides human resources management, labour relations and payroll administration
- Corporate Support provides corporate support to enhance the quality of work life
- Legal Services provides sound legal services, advice and legal opinions to expedite delivery
- Information Technology and Systems provides information technology systems, services, infrastructure and business application support
- Strategic Management manages the overall organisational planning and supports the strategic management of the department and its operations
- Transformation develops and manages transformation programmes in compliance with directives in the National Policy Framework and international human rights instruments
- International Relations and Inter-governmental Relations (IGR) facilitates and supports the achievement of the Department of Housing's mandate through participation in and management of international, inter-governmental and interdepartmental relations
- Communication Services manages the communication and public relations functions
- Housing Institutions and Fund Mobilisation provides oversight management of housing institutions and monitor, analyse and identify housing finance investment opportunities
- Management Information Services manages the flow of housing data and information, and provides solution-driven management information services.

2.8.1.1 Sub-programme: Corporate Services

2.8.1.1.1 Recent outputs of the Chief Directorate: Human Resources Management

The Human Resources Unit developed its own internal Service Delivery Improvement Plan which stipulates processes, norms and standards to guide performance within the branch.

The Workplace Skills Plan was developed and implemented. Development programmes were initiated across all levels in the department. The prescribed norm of 5% in terms of the internship programme intake was exceeded.

In terms of the backlog on performance management, particularly in respect of SMS, positive results were attained. Various policies were tabled in the Departmental Bargaining Chamber for ratification. The Human Resource Plan was endorsed and signed off by the Minister and submitted to the Department of Public Service and Administration, as required in terms of legislation.

Reaching an acceptable norm in the vacancy rate posed a challenge owing to limitations in office space accommodation and the length of the recruitment process. However, processes are underway to resolve this limitation in the coming year.

All security standards were adhered to in terms of physical security, in both the Pretoria and Cape Town offices, including interim office accommodation for the Eastern Cape Intervention Team in East London.

The process of enhancing the department's compliance with the requirements of the National Archives is in progress.

Various awareness sessions were conducted in the following fields:

- Labour relations
- Emergency and disaster management
- Records management.

2.8.1.1.2 Recent outputs of the Chief Directorate: Legal Services

The Legal Services Unit processed various pieces of legislation that were promulgated. The function of legal compliance was capacitated to ensure compliance in the coming year. Legal opinions were provided in cases where the Minister of Housing was cited as a respondent, particularly in the KwaZulu-Natal (KZN) and Delft court cases.

The following legislative changes were effected during the period under review:

- Promulgation of the Housing Development Agency Bill. The institution was launched and it is now in operation
- Promulgation of the following pieces of legislation:
 - o Social Housing Act
 - o Rental Housing Amendment Act
 - o Housing Consumer Protection Measures Act
- A framework was developed to assist provinces in developing legislation to curb the spiralling of informal settlements. However, this was opposed in a court of law in KZN by a group named Abahlali Basemjoudolo. The court ruled in favour of the department and the matter has been taken before the Constitutional Court.

2.8.1.1.3 Recent outputs of the Chief Directorate: Information Technology and Systems

The Information Technology Unit continued to meet the ever-changing needs of employees in terms of IT equipment procurement. The Service Level Agreement with SITA was reviewed. Processes were put in place to strengthen the department in terms of IT resources. The ITC Strategy was developed and presented to management. Procedures and guidelines were developed and a new anti-virus system installed. The Disaster Recovery Plan and Implementation Plan were approved.

An Occupational Health and Safety Audit was conducted and matters raised were earmarked for urgent attention in the coming year.

Table 2.6 Sub-programme: Corporate Services: service delivery achievements

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Legal Services	Developed Housing Amendment Act	Approved Housing Amendment Act, which aligns the Housing Act, 1997 with DORA and the PFMA, addresses problems encountered with sections 10A and 10B of the Housing Act, and substitutes a clause in the provincial housing development regime	Deliberations on Bill in parliament	The amended Bill was submitted to minister for approval to take to cabinet
	Developed Prevention of Illegal Eviction from and Unlawful Occupation of Land (PIE) Amendment Act	Approved PIE Amendment Act	Promulgation of Act after parliament has approved the Bill	The Bill is now the responsibility of the Department of Land Affairs
	Developed Housing Consumers Protection Measures Amendment Act	Approved Housing Consumers Protection Measures Amendment Act	Promulgation of Act after parliament has approved the Bill	Housing Consumer Protection Measures Amendment Act Promulgated
	Developed Rental Housing Amendment Act	Approved Rental Housing Amendment Act	Promulgation of Act after parliament has approved the Bill	Rental Housing Amendment Act passed
	Developed Social Housing Act	Approved Social Housing Act	Promulgation of Act after parliament has approved the Bill	Social Housing Act passed
	Developed Housing Development Act	Approved Housing Development Act	Promulgation of Act after parliament has approved the Bill	Housing Development Act passed and the institution in operation
	Developed amendments to Housing Consumers Protection Measures Regulations	Amended regulations to support and assist the implementation of the Housing Consumers Protection Measures Act	Promulgation of regulations	Housing Consumers Protection Measures Regulations amended
	Developed Social Housing Regulations	Regulations to support and assist the implementation of the Social Housing Act	Submit regulations to Minister for approval after Act has been promulgated	Regulations were not developed owing to late promulgation of the Bill. This is now planned for the year 2009/10
	Developed Housing Development Agency regulations	Regulations to support and assist the implementation of the Housing Development Agency Act	Submit regulations to Minister for approval after Act has been promulgated	Regulations were not developed owing to delay in passing the Bill. This is now planned for the year 2009/10
	Taken steps to bring all housing- related legislation under the administration of Department of Housing	Approved legislation formerly administered by Department of Land Affairs which is to be administered by Department of Housing	Take Bill through parliamentary process	Discussions commenced with DTI and the Department of Land Affairs
		Approved legislation formerly administered by Department of Trade and Industry which is to be administered by Department of Housing	Take Bill through parliamentary process	Bill not yet submitted pending discussions
	Provision of sound legal opinions	Timeous submission of legal opinions and advice	Address all legal queries and opinions	Legal opinions provided for all legal queries
Corporate Support	Compliance to all security standards	Percentage of compliance to physical and information security measures	100 % compliance	Security standards adhered to
	Timeous acquisition of office space and reasonable accommodation	Service Level Agreement with all stakeholders	Review and implement SLA	Additional office space not acquired. The process met with challenges

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
	Compliance with requirements of National Archive	Percentage of compliance	Achieve 50 % compliance	Final draft records management policy and procedure (Phase I) Records of management audit functional needs analysis session completed
Human Resources Management	Developed norms and standards and procedure guidelines	SLA with line function	Service Delivery Improvement Plan approved and implemented	Service Delivery Improvement Plan for branch developed and norms and standards incorporated
	Successful implementation of workplace skills plan	Implemented workplace skills plan	Annual Training Report	Annual training Report was developed based on quarterly reports. Submitted to PSETA
	Facilitated improvement of individual performance	Structure for timeous assessment of performance appraisals	Annual performance appraisals Aligned roles and structure	99% appraisals below SMS finalised. Commenced through the rationalisation process and implementation
	Continuous management of disputes and grievances	Percentage of grievances and disputes managed	Manage all grievances and disputes	All grievances and disputes managed Disciplinary case concluded
	Timeous placement of human resources	Reduced vacancy rate Competency assessment reports	Achieve 10 % vacancy rate 80 % of senior managers assessed	23 % vacancy rate achieved 80 % of senior managers assessed
Information Technology and Systems	Effective access to IT networks	Systems and equipment availability as per departmental SLA	Implement SLA, norms and standards	SLA implemented and Service Delivery Improvement Plan with norms and standards developed
	Implementation of an approved ICT strategy	Approved ICT strategy	Medium-term ICT strategy implemented	ICT strategy tabled before management and is work in progress

2.8.1.2 Sub-programme: Chief of Operations

2.8.1.2.1 Recent outputs of the sub-programme

The branch, through the Chief Directorate: Internal Audit, Risk Management and Special Investigation, finalised 513 cases involving civil servants. Convictions resulted in suspended sentences and conditions to repay subsidy amounts. One thousand four hundred and forty acknowledgements of debt (value: R18 399 778,00) were signed by civil servants who had defrauded the housing subsidy system. At the end of the year under review, the department had received R1 797 799,00 in cash civil recoveries. Seven hundred and ninety five disciplinary files involving government officials were prepared and submitted to various departments, both national and provincial, and a Low-income Housing Steering Committee was established in conjunction with the Department of Public Service and Administration to coordinate disciplinary processes against civil servants who benefited unlawfully from low-income housing subsidies. In March 2009, a service level agreement on the investigation of housing contracts was concluded between the Special Investigation Unit (SIU) and the department.

The Auditor-General once again assisted the department by issuing a municipal audit report which showed that between 1994 and 2004, 2 584 municipal files (out of 6 905 municipal officials who received low-income houses unlawfully), were handed to the SIU for investigation. Reviews were conducted at nine provincial departments of housing as required by the Framework for Integrated Housing and Human Settlement Development Grant (IHHSDD) to determine the adequacy of systems in place to provide assurance that conditional grants are appropriately managed and controlled and that reports are issued. The Chief Directorate: Internal Audit, Risk Management and Special Investigation executed more than 90 % of its operational internal audit plan. This resulted in the enhancing of the activities of intergovernmental forums that serve as a platform for engagement, coordination and cooperation between the National Department of Housing and provincial housing departments on issues of housing. Seven audit committee meetings and four risk management meetings were coordinated during the year under review. A strategic

risk assessment exercise identified, evaluated and allocated responsibility for managing and controlling the risks facing the department. Control measures implemented by management were monitored throughout the year. The Risk Management Committee operates in accordance with an approved Risk Management Charter to monitor the quality and reliability of the department's risk management processes.

2.8.1.2.2 Recent outputs of the Chief Directorate: Intergovernmental Relations and International Relations

The chief directorate achieved its targets for the period under review. Since it was newly established, it faced capacity constraints in co-coordinating and facilitating inter-departmental relations. The Framework on a Central Planning Approach to Creating Sustainable Human Settlements was developed. Significant improvements were made in intergovernmental relations through sustained participation in various inter-sphere forums and by enhanced consultation and interaction with provincial departments on setting priorities and monitoring performance.

The year under review also saw the sustained implementation of the municipal accreditation programme. On the international front, notable progress in raising South Africa's profile in the global debate on human settlements was made through participation in the African Ministerial Conference on Housing and Urban Development (AMCHUD), the World Urban Forum and several multilateral platforms.

Existing partnerships with India and Brazil were consolidated by the conclusion of a trilateral agreement on cooperation in human settlement development, while the implementation of existing cooperation programmes with The Netherlands, Denmark and Cuba remained on track. Despite another technical visit to the Democratic Republic of Congo, no progress could be made in assisting the DRC in its housing programme. This was because of severe shortcomings in terms of the policy framework and institutional requirements of the DRC, which will necessitate a new approach.

2.8.1.2.3 Recent outputs of the Chief Directorate: Housing Institutions and Funding Mobilisation

The chief directorate achieved most of its service delivery objectives. Corporate plans of housing institutions were approved and followed by quarterly performance reviews. Notable achievements included the establishment of the Housing Development Agency (HDA) and the National Home Builders Registration Council (NHBRC) Advisory Committee, as well as the appointment of new members of the NHBRC.

The closure plans for Servcon Housing Solutions and Thubelisha Homes were approved and the People's Housing Partnership Trust ceased operations as part of the closure of Servcon and Thubelisha Homes.

The structure and capacity of the chief directorate are being rationalised to enhance its oversight role.

2.8.1.2.4 Recent outputs of the Chief Directorate: Management Information Service

The chief directorate enhanced the Housing Subsidy System (HSS) enhanced and additional training on the system – also for various managers – was undertaken. Efforts to make the HSS the only reporting mechanism in all housing departments across the spheres continued to be priority. The National Housing Demand Database was implemented as a technical solution, but the process to establish a register of national needs remains a priority in the medium term. The Informal Settlement Atlas, a component of the overall housing investment atlas, was developed in support of the upgrading of informal settlements. The mid-year hearings on and reviews of provincial performance and planning resulted in an improved delivery dialogue and synchronisation among the spheres of government, and thus enhanced the capability to plan and implement multi-year projects.

2.8.1.2.5 Recent outputs of the Chief Directorate: Transformation

The chief directorate embarked on a comprehensive consultative process to develop several departmental transformation policies in line with the government's Transformation Agenda. These included the departmental Health and Wellness Policy and related programmes, the Employment Equity Plan and the Service Delivery Improvement Plan. The department's participation in the government's annual calendar of events was facilitated. The chief directorate also consolidated the department's transformation programme.

2.8.1.2.6 Recent outputs of the Chief Directorate: Communication Services

The chief directorate played a significant role in engaging the members of the general public and in enhancing their appreciation of the national housing programme. Unprecedented public outreach initiatives were implemented to further inform and empower the public on housing options. This helped inform public debates on the adequacy of our housing programmes.

In particular, communication was packaged to highlight responsibilities in respect of housing finance i.e. servicing a bond and obligations of rented accommodation – in the light of economic downturn. It is envisaged that the public dialogue will be sustained in the medium term through mass media communication campaigns and programmes.

2.8.1.2.7 Recent outputs of the Chief Directorate: Strategic Management

The chief directorate enabled the branch to submit the departmental consolidated annual and quarterly performance reports for the financial year timeously and also to submit the corresponding performance evaluation reports in time to the Director-General. The departmental annual performance report was tabled in parliament as per the parliamentary schedule. In the period under review, the chief directorate held workshops and briefing sessions to provide guidance during departmental planning and performance monitoring review processes.

Table 2.6 Sub-programme: Chief of Operations: service delivery achievements

Chief directorate or entity	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Housing and Corporate Secretariat	Provide secretariat support to policy and decision-making structures	Record of proceedings	100 % of record of proceedings	Record of proceedings for 115 meetings
		Updated database of decisions	Updated database of decisions	Updated database of decisions
		Administrative support provided	Provide administrative support to policy and decision-making structures	Provided administrative support to policy and decision-making structures
Internal Audit	Approved internal audit plans –strategic and operational	Approved internal audit plans – strategic and operational	Approved internal audit plans – strategic and operational	Strategic and operational internal audit plan developed and approved by Audit Committee with management inputs
	Internal audit services	Internal audit reports as per approved operational plan	100 % completion of approved operational audit plan	Completed 92 % of approved operational plan
		Quarterly reports to Audit Committee	Six meetings of Audit Committee	Seven meetings of Audit Committee facilitated and coordinated
		Audit Committee Meeting		
		Report on assessment of quarterly performance reports	Four reports on assessment of quarterly performance	One report issued
		Monthly and/or quarterly reports	Four reports on intergovernmental audits	Draft report on intergovernmental audits issued
Departmental risk management facilitation services		Approved and implemented departmental Risk Management Policy and Framework	Approved Risk Management Policy and Strategy	Risk Management Policy, Framework and Strategy
			Risk management process embedded in job profiles/ performance agreements	Recognition of risk management into job profiles/performance agreements of senior managers formalised
			Departmental risk management workshop	Strategic risk assessment workshop held
			Updated and approved risk register	Risk register updated for period under review
			Risk management impact analysis/culture survey	Independent review of effectiveness of risk management process still in progress

Chief directorate or entity	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
		Risk Monitoring Report	Three status reports on implementation of risk treatment plans	Two status reports on implementation of risk treatment plans issued
		Agenda, minutes and reports of each Risk Management Committee meeting	Four Risk Management Committee reports	Four Risk Management Committee reports issued
		Coordination of risk assessment at provincial level in respect of DORA	Provincial risk portfolio reported	Report issued to provinces
Special Investigation	Enhanced anti-corruption programme and mitigate fraud	Approved anti-corruption policy and strategy	Implement anti-corruption policy and strategy	Approved and implemented anti-corruption policy and strategy
		Case management system	Updated case management system in respect of 100 % of cases received	Updated case management system in respect of 100 % of cases received
		Reporting on allocated cases	Twelve monthly reports on allocated cases submitted to DG	Twelve monthly reports on allocated cases submitted to DG on allocated cases
		Developed and implemented awareness programme and impact analysis of programme	Eight Fraud and Corruption Awareness sessions conducted.	Eight sessions conducted
		Housing investigation reports (internal cases)	Internal investigation reports submitted as part of monthly reports to DG	Internal investigation reports submitted as part of monthly reports to DG
		Housing investigation reports (external cases)	100 % of cases recorded in monthly reports submitted to DG	100 % of cases recorded in monthly reports submitted to DG
		Case reports	Twelve monthly and four quarterly reports submitted to DG	Twelve monthly and four quarterly reports submitted to DG
		Approved Amnesty Strategy	Develop and implement Amnesty Policy	Amnesty concept approved for implementation to define policy and related controls
		Ongoing internal and external investigations	Established project plan to intensify coordinated investigations by SIU across provinces	Plans established to intensify investigation through drafting of SLA and reviewing functions of oversight committees
Housing Institutions and Fund Mobilisation	Oversight management provided to housing institutions	Approved business plans, corporate governance, and performance monitoring reports in respect of housing institutions	Approval of corporate plans and four quarterly reports	Corporate plans of six housing entities approved Four quarterly reports produced
		Mid-term and annual performance reports produced (financial, non-financial and corporate governance)	One mid-term and one annual performance report	One mid-term performance report produced and one annual performance report issued
		Number of institutions rationalised	Establish HAD Close PHPT Close Thubelisha Homes and Servcon Housing Solutions Establish SHRA	HDA established and launched PHPT ceased operations and remaining legal aspects finalised Closure of Thubelisha Homes and Servcon Housing Solutions are in advanced stage SHRA establishment delayed by late promulgation of Act

Chief directorate or entity	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Management Information Services	Provide integrated business data for planning, policy development and monitoring	Availability and accessibility of business data	Availability and accessibility of business datasets in respect of all provinces	Change control processes to access available data updated and maintained <ul style="list-style-type: none"> • Quarterly Steering Committee • National Change Committee • Monthly Technical Steering Committee Support and data alignment services provided on site to nine provincial housing departments Training conducted based on requests received from various role players
				Seven hundred and fifty eight deletion requests processed from provincial housing departments Members of the public enquiring about status of their housing applications assisted by providing them with relevant information
		Available housing demand database/ register	Develop, manage and maintain the National Housing Demand Database (NHDD)	NHDDDB project been initiated in five provinces: <ul style="list-style-type: none"> • Western Cape • Eastern Cape • Northern Cape • Limpopo • Mpumalanga
	Business information	Business information available for management support	Developed and enhanced business information portal/ tool	Quarterly business information available Maintained data in warehouse for HUIMS as portal/tool Information made available in support of decision making Quarterly National Housing Journal
	Information products	Information products available	Development and distribution of four information products	Four information products developed and distributed: <ul style="list-style-type: none"> • MapServer • Housing delivery progress scoreboard • Housing journal • Housing reports/fact sheets Informal Settlement Atlas developed and distributed Housing Investment Atlas 90% completed
	Information and knowledge services	Accessible information and knowledge services	Reviewed and maintained information and knowledge services	Five information and knowledge services provided: <ul style="list-style-type: none"> • Library • Web services • PAIA service • Blue Pages • Knowledge zone (info hub)

Chief directorate or entity	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Strategic Management	Approved departmental strategic and performance plans	Approved departmental strategic and performance plans	Approved departmental strategic and performance plans	Departmental strategic and performance plans approved
	One Departmental Strategic and Performance Plans Analysis Report	One Departmental Strategic and Performance Plans Analysis Report	One Departmental Strategic and Performance Plans Analysis Report	One Departmental Strategic and Performance Plans Analysis Report
	Approved Departmental Annual Report	Approved Departmental Annual Report	Approved Departmental Annual Report	Departmental Annual Report approved
	Five departmental quarterly performance and evaluation reports	Five departmental quarterly performance and evaluation reports	Five departmental quarterly performance and evaluation reports	Five departmental quarterly performance and evaluation reports submitted
Intergovernmental and International Relations	Management and facilitation of inter-sphere housing delivery cooperation	Approved systems and procedures to enhance vertical integration across spheres of government	Implementation and review of inter-sphere systems and procedures	<p>Enhanced capacity and compliance assessments procedures to support municipal accreditation achieved</p> <p>Booklet produced on municipal accreditation operational management and process flow</p> <p>Impact assessment and evaluation in respect of the municipal accreditation programme concluded</p>
				<p>Thirteen bilateral engagements with all provinces to advance municipal accreditation</p> <p>Five national accreditation task team meetings convened where:</p> <ul style="list-style-type: none"> • provincial progress reports were considered • prioritised municipalities shared best practices and lessons • support requirements were determined <p>Dispute between City of Cape Town and Cape Province processed</p>
International Relations	International partnerships with practical implementation frameworks	Number of initiatives with international partners formalised for implementation	100 % of initiatives concretised and in implementation	<p>Handed over chair of AMCHUD to Nigeria during Second African Ministerial Conference on Housing and Urban Development</p> <p>Concluded IBSA Trilateral Cooperation Agreement on Human Settlement</p> <p>Undertook technical visit to DRC to review implementation of cooperation agreement</p>

Chief directorate or entity	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
				Hosted consultative workshop with NGOs of slum dweller representative groups Participated in Fourth World Urban Forum
				Department elected to Cities Alliance Executive Committee Hosted Angolan Ministerial delegation Hosted Cuban Ministerial delegation
	Donor partnerships with practical implementation frameworks	Number of initiatives with international donor or partners	100 % of initiatives concretised and in implementation	Agreed on scope and focus of extension to MoU with The Netherlands in respect of social housing Project with DANIDA on energy efficiency implemented at N2 Gateway project National Slum Upgrading Support Programme implemented with support from Cities Alliance
Transformation	Developed and implemented departmental transformation programme	Approved transformation programme interventions	Multiple transformation programmes	Draft Service Delivery Improvement Plan developed Developed enabling policies and programmes: <ul style="list-style-type: none"> • Employment Equity Plan • Disability Management Plan • Change management Plan • HIV & AIDS; STI & TB Workplace Policy and Strategy • Employee Health and Wellness Policy reviewed • Bereavement Policy implemented • Sport and Recreation Plan
	Management of sector transformation programme	Approved sector-wide transformation programme implemented	Implementation of sector-wide transformation programme	Initial consultation on structure, form and alignment of sector-wide transformation programme undertaken

Chief directorate or entity	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Communication Services	Develop and manage Public Information and Marketing Strategy and Plan	Developed and managed Public Information and Marketing Strategy and Plan	Approved Public Information and Marketing Strategy and Plan implemented	Public Information and Marketing Strategy and Plan approved and the following implemented: <ul style="list-style-type: none"> • face-to-face interaction with beneficiaries and other stakeholders on housing issues • A re ageng Mzansi Industrial Theatre road shows • exhibition programme • door-to-door campaigns • Ministerial Imbizo in Limpopo • participation during GCIS Imbizo and NCOP provincial hearings • beneficiary interviews and radio testimonials • Housing week in North-West • Sixteen Days of Activism Campaign in Free State
	Media Relations Programme implemented	Comprehensive Media Relations programme	Monthly Media Relations Programme Support 30 Ministerial media events Coordinate media events	Media Relations Programme implemented monthly Supported 40 Ministerial media events Coordinated 36 media events
		Feature articles, and responses to media	Develop 24 feature articles Prepare media responses	Fifty four feature articles developed Twenty six media responses prepared
		Housing Communicator's Forum meetings Media builds and provincial visits	Convene four Housing Communicator's Forum meetings Organise two media builds	Convened five Housing Communicator's Forum meetings One media build arranged
	Corporate Communication Strategy and Plan implemented	Ongoing organisation of departmental events Production and design of departmental publications Manage and implement Internal Communication Strategy and Plan	Organise departmental events on demand Provide production and design services Manage internal communication vehicles	Multiple departmental events organised and supported Designed and produced departmental publications on demand Managed and implemented corporate communication vehicles (Strategy and Plan) with the following results: <ul style="list-style-type: none"> • eight newsletters produced and distributed

Chief directorate or entity	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
				<ul style="list-style-type: none"> • ongoing SMS messages to staff on key departmental events • suggestion boxes re-installed • upgrading of brochure stands and display boards underway • corporate branding • monthly Corporate Diary • multiple staff information sessions • operation of client information desk

2.8.2 Programme 2 : Policy and Research

Purpose: To develop and promote national sustainable human settlements and housing policies, supported by a responsive research agenda; to monitor and assess the implementation, performance and impact of national housing policies and programmes; and to provide integrated business information.

Measurable objective: Enabling policy for adequate housing for all South Africans in sustainable human settlements; improve housing policy and programmes based on the analysis of accurate, strategic and statistically sound information and data monitored through operational and other systems.

2.8.2.1 Recent outputs of the Chief Directorate: Policy

2.8.2.1.1 New National Housing Code

The National Housing Code was reviewed to align housing policy and programmes with the BNG and approved by MinMEC and the Minister in February 2009. It will be published in the new financial year. The code is now much more flexible and provides guidelines in catering for locally specific development conditions.

2.8.2.1.2 Integrated Residential Development Programme

The programme promotes integrated development and sustainable human settlement and will facilitate the implementation of inclusionary housing requirements.

2.8.2.1.3 Programme for the Upgrading of Informal Settlements

The programme provides guidelines for upgrading settlements, in pursuance of government's targets in this regard.

2.8.2.1.4 Policy developments and enhancements

The Chief Directorate: Policy embarked on several instances of policy development and refinement to articulate parameters in addressing address emerging concerns and practice in respect of housing development. This was undertaken to ensure greater alignment between practice and BNG for the creation of sustainable human settlements. In all instances the Constitution of the Republic of South Africa remained the cardinal reference. Highlights in policy development are outlined below:

(a) Farm Worker and Occupier Housing Assistance Programme: The programme was approved and incorporated in the National

Housing Code. It provides for housing assistance to qualifying farm workers and occupiers who will hold rental or freehold tenure. It also includes assistance to beneficiaries of the Department of Land Affairs' Labour Tenants Programme.

(b) Environmental efficiency in the housing sector: The branch worked with the NHBRC to determine additional measures to improve energy efficiency in the subsidised housing sector. This is in line with the guidelines for environmental efficiency in the housing sector that form part of the new National Housing Code.

(c) Policy and Programme for Housing Assistance to Military Veterans of the Struggle: Following the approval of a policy for assistance to veterans by MinMEC, the department worked with the SANDF on the implementation of the programme. A national summit was called by the Minister in Port Elizabeth to give special attention to the development needs of military veterans. The SANDF and provincial housing departments were assigned primary responsibility for the implementation of the programme that forms part of a broader government programme for socio-economic assistance to military veterans.

(d) Policy advice and assistance to stakeholders: Assistance was rendered through advisory services, policy interpretation and presentations to a number of stakeholders. The chief directorate is also engaged in ongoing activities related to AMCHUD and sessions of the Governing Council of the United Nations Human Settlements Programme (UN HABITAT).

2.8.2.2 Recent outputs of the Chief Directorate: Research

2.8.2.2.1 Research to inform the review of the Comprehensive Plan for Sustainable Human Settlements (BNG)

Research undertaken to review BNG was completed. The review focused mainly on the upgrading of informal settlements, social housing, and the property market.

Several research initiatives were also undertaken to inform policy making and respond to and/or contribute to sector discourse on current and topical issues from time to time – especially where the Minister was a participant.

2.8.2.2.2 Collaborative project with Department of Science and Technology (DST) on research and development capacity in the housing sector

Engagements with DST were pursued towards the implementation of an MoA between the two departments. The research project was initiated but stalled because of challenges in respect of the appointment of service providers.

2.8.2.3 Recent outputs of the Chief Directorate: Monitoring, Evaluation and Impact Assessment (MEIA)

The MEIA Policy and Implementation Framework for the Housing Sector were approved and launched.

The MEIA Information System was implemented and makes provision for measuring provincial performance in terms of targets set in provincial business plans. Relevant officials were trained to use the system.

2.8.2.3.1 Beneficiary occupancy audit

Service providers were appointed to conduct a beneficiary occupancy audit in seven of the nine provinces. In terms of this exercise, a representative 10 % sample of all housing units completed since April 1994 are audited to establish beneficiary occupancy.

Beneficiary Occupancy Audit of Seraleng Housing Project, Rustenburg: A service provider specifically conducted an occupancy audit of the Seraleng Housing Project in Rustenburg in order to determine to what extent completed houses are occupied by unauthorised beneficiaries. The aim of the audit was to assess the profile of occupiers and to make recommendations on how to regularise the situation on the ground.

2.8.2.3.2 Verification of demand database of N2 Gateway Project

A verification and validation exercise was undertaken of the demand database of potential beneficiaries in the informal settlements surrounding the N2 Gateway Project. The aim of the exercise was to verify the particulars of "housed" beneficiaries and to assist in the dissemination of beneficiary awareness and empowerment information and material.

2.8.2.3.3 Monitoring reports

Monitoring reports were developed and submitted on the performance of Provincial Housing Departments for the first three quarters of the 2008/09 financial year in terms of their Provincial Business Plans as well as for project-level monitoring conducted in all Provinces except the Eastern Cape.

2.8.2.3.4 Impact of the upgrading of informal settlements on beneficiaries

The department, in collaboration with the World Bank, explored the feasibility of the Impact Study on the Upgrading of Informal Settlements Programme on the Lives of Beneficiaries. Terms of reference for data collection were developed and submitted for approval.

Table 2.7 Programme 2: Policy and research – service delivery achievements

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Policy	National Housing Code	Published new code	Publication of new code	Revised code approved by Minister in February 2009 and will be published in new financial year
	Policy and guidelines	Approved policy and guidelines	Approved policy enhancements and/or developments	Policy on Insurance Cover for Subsidy Houses completed
				Policy on Tenure Options for the Housing Subsidy Scheme completed
Housing Programme for Persons with Special Housing Needs completed				
Policy for Housing Assistance to Farm Residents and Occupiers approved				
Policy for Housing Assistance to Military Veterans of the Struggle approved				
Environmental Implementation and Management Plans (EIPs/EMPs) approved for gazetting.				
Policy interpretation and formulation model	Approved and operationalised model	Provincial visits undertaken and programme implemented	Model approved and will be rolled out in the new financial year, after publication of the National Housing Code	
Research	Initiate and undertake research on identified pertinent issues in housing and human settlement	Number of research reports contributing to the body of knowledge that support the development and implementation of housing and human settlement policies	Number of research reports	Nine research papers completed: Informal Settlement Upgrading; Social Housing; Property Markets; Affordability Model for beneficiaries earning between R3501 to R7000; Policy alternative to address the problem of beneficiaries selling or renting their houses prematurely; Alternative Technology; Analysis of the Property Market in South Africa; Housing Allocations; Airport Noise Standard and Rezoning for Residential Areas

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
	Manage and provide research support	Number of reports completed as requested	100 % of research requests completed	The following research inputs/ briefings were completed: Keynote address for "Women from Sri Lanka" conference at :UCT; Housing and Xenophobia; Ministerial imbizo to address to black contractors; Minister's response to questions from <i>Engineering News</i> ; Minister's address to the International Union of Housing Finance; Govan Mbeki Housing Awards; Minister's address to Institute of Estate Agents of South Africa (IEASA) conference
	Undertake research to determine relevant macro-economic trends	Provide constant reports on analysis of key macro-economic variables and their impact	Quarterly reports or when required	Quarterly reports on trends in the macro-economic environment submitted
Monitoring and Evaluation	Monitoring reports	Updated monitored information on prioritised policies and programmes	Quarterly monitoring reports	Project level (physical) monitoring conducted in all provinces to verify actual delivery; draft reports pending approval
	Impact evaluation studies	Number of impact assessment reports produced	Draft reports on findings	2 Assessments underway and yet to be completed
		Approved Monitoring, Evaluation and Impact Assessment (MEIA) System	Approved MEIA System	MEIA System developed and approved. Training provided for national and provincial officials
	Monitoring reports on performance of provincial housing departments	Number of monitoring reports	Quarterly monitoring reports	Quarterly progress reports submitted

2.8.2.4 Reasons for major variances in targets and achievements

2.8.2.4.1 Chief Directorate: Policy and Research

The increased and dynamic research requirements of the department and the sector compelled the Research to undertake far more research than was planned.

2.8.2.4.1 Chief Directorate: Monitoring and Evaluation

Technical monitoring of housing units at project level required additional work to be undertaken. Potential additional capacity may be assembled in this regard. Furthermore, the priority attached to meeting the housing needs of military veterans required additional monitoring of the implementation of the programme. The chief directorate also assisted with the implementation of the evaluation process for the Govan Mbeki Housing Awards (for Province, Metro and Municipality of the Year).

During the year under review, the chief directorate was also required to embark on a series of verification audits:

- A total of 894 667 properties were audited to ascertain the occupancy of such units on a sample basis
- Beneficiary occupancy audits were conducted in seven provinces
- Verification and validation of potential beneficiaries on the Demand Database for the N2 Gateway Project were undertaken

2.8.3 Programme 3 : Service Delivery Support

Purpose: To provide implementation and delivery support; build capacity; and liaise and communicate with stakeholders in respect of housing and human settlement programmes.

Measurable objective: Provide effective implementation and delivery support for sustainable human settlement development through capacity building, stakeholder liaison and information management and dissemination.

2.8.3.1 Recent outputs of the Chief Directorate: Capacity Development

The chief directorate advanced the professional development of the housing sector by introducing housing qualifications options and a framework, as well as by implementing the housing scholarship programme. Notable achievements during the year under review are listed below:

2.8.3.1.1 Sustainable Communities Support Programme

The chief directorate concluded a three-year agreement with the Sustainability Institute for the implementation of the Sustainable Communities Support Programme.

2.8.3.1.2 WITS Business School Certificate Programme on BNG

Sixty seven officials from all three spheres of government attended the Housing Policy Development and Management programme. Forty five officials completed the programme at the end of June 2008 and twenty two completed it at the end of November 2008. All were awarded certificates.

The training programme is at NQF Level 7 and its main aim is to educate trainees on BNG and other housing policies and legislation, and also on how they can assist in ensuring effective implementation of housing programmes and contribute to increased service delivery. Thirty three new candidates from all three spheres of government embarked on the programme in February 2009.

2.8.3.1.3 Induction programme for housing officials

The chief directorate, in collaboration with various other directorates and chief directorates, coordinated and facilitated two induction sessions for the 111 officials in the Eastern Cape Department of Housing. It also coordinated and facilitated seven internal Induction programmes for 112 officials in the National Department of Housing.

2.8.3.1.4 Beneficiary empowerment training programme for N2 Gateway community development workers

The training programme for community development workers responsible for consumer education on the N2 Gateway project was implemented and twenty eight community development workers were trained. The User-friendly booklet on frequently asked questions was developed.

2.8.3.1.5 Training programme on Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000)

The chief directorate, in collaboration with the Office of Disclosure, implemented a Train-the-Trainer programme on the Act. Forty seven officials underwent training on the generic programme.

2.8.3.1.6 Cuban technical programme

Six bi-monthly SA/Cuban Technical Support Programme Task Team meetings and one site visit were coordinated to review progress and challenges, and share best practices.

2.8.3.1.7 Review and generation of unit standards and additional housing qualifications

Quarterly meetings for the members of the Housing SGB were revived and resulted in the following housing qualifications being generated, reviewed and captured on SAQA's NLRD:

- Higher Certificate in Housing (NQF Level 5) – new
- Further Education and Training in Housing (NQF Level 4) – new

- General Education and Training in Housing (NQF Level 1) – new
- Unit Standard in Housing (ABET unit standard levels 1, 2 and 3) – new
- National Certificate in Social Housing Property Management (NQF Level 6) – reviewed
- National Certificate in Social Housing Property Development (NQF Level 6) – reviewed
- Further Education and Training Certificate (NQF Level 4) – reviewed.

2.8.3.1.8 Housing Scholarship Programme

Provincial steering committees were established to screen applicants for the Housing Scholarship, and to facilitate student placements, vacation work, the mentorship programme and monitoring of students' academic progress. One hundred and twenty eight students are recipients of the Housing Scholarship for 2009.

2.8.3.2 Recent outputs of the Chief Directorate: Human Settlement Planning

The department sought to guide and support provincial housing departments in preparing their multi-year housing development plans for the 2008/09 financial year, as well as to enhance the capacity of the National Department of Housing in respect of human settlement development planning.

The Planning Support Programme made positive strides in meeting all the set objectives achieved targets within set time-frames. The response to the initiative was such that the chief directorate was requested by various provincial housing departments to replicate the initiative within their respective departments.

2.8.3.2.1 Multi-year housing development plans (MHDPs)

A key deliverable of the Planning Support Programme is the support rendered to provinces in respect of the formulation of their respective multi-year housing development plans and business plans. The majority of multi-year housing development plans were completed.

2.8.3.2.2 Municipal housing sector plans

The chief directorate engaged with the Eastern Cape and Free State provincial housing departments and helped municipalities evaluate the quality and enhance the credibility of housing sector plans.

2.8.3.2.3 Eastern Cape Intervention

The department identified that provincial housing departments would benefit from the provision of additional capacitating support in respect of its planning and budgeting functions, amongst others. To this end, the chief directorate rendered additional planning related support, as follows:

- developing and updating the Multi-Year Housing Development Plan
- reviewing and assessing municipal housing sector plans
- developing and implementing municipal support programmes to review municipal housing sector plans
- designing a matrix to better align provincial housing development plans, infrastructure development plans and other housing plans in the Eastern Cape Provincial Department of Housing
- providing support in the preparation of the 2009/1010 Conditional Grant Business Plan

2.8.3.2.4 Secretariat of the African Ministerial Conference on Housing and Urban Development (AMCHUD)

Members of the chief directorate were seconded to the AMCHUD secretariat for a substantial part of the reporting period. Their involvement related specifically to the institutionalisation of the secretariat, support to the bureau, as well as the overall hosting of the AMCHUD II Conference.

2.8.3.3 Recent outputs of the Chief Directorate: Programme Implementation Support

The chief directorate was established to provide implementation support to provincial housing departments and municipalities in the implementation of housing programmes and projects in accordance with the principles of BNG, the National Housing Policy and the prescripts of the various housing programmes. In this regard, the chief directorate focused its activities on providing support in the unblocking of stalled housing projects, the upgrading of informal settlements and the identification of and support required to speed up the implementation of slow-moving projects.

A major initiative was the provision of support in the Eastern Cape following a cabinet decision that the department had to intervene in this province in terms of section 100 of the Constitution. This decision placed tremendous pressure on the chief directorate given the fact that it was severely under-staffed and under-funded. As a result, the major part of the chief directorate's time and effort were expended in the Eastern Cape Province, to the detriment of other poorly performing provinces.

An investigation was launched to determine the number of informal settlements in South Africa, their location and socio-economic profile.

Information on stalled and slow-moving housing projects is more readily available from the Housing Subsidy System (HSS) and served as a database to guide the chief directorate's activities and the identification of priority projects to be supported. During the year under review, 109 projects were unblocked and completed and 106 were unblocked and are under construction.

A Project Programming and Implementation Guide is being finalised and will assist housing implementers to understand the housing development process, to plan projects better, to manage projects more efficiently, and to monitor project progress. This guide will be completed during the first quarter of 2009/2010.

A National (slum) Upgrading Support Programme (NUSP) was established in collaboration with the Cities Alliance. Sixteen priority projects were studied with a view to identify best practices in informal settlement upgrading. It is envisaged that the learning achieved in this manner will lend further substance to policy refinement and the development of a new and/or improved implementation strategy at project level. The initiative will also provide critical support to projects during their first years. A team of national and international experts support the programme by providing expertise, advice and guidance. The provinces have completed a total of 110 858 units and are in the process of completing 245 082 units in terms of the informal settlement upgrading programme.

2.8.3.4 Recent outputs of the Chief Directorate: Priority Projects

The chief directorate maintained its facilitative and management role in respect of the implementation of identified priority projects of national significance in different provinces. Extensive engagements were undertaken with provincial housing departments, municipalities and implementation agents to assist these spheres of government to deliver on their mandates in respect of priority projects.

Despite being severely under-capacitated, the chief directorate performed as follows:

2.8.3.4.1 Eastern Cape

a) Zanenvula Housing Project: Three thousand housing units were handed over to beneficiaries and processes were put in place for the preparation of 4 300 sites for the next phase of the project. Processes were initiated for the development of socio-economic amenities and their funding. In addition, the rectification of storm-damaged houses commenced and investigations of the provision of rental stock were embarked upon.

b) Duncan Village: Eight hundred housing units in the Greenfields development in Reeston were completed and handed over to beneficiaries. The application for R14 million for the construction of multi-purpose centres in Duncan Village and Reeston was approved by the provincial housing department and processes commenced to deliver these amenities.

2.8.3.4.2 Western Cape

N2 Gateway Project: Housing development is progressing and 4 000 housing units were handed over to beneficiaries.

2.8.3.4.3 Northern Cape

Lerato Park Housing Project: The Implementation Agreement among the three spheres of government and the implementation agent was finalised. The first phase of infrastructure provision and housing development will commence early in the 2009/10 financial year.

2.8.3.4.4 North-West

Khutsong Re-settlement Project: The area was re-demarcated and reincorporated into Gauteng province. The Cooperation Agreement between the political principals and the Implementation Agreement between the administrative principals were concluded. Town planning and design and initial engineering work commenced on the first phase of the project, which will deliver around 5 500 housing units.

2.8.3.4.5 Mpumalanga

Klarinet Housing Project: The Implementation Agreement was finalised and signed by the collaborating parties. The layout designs were completed and bulk and link infrastructure construction commenced. Housing construction will commence in the 2009/2010 financial year.

2.8.3.4.6 KwaZulu-Natal

Emnambithi Urban Renewal Project: Authorisation for the use of housing funds was obtained for the provincial housing department so that the rectification of the affected houses can proceed. It is anticipated that funding for this project will be made available in the next financial year.

2.8.3.4.7 Free State

Grassland: In Phase 2 of the project, 1 867 of the 2 855 planned units were completed and provided with rudimentary services and electricity. In Phase another 3 921 units were completed.

2.8.3.5 Recent outputs of the Chief Directorate: Stakeholder Mobilisation

The chief directorate developed a Framework of Engagement to guide the operations of participating stakeholders and those intending to collaborate with the department in housing delivery. The aim of the framework is to assist stakeholders, in collaboration with the department, to develop houses in compliance with BNG and housing policy, including related legislation.

The chief directorate engaged different stakeholders based on signed agreements. During the period under review, a Framework for the Govan Mbeki Housing Awards was approved by MinMEC. Provincial housing departments conferred Provincial Govan Mbeki Housing awards prior to the National Awards in October 2008, which also received extensive media coverage and served to motivate the sector to excellent performance. The Govan Mbeki Housing Awards are backed by a National Adjudication Team and an auditor.

2.8.3.5.1 Social Contract

The pre-plenary of the Social Contract was held on 24 November 2008 and the Social Contract Working Group Chairpersons met in February 2009 in preparation for the plenary session.

Signatories to the Social Contract were assembled in support and recognition of the resolution of some of the delivery bottlenecks through the launch of the Housing Development Agency (HDA) in March 2009. The establishment of the HAD served to increase confidence among sector stakeholders that government was serious in tackling bottlenecks that confronted role-players in the sector.

2.8.3.5.2 Stakeholders' newsletter

The chief directorate compiled and delivered two editions of the stakeholders' newsletter and circulated to all listed stakeholders. A quarterly newsletter featuring progress, current affairs and comment from stakeholders on the Social Contract was also produced.

2.8.3.5.3 Stakeholder relations

An agreement was concluded with the Department of Public Works (DPW) to access state land and assets for housing development. Included in MoU is the right to collaborate on integrated developments, led by the DPW.

2.8.3.5.4 National Economic Development and Labour Council (NEDLAC)

The chief directorate represented the department's interests and position at NEDLAC.

2.8.3.5.5 Women in Housing

The Women in Housing Framework was finalised and endorsed by the Technical MinMEC. The chief directorate conducted a successful Women's Build that delivered 52 houses in China Square, Kimberly. The team of volunteers participating in the build received further training from CETA.

A project of the Free State Provincial Department of Housing was supported and delivered 300 houses to vulnerable groups in Welkom.

2.8.3.5.6 Youth in Housing

The Youth in Housing Framework was endorsed by the Technical MinMEC and seeks to mainstream the participation of the youth in housing development. Eighty six young people completed two weeks' orientation and a mental toughness test. Support was also provided to the Western Cape, Mpumalanga, KwaZulu-Natal and Eastern Cape.

2.8.3.6 Recent outputs of the Chief Directorate: Rental Housing and People's Housing Process (PHP)

The chief directorate has as its purpose to manage the implementation of the (CoDHI) and rental/social housing programmes, as well as to provide regulatory support to and oversight of the rental/social housing and CoDHI sectors.

2.8.3.6.1 Road shows on the National Housing Rental Strategy

The National Rental Housing Strategy for South Africa was approved by the Technical MinMEC on the 6 August 2007 for submission to the Housing MinMEC, and was finally approved on 18 March 2008. The strategy envisages the delivery of 100 000 rental units by 2011/2012. Seventy five thousand will be social housing for middle-income earners (R3 500 to R7 500) and 25 000 will be community residential units (CRUs) for low-income earners.

To realise the outcomes and expected delivery targets contained in the strategy and to enhance the successful implementation of programmes and housing options, strong support systems and relations within and among the three spheres of government are required. These will only be achieved if each sphere understands what the strategy seeks to achieve, its components, and related roles and responsibilities. The main purpose of the road shows, which were conducted in partnership with SALGA, was therefore to ensure greater understanding of the strategy, its objectives and various components in order to enhance the role of municipal capacity building initiatives. Provinces planned, organised and funded the road shows. Road shows were conducted in eight provinces, while a suitable date still needs to be set for Mpumalanga.

2.8.3.6.2 National Social Housing Task Team

The National Social Housing Task Team (NSHTT) was established by the department in January 2004. The team comprises representatives of government (national, provincial and local), national housing support agencies (SHF and NHFC), organised representatives of social housing institutions (NASHO), and the Cities Network.

The overall purpose of the task team is to facilitate support for the implementation of government's National Rental Housing Strategy in general and to ensure that the capacity required to enhance delivery of the social housing programme in particular is in place. Functions include:

- facilitation of an understanding of shared rental housing development goals, targets, roles and responsibilities among role players and partners
- clear determination of factors that may hamper delivery on the set targets and setting up of shared tangible measures to deal with these
- establishment of sustainable partnerships on specific programmes deliverables and projects contributing towards effective delivery of rental stock.

The NSHTT is supported through various sub-task teams. Three NSHTT meetings were convened during the year under review and it was resolved that three additional meetings were required. Three additional sub-task teams were established to focus on informal, backyard and small landlords' issues, rental incentives, and rental policy issues.

2.8.3.6.3 Road shows of the Community Residential Unit (CRU)

The objective of these road shows was to provide provincial housing departments and their stakeholders with information on development options and opportunities offered by the CRU with regard to public housing stock. Policy was clarified and the first CRU pamphlet distributed.

Road shows were conducted successfully in all nine provinces and owing to the need for information, second road shows were conducted in Mpumalanga, Northern Cape, Eastern Cape and Western Cape.

2.8.3.6.4 Support programme for provinces

An extensive support programme was negotiated and developed for five provinces, viz. Free State, Western Cape, Limpopo, North-West and Mpumalanga.

a) North-West: The department decided to launch its pilot projects in North-West (Tlokwe and Rustenburg) since the province has reached quite an advanced stage with their CRU programme in that a thorough audit of all provincial and municipal stock has been completed. The province is currently advertising tenders for the appointment of a service provider to conduct feasibility studies.

b) CRU task teams: The unit's approved policy stipulates that, where needed, provinces can establish task teams to facilitate implementation of the programme. Terms of reference for the establishment of such task teams were prepared and in provinces that already had a Social Housing PSC, the CRU terms of reference were merged with those of the Social Housing PSC. Only Western Cape has a separate CRU PSC.

c) CRU reference group: The group's first meeting was held on 26 February 2009 to discuss the implementation of the programme and find solutions to challenges in respect of provincial progress reports, pilot projects and provincial audits. The group also serves as a platform for discussing areas of further support, policy alignment and all issues related to the CRU programme. It is highly beneficial for the CRU to receive sound opinions and advice from specialists who are well versed in the field of public housing.

d) Municipal support to Mpumalanga: Mpumalanga required special advice on how to set rent and manage its properties.

e) EEDBS: In this respect it is essential to keep track of houses that could not be transferred to individual beneficiaries so that they can be assimilated into CRU rental stock. A framework was prepared to ultimately advise provinces on what to do with houses that have not been transferred.

f) Challenges

- Limited government funding to support the programme
- Lack of capacity, both at provincial and local level
- Limited number of capacitated delivery agents
- Lack of political support at local level and provincial level, which is reflected by lack of commitment to fund the programme
- Lack of support from the private sector
- Lack of office space and tools of trade
- Lack of serviced land for development.

2.8.3.6.5 Rental Sector Regulation Support

Three quarterly meetings the Rental Housing Tribunal were held to identify technical support required by rental housing tribunals. Other areas attended to were training, the establishment of a centralised case management system, organisational structure and remuneration structure.

a) Case management system: The system was investigated and report tabled at the meeting held on 26 to 27 February in Mpumalanga.

b) Tenant protection and support: The directorate responded to all enquiries received in the period under review. A pamphlet was created to advocate and promote the work of the Rental Housing Tribunal.

c) Social Housing Regulatory Authority: The Social Housing Act, 2008 (Act 16 of 2008), which provides for the establishment of the Social Housing Regulatory Authority (SHRA), was passed by parliament. The process of establishing the SHRA has reached an advanced stage.

d) Challenges

- Understaffing – only three of seven positions are filled
- The unit has no director, which makes difficult to coordinate the work of the directorate
- Delays in the promulgation of Regulations
- Delays in the incorporation of the Rental Housing Amendment Bill [B30B-2006]
- Challenges in enforcing rulings.

2.8.3.6.6 People's Housing Process

a) Consultation process on CoDHI: The housing sector and interested role players were consulted and given the opportunity to contribute to the revised policy and programme guidelines and the culmination of initiatives leading to CoDHI. A consolidated report was compiled on challenges experienced with the implementation of the 2005 PHP policy and guidelines. The technical component of the policy and programme guidelines was reviewed to establish the re-branding of the PHP and the findings were incorporated into the CoDHI policy which embraces all provincial and stakeholders' concerns.

b) 2008 Enhanced PHP Policy Framework and the Growth and Implementation Strategy: The 2005 policy framework and implementation guidelines were reviewed and the findings incorporated into the Enhanced PHP Policy Framework and the Growth and Implementation Strategy. The National PHP Reference Group was formed in September 2008, which gave rise to the creation of different thematic groups tasked with developing strategies, tools and templates to address service delivery constraints in the value chain.

c) FEDUP/SDI: Following the signing of the memorandum of understanding (MoU), provincial joint working groups were established in all nine provinces to implement the MoU. Provinces and municipalities supported the roll-out of the MoU, as well as the completion of 17 units pledged in Northern Cape in September 2008.

The directorate coordinated and facilitated the Slum Dwellers International (SDI) conference held in Durban in October 2008. Five concept papers on topical issues were developed and informed the Durban Declaration tabled at the World Urban Forum in Nanjing. The conference also led to the signing of the Durban Declaration by SDI, which reinforced the partnership between slum dwellers and government towards achieving sustainable human settlements.

d) Partnerships: A consultation model for sector support agencies was developed. The model outlines roles and responsibilities and establishes a code of ethics within consultation forums. As a result, new partnerships were formed and old ones strengthened. The application of the principles of consultation commenced with the mobilisation of institutional capacity for PHP in the provinces and sector support agencies. The department and HFHSA partnered with the KwaZulu-Natal Department of Housing to pilot the first rural enhanced PHP project in that province.

e) Road shows on the 2008 Enhanced PHP Policy and the Growth and Implementation Plan: It was critical for the enhanced framework and plan to be workshopped in all nine provinces in preparation of the implementation of pilot projects during the 2009/2010 financial year in at least five provinces. From January until the beginning of March 2009, the PHP team conducted road shows in all the provinces. A consolidated report on the road shows was created to inform the implementation guidelines and allow for provincial and sector support ownership.

f) List of pipeline projects: A list of pipeline projects was obtained from five provinces, NGOs and civil society and fed timeously into the PHD planning process so that funding and human resources would be available for the steady execution of PHP.

g) Resolution of old debt: Letters on the resolution of old debt were issued to the provinces. These gave rise to the establishment of steering committees in three provinces.

h) Training: In March 2009, the directorate partnered with PPT/USAID to train provincial and municipal officials on project preparation and planning. Three one-day sessions were held in KwaZulu-Natal and Gauteng.

i) Challenges

- Lack of technical capacity within sector support agencies
- No alignment between provinces and municipalities in respect of planning cycle
- Lack of political buy-in by provincial housing departments
- Resistance from some provincial housing departments in the implementation of PHP
- Lack of office space.

Table 2.8 Programme 3: Service Delivery Support – service delivery achievements

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Capacity Development	Manage training and skills development programmes	BNG-specific training programme for officials at all three spheres of government developed and implemented	Number of BNG awareness and developmental programmes conducted.	Trained officials in the Home Loan and Mortgage Disclosure Act as part of the roll-out
				BNG awareness and developmental programme implemented
			Approved guidelines, tools and strategies for the implementation of beneficiary empowerment programmes	Guidelines, tools and strategies for developed for the implementation of beneficiary empowerment programmes
				Beneficiary empowerment programmes implemented for N2 Gateway and Zanemvula
				Integrated beneficiary training and development programme with the housing financial sector could not be implemented
				Implementation of the Sanitation, Health and Hygiene Training Programme not concluded
	Develop sector institutional capability	Sector institutional policies and strategies developed and implemented	Implement policies and strategies for sector institutional capability	Sector strategies and policies for institutional capability are pending
			Implement Monitoring and Evaluation Framework for implementation of Capacity Development Programmes by provinces	Provided support to provinces in developing capacity enhancement programmes Monitoring framework deferred
			Advise provinces on appropriate models, structures, systems and processes to deliver BNG	Recommendations made to provinces on assembling appropriate capacity to implement BNG effectively
	Support professional development in housing sector	Implement, review and generate unit standards and additional housing qualifications	Sector professional development programmes implemented	Coordinated quarterly meetings of the Housing SGB and concluded seven additional qualifications
				Take-up by universities to offer the Housing Bachelors degree from 2010 is pending
			Develop and implement a framework and administrative processes for the running of the scholarship programme	Implemented enhanced administration of the housing scholarship programme. There were 128 recipients of scholarships
				Certificate programme at WITS Business School enrolled 100 students, and 67 already qualified

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Human Settlement Planning	Develop and maintain human settlement planning frameworks and instruments, and promote alignment of sector planning	Human settlement planning frameworks and instruments are developed and maintained, and alignment of sector planning is promoted	Amendments to the National Programme for Housing Chapters of Integrated Development Plans effected, approved, and distributed to relevant stakeholders, as the need arises	No amendments needed for the period under review
			Framework for Provincial Multi-Year Housing Development Plan approved	Framework approved
		Provincial Multi-Year Housing Development Plan approved in line with latest revisions	Receive and consolidate nine Provincial business plans Prepare final National Business Plan	All provincial business plans submitted for approval National Business Plan, along with Compliance Certificate, submitted for approval
		Render advisory services and assistance to requests and instructions in respect of human settlement planning	Incidental requests responded to timeously, with accurate record of all requests kept on file	Requests responded to timeously and recorded
	Support implementation of human settlement and housing development planning frameworks at provincial level	Nine provincial multi-year housing development plans submitted to minister for approval	Receive final provincial multi-year plans Nine provincial multi-year housing development plans submitted to minister for approval	Final drafts of provincial multi-year plans received from North-West, Northern Cape and Mpumalanga
	Support implementation of human settlement and housing development planning frameworks at municipal level	Implementation of human settlement and housing development planning frameworks supported at municipal level	Targeted support to accreditation priority municipalities in collaboration with provincial housing departments	Reprioritisation shifted to Eastern Cape and Free State
Programme Implementation Support	Support to provinces and municipalities in unblocking stalled projects	Recovery plans in respect of identified priority blocked projects	Facilitate and support development and implementation of recovery plans for 40 projects	Assessed 21 projects in Free State and one in Mpumalanga Made recommendations in respect of projects in seven Eastern Cape municipalities Drafted Terms of Reference for three projects in Eastern Cape as part of recovery strategy
		Facilitating implementation of identified projects	Facilitate and support the development and implementation of 30 projects	Twenty one projects were supported as part of Eastern Cape Intervention Other provinces could not be attended to owing to severe capacity constraints

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
	Support to provinces and municipalities in upgrading informal settlements	Facilitating implementation of identified informal settlement upgrading projects	Facilitate and support development and implementation of 30 projects	<p>Sixteen prioritised for support</p> <p>Twenty one projects (10 in Nelson Mandela Metro, 9 in Cacadu District, 2 in Buffalo City) supported as part of Eastern Cape Intervention</p> <p>Other provinces could not be attended to owing to severe capacity constraints</p>
		Enhanced and approved informal settlement upgrading strategy	Approved enhanced informal settlement upgrading strategy	<p>Assessment of 16 projects completed</p> <p>Successful UISP workshop held with provincial housing departments and municipalities to discuss assessment and enhanced and improved upgrading strategy, as well as approach and actions needed for implementation of NUSP</p>
Priority Projects	Coordination and facilitation of national priority projects	Compiling quarterly non-financial reports	Preparation and submission of quarterly progress reports detailing interventions on priority projects	<p>Partially achieved</p> <p>Reports on N2 Gateway and Zanemvula Housing Projects submitted quarterly.</p> <p>Reports on other projects submitted as milestones were reached</p>
	Coordination and maintenance support with information flow on implementation of national priority housing programmes and projects	Collaboration agreements with relevant provincial housing departments on service delivery support to be provided in respect of special ministerial programmes and projects and ministerial pilot projects	Meet with relevant provincial housing departments to negotiate arrangements for providing service delivery support and possible establishment of service delivery support Task Team for pilot projects	<p>Partially achieved</p> <p>Agreements with relevant stakeholders finalised for Khutsong, Klarinet and Lerato Park</p>
				Chief directorate serves on project task teams for Duncan Village, N2 Gateway, Klarinet, Grassland and Zanemvula
	Analysis, interpretation and reporting of problem areas in housing development	Analysis and interpretation of problem areas in relation special ministerial programmes and projects and ministerial pilot projects	Identify and analyse problem areas in collaboration with relevant stakeholders in respect of all priority projects	<p>Partially achieved</p> <p>On projects where chief directorate is represented, problem areas were analysed and assistance rendered to unblock problem areas</p>
	Assistance with formulation of recovery strategies to address problem areas in national priority programmes and projects	Compile recovery strategy progress reports formational priority programmes and projects	Recovery Strategy progress reports	<p>Partially achieved</p> <p>Recovery strategies were incorporated into reports submitted</p>

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
	Ongoing implementation support for all priority projects	Monthly reports from project managers, detailing number of units constructed and imminent challenges	Reports	Partially achieved On projects where chief directorate was represented, ongoing implementation support was provided
Stakeholder Mobilisation	Manage involvement of non-governmental stakeholders	Social Contract and Rural Compact signed and implemented	Six Social Contract task teams supported	Six Social Contract task teams supported
		Targeted agreements signed with stakeholders	Negotiations concluded with identified stakeholders	Agreements concluded with NHTL, Anglo-Platinum and DPW
		Task team meetings, pre-plenary and plenary sessions of Social Contract concluded	Govan Mbeki Housing Awards National Task Team meetings supported Women and Youth in Housing Task Team meetings supported	Govan Mbeki Housing Awards National Task Team meetings supported Women and Youth in Housing Task Team Meetings supported
		Stakeholders' newsletter compiled and updated	Stakeholders' news letter compiled and circulated	Stakeholders' newsletter compiled and circulated
		Stakeholder database developed	Stakeholder database compiled	Stakeholder database compiled and updated
	Manage collaboration on projects with sector stakeholders	Number of productive partnerships formed and supported	Signed MoUs in respect of partnership projects identified and implemented	Ongoing implementation of signed MoUs with Intersite, DBSA, ABSA, Anglo-Platinum Projects identified with provinces and concerned stakeholders as work in progress
		Approved stakeholder engagement guidelines	Stakeholder engagement guidelines developed	Guidelines developed
		National and provincial Govan Mbeki Awards organised and supported	Annual awards coordinated	Framework for Govan Mbeki Housing Awards approved by MinMEC National awards held on 10 October 2008, preceded by provincial awards
		Sector stakeholder mobilisation in projects	Stakeholders mobilised	Achieved
	Mobilisation in respect of women and youth in housing programmes supported and managed	Women in Housing Programme implemented	Women in Housing Framework approved	Women in Housing Framework approved by Technical MinMEC Sector stakeholders consulted through National Women in Housing Indaba (Consultative Forum) hosted in Northern Cape Province
		30 % empowerment quota report submitted	30 % empowerment quota report developed	Not achieved

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
		100 % of housing units delivered through women's initiatives	Women's initiatives supported	Women's Build coordinated in Northern Cape Province to yield 52 houses Sixteen days of activism and 365 days projects supported in Free State for construction of houses for military veterans and victims/survivors of domestic violence
		National and provincial Women in Housing Forums organised	National and provincial Women in Housing Forums coordinated and supported	Women in Housing Forums held in Gauteng, Limpopo, Northern Cape and Mpumalanga
		Number of requests supported Stakeholder Engagement Report submitted	Advisory support rendered to sector stakeholders	Advisory support rendered to women contractors through forum site visits and meetings Supported DME through South African Women Inventors and Innovators Symposium in August Supported South African Women in Construction Conference on 31 March to 1 April Supported OSW meetings Supported DPLG, DWAF and DEAT on Dukuduku Human Settlement Project
	Youth in Housing programmes implemented	Youth in Housing Framework approved and implemented	Youth in Housing Framework approved and implemented	Youth in Housing Framework approved by Technical MinMEC
		100 % of housing units delivered through Youth Build projects	100 % of housing units delivered through NYS projects	NHBRC commenced with hard skills training for 100 young people per province in Mpumalanga, Free State, Northern Cape and Gauteng Implementer workshops conducted jointly with NYS Unit in Northern Cape, Free State, Gauteng, KwaZulu-Natal, Northern Cape and Western Cape
			National and provincial Youth in Housing Forums coordinated and supported	National Youth in Housing Forums coordinated and supported in Limpopo, Mpumalanga and Gauteng Provincial Youth in Housing forums supported in KwaZulu-Natal, Limpopo, Northern Cape, Western Cape, Gauteng, Eastern Cape Mpumalanga and Free State

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Rental Housing and PHP	Development, management and support of implementation of government's rental housing programmes	Pipeline of ready public and private rental housing projects in all nine provinces	Develop pipeline of projects in five provinces for delivery of at least 6 000 ready public and private rental housing units	Achieved
	Regulatory support and oversight of the rental housing sector and dealing with tenant protection issues	Institutional arrangements for regulation of rental housing sector and operational oversight in all nine provinces	Operationalise institutional and oversight arrangements in terms of Rental Housing Amendment Act and Social Housing Act	Achieved
	Development, management, support implementation and oversight of CoDHI and related programmes	Pipeline of ready CoDHI projects in all nine provinces	Develop pipeline of CoDHI projects in five provinces for delivery of at least 2 000 housing units	Achieved

2.8.3.7 Reasons for major variances

The performance of the various chief directorates in Programme 3 was hampered by staff shortages and shortages of funds to implement its mandate effectively.

The need to perform additional functions of assistance to the Eastern Cape Intervention led to some of the envisaged objectives and targets being deferred.

Limited cooperation from implementing agents put a strain on the limited human resources in the Chief Directorate: Priority Projects. Project information is rarely sent to the chief directorate on the agreed times. This led to the chief directorate's being unable to report timeously since constant follow-ups were required to obtain project information.

Projects were at various stages of implementation and required varying levels of implementation assistance. As a result, some projects required more specialised attention, which had an adverse effect on other projects.

Failure of service providers to respond to invitation for proposals and quotations to assist in specialised functions led to a lack of service providers to perform such functions and consequent delays in programme implementation.

The lack of dedicated capacity development personnel in provincial departments resulted in delays in inputs and information required from provinces.

Delay in approvals of submissions caused serious setbacks and resulted in the setting up of relevant processes either being delayed or approval not being obtained.

There were delays in obtaining approvals from the programme principal, which affected several projects (e.g. the establishment of a professional housing body and the selection of two institutions of higher learning to a bachelor's degree in housing).

Targets were also not achieved as a result of disjuncture in project coordination at provincial level, and in some cases, owing to the inability and/or unwillingness of provinces to support and partake in collaborative activities.

2.8.4 Programme 4: Housing Development Funding

Purpose: To fund national housing and human settlement development programmes in terms of the Housing Act, 1997 (Act 107 of 1997), provide financial, grant and housing institutions management, and manage all matters provided for by the Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000).

Measurable objective: Fund housing and human settlement development programmes; provide financial, grant and housing institutional management, as well as oversight of financial and non-financial compliance with relevant legislation

- The Chief Directorate: Financial and Grant Management provides overall financial and grant management services.
- The Chief Directorate: Housing Equity aims to eradicate discrimination and unfair practices in granting or denying access to housing finance.

2.8.4.1 Service delivery objectives and indicators

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

- providing financial administration and supply chain management services
- providing overall budgetary and grant management services
- ensuring that housing finance is available and accessible to all.

2.8.4.2 Recent outputs

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

- Monthly reconciliation between BAS and LOGIS fixed asset register was done
- Redundant movable fixed assets worth R1 157 208,90 were disposed
- Better compliance with financial prescripts was ensured by amending financial management policies and improving controls through the introduction of new measures
- The department's budget and adjustment budget were approved and published
- Monthly expenditure reports to National Treasury and provincial reports on the conditional grant were submitted and all deadlines were met
- Visits to provinces as part of the monitoring function were undertaken, reports in this regard were prepared, and key aspects emanating from the visits were incorporated in the DORA reports
- The number of visits to provinces and engagements with provinces for hands-on assistance were increased
- The Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000), its Regulations and reporting format were implemented in terms of the provisions of the Act
- Information from financial institutions was received and an annual report on lending patterns and practices by financial institutions on home loans to the minister was prepared in terms of the Act.
- Information on the mandate, Home Loan and Mortgage Disclosure Act and its supporting tools was disseminated to all local authorities.

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

Enforcement of sections 26 and 27 of DORA was applied to the Eastern Cape Province because it could not indicate that it would be able to spend all their funds. Amounts of R270 million and R52 million were stopped in respect of the Eastern Cape and North-West respectively in terms of section 26 of DORA. It must be indicated that the R52 million in respect of the North-West Province was stopped and re-allocated to the Northern Cape Province in order to finance projects in the former cross-border towns. The stopping was in terms of an inter-provincial agreement between the two provinces concerned. The amount stopped in respect of the Eastern Cape Province was reallocated and transferred as follows: Gauteng – R152 million, Free State – R68 million, and Mpumalanga – R50 million.

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

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

Table 2.9 Programme 4: Housing Development Funding – service delivery achievements

Chief directorate	Output	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievements
Financial and Grant Management	To manage financial support, internal control and compliance checking	Annual financial statements	Annual financial statements	Annual financial statements approved
		Reconciliations	Twelve monthly reconciliations	Twelve monthly reconciliations done
		System and document reviews	Twelve monthly system and documents reviews	Eight system reviews done Eight document reviews done
		% of trained officials	100 % of officials trained	Three workshops held with 100 % of attendees trained
	To manage the provision of supply chain management services	Periodic and full stock-taking reports	One stock-count report	Two stock-count reports done
		Reconciliations (LOGIS and BAS)	Twelve reconciliation reports	Twelve reconciliation reports done
		Fixed asset register	Fixed asset register	Fixed asset register kept and maintained
		Reports on SMMEs and HDI	Twelve reports	Twelve reports done
		Bid report to National Treasury and Stratman	Submit 12 reports to National Treasury and four quarterly reports to Stratman	Twelve reports submitted to National Treasury and four to Stratman
		Number of travel reports	Four quarterly reports	Four quarterly Reports done
		Number of reports on government fleet	Twelve monthly reports	Twelve monthly reports done
		Provide customer care service	Four workshops to be held	Four workshops held
	To provide budget management services	Approved budget	2009 budget approved	2009 budget approved
	To provide grant management services and system support	% of funds transferred	100 % of funds transferred	100 % of funds transferred
		Number of reports on system support provided	Four management reports	Four management reports provided
	To identify discriminatory lending patterns by financial institutions	Reports on engagements and agreement with financial institutions and other stakeholders	Four reports on agreements	Four reports on agreements prepared
		Reports on lending patterns and practices by financial institutions on home loans	Four reports on patterns and practices	Four reports on patterns and practices prepared
		100 % of home loans and mortgage public complaints investigated and resolved	100 % of home loans complaints investigated and resolved	Four reports of 100 % of home loans complaints investigated and resolved, prepared
	To create a conducive environment in terms of Financial Sector Charter	Reports on engagements with financial institutions in terms of Charter commitments	Four reports on Charter commitments	Four reports on Charter commitments prepared
		Reports on implementation and monitoring of Charter	Four reports on implementation and monitoring of Charter	Four reports on implementation and monitoring of Charter prepared



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDIT COMMITTEE



PART 3

3. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2009.

Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and meets 4 times per annum as per its approved terms of reference. During the current year 7 meetings were held.

Name of Member	Number of Meetings Attended
Ms M Nyathi (Chairperson)	7
Ms S Hari	7
Mr T.T Ntuli	6
Ms T Moja	5
Ms Y Reilly	7
Mr J Weapond	6
Mr K Buthelezi	7

Audit Committee Responsibility

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

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

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements both any qualification and/or the emphasis of matter, and the management letter of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

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

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review. However, areas of concern for the Audit Committee relate to:

- Inadequate management and reporting on performance information; and
- R100 million Loan to Thubelisha Homes without complying with the requirements of PFMA

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

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

Internal audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audits.

Auditor-General South Africa

We have met with the Auditor- General South Africa to ensure that there are no unresolved issues.



Ms M Nyathi

Chairperson of the Audit Committee

Date: 30/07/2009



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS



PART 4

4. ANNUAL FINANCIAL STATEMENTS NATIONAL DEPARTMENT HOUSING FOR THE YEAR ENDED 31 MARCH 2009

Report of the Accounting Officer	65
Report of the Auditor-General	81
Appropriation Statement	86
Notes to the Appropriation Statement	96
Statement of Financial Performance	98
Statement of Financial Position	99
Statement of Changes in Net Assets	100
Cash Flow Statement	101
Accounting Policies	102
Notes to the Annual Financial Statements	111
Disclosure Notes to the Annual Financial Statements	122
Annexures	129

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

I. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The year under review has seen the global economy going through its deepest crisis since the Great Depression of 1929. While initial predictions pointed to its seriousness and likely effect on the emerging economies, its full extent has gone well beyond those expectations, further plunging these economies, into high levels of currency volatility and depreciation with catastrophic effects on their developmental goals. There is already talks that unless the developed economies which themselves are severely affected continue to implement their pledged support to the emerging and lower income economies meeting, the international agreements and commitments such as the Medium Development Goals (MDGs) may be severely curtailed with further serious consequences to the poor people in those countries.

While the South Africa economy has generally shown resilience in the face of this crisis, signs have begun to show that it is beginning to take its toll already leading to negative growth in the last quarter of the 2008/09 financial year and even predictions of a recession. Tax revenue collections have been adjusted downwards from previous estimates due to a bleaker forecast to the end of the coming financial year, which might negatively affect the prospects of further real increase in the allocations for the housing programme and related infrastructure spending.

As will be reflected in the financial analysis of key information below, actual spending in the public sector housing programme, both provincially and nationally has increased dramatically due to commitments made for implementation of projects in previous years. In particular the conditional grant has seen the lowest variance between appropriated funds and spending levels which has in fact been less than 1%. All provincial spending levels revealed considerable improvements compared to previous years in all provinces.

The national priority projects in progress during the year, namely the N2 Gateway Project (N2G) and the Zanemvula Project in Port Elizabeth (Nelson Mandela Metropolitan Municipality) and the Social Housing Rental Programme also contributed to the improved spending largely because the plans put in place during previous years began to materialise during 2009. In part, the intervention that the Department made to assist Eastern Cape Provincial government on the delivery of housing, in terms of section 100 (1) (a) of the constitution which was approved by Cabinet, has contributed significantly in this regard. It is expected that this initiative will continue going forward with more emphasis being given to growing the capacity of the province to sustain this delivery impetus while assisting and providing skills and expertise in areas that require further interventions.

The financial results, in line with original projections and plans as shown in the Estimates of National Expenditure 2009, show significant growth in almost all areas of spending. This is largely due to the further phasing in of the implementation of the Comprehensive Plan for the development of Sustainable Human Settlement as well as reprioritization of spending to areas that were considered priority areas during the year when the plans were reviewed and reprioritised/adjusted. Some of the key areas worthy of mentioning in this regard include an increased effort to improve the communication of the key aspects of the Department's programmes and achievements as well as popularisation of these programmes in the target groups and the broader South African populace at large. This included the implementation of the weekly television program called Breaking New Grounds aired every Tuesday evening in the past six months. The placing of billboards at key targeted areas and advertising through including the taxi transport modes used largely by the target market that the housing programme is aimed for, as well as in respect of the N2G and Zanemvula radio programmes in various local languages implemented with Thubelisha as implementing agent for these projects.

Our role in chairing and providing secretariat function for the African Ministers Conference on Urban Development (AMCHUD) in the past three years culminated into a 3rd Conference that was held in Abuja, Nigeria at which the role of chair was passed to Nigeria with the Secretariat continuing to be performed by South Africa, through the Department on an interim basis. This will remain so until a proposal is made during the course of the coming year with regard to the permanent arrangements. The conference was a resounding success that ensured that the African Ministers are able to discuss matters that are critical regarding the housing and urban development which were included in the document that is now known as the Abuja Declaration and a resultant resolution is made.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

Inadequate resources in a number of areas were an impediment in achieving our objectives. This compelled the department to prioritise and thus shift the limited resources to areas with more and urgent need. The inadequacy of resources and its impact emerged and shown itself in various forms like the number of vacant unfunded positions, overcrowding in some areas due to unavailability of space, postponing the commencement date of some important projects to mention just a few. This reality has also brought home a realisation that there is a dire need to exercise more economy in performing our day to day activities as well as ensuring that unnecessary outsourcing of work is avoided as much as possible. The end of the year saw the beginning of attempts to exercise more control on expenditure approvals, identify areas where savings can be achieved so that the allocated resources can be stretched much further.

During the 2008/09 financial year, the Department continued with the provision of capacity enhancement and support to eighteen priority municipalities and eight Provincial Housing Departments for accreditation related purposes. All eighteen municipalities applied for level one accreditation as per the approved Municipal Accreditation Framework. The capacity and compliance audits to determine compliance with the criteria required for level one accreditation as specified in the Municipal Accreditation Framework have been concluded in nine municipalities and underway in the balance of the municipalities. Three municipalities namely; Ethekwini, Emalahleni and Nelson Mandela Bay Metropolitan have been granted accreditation to perform level one function. The Provincial Housing Departments are in a process of facilitating the transfer of accredited functions to these municipalities by concluding service level agreements in other instances.

As part of our contribution to providing capacity we increased the number of housing scholarship recipients from 36 (thirty six) in 2007/08 to 128 (one hundred and twenty eight) in 2008/09 financial year. We developed a Draft Capacity Security Strategy, Monitoring and Evaluation Framework for the implementation of Capacity Development Programmes by provinces.

1.1 Budget overview

The Departments' adjusted budget for the year under review amounts to R10,928 billion representing a 21.67% increase over the R8,982 billion adjusted budget for the previous financial year.

Largely the adjusted budget is made up of transfers and subsidies at R10,410 billion which is 95.26% of the total budget. The breakdown of these is given in table 1 below as follows:

Table 1: Breakdown of transfers and subsidies

DETAILS OF THE TRANSFER/SUBSIDY	BUDGET R'000	BUDGET %
Provinces	10 177 938	97.77
Departmental agencies (as described in paragraph 6)	227 739	2.19
Foreign governments	1 000	0.01
Households	2 852	0.03
Tota	10 409 529	100

The remaining 4.74% or (R518,5 million) was budgeted for various programmes as shown below constituting the operational and capital expenditure internal to the department:

Table 2: Departmental Operational Budget

PROGRAMME	PROGRAMME DETAILS	BUDGET R'000	BUDGET %
Programme 1	Administration	140 148	27.03
Programme 2	Housing Policy, Research and Planning	91 040	17.56
Programme 3	Housing Delivery Support	231 311	44.62
Programme 4	Housing Development Finance	55 958	10.79
Tota		518 457	100

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

1.2 Spending analysis

The Department spent R10,920 billion of the R10,928 billion. This represents 99.9% spending on the Vote (95.6% in 2007/08). An analysis of this spending level reflects a spread through various programmes and across various areas in respect of economic classification. Areas of under-spending are compensation, goods and services, transfers and subsidies as well as payments for capital assets.

1.2.1 Compensation

Under-spending on this item amounts to R0,124 million (or 0.01%) and is mainly due to vacant positions which were filled later in the year under review or subsequent to year end.

1.2.2 Goods and services

The combined under-spending on this item amounts to R7,112 million (or 1.9%). Below are the affected programmes indicating under-spending as a percentage to the total:

Table 3: Under-spending by programme (Goods and Services)

PROGRAMME	PROGRAMME DETAILS	AMOUNT R'000	PERCENTAGE
Programme 1	Administration	1 357	19.08%
Programme 2	Housing Policy, Research and Planning	2 714	38.16%
Programme 3	Housing Delivery Support	1 513	21.27%
Programme 4	Housing Development Finance	1 528	21.49%
Total		7 112	100%

1.2.3 Transfers and subsidies

The combined under-spending on this item amounts to R0,429 million is made up of under-expenditure on Foreign Governments and international organisations as well as under-expenditure on the bursary scheme. This is due to original higher estimates which were also affected by exchange rate fluctuations.

1.2.4 Payments for capital assets

The combined under-spending on this item is R0,550 million. The contributing programmes are:

Table 4: Under-spending by programme (Capital Assets)

PROGRAMME	PROGRAMME DETAILS	AMOUNT R'000	PERCENTAGE
Programme 1	Administration	272	49.45%
Programme 2	Housing Policy, Research and Planning	128	23.27%
Programme 3	Housing Delivery Support	102	18.55%
Programme 4	Housing Development Finance	48	8.73%
Total		550	100%

This under-spending is personnel related and is due to the fact that assets which would have been purchased had positions been filled or filled on time were not procured.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

1.3 Virements

1.3.1 The following virements were part of the adjustment estimate:

Table 5: Virements (before adjustment estimates)

Originating Programme	Receiving Programme	Amount R'000	Reason	Approved by
Programme 2: Housing Policy Research and Planning	Programme 1: Administration	10 000	To enable the Special Investigations Unit to continue with its investigations	Accounting Officer
Program 4: Social Housing Regulatory Authority	Program 4: Social Housing Foundation	196 000	To enable the Social Housing Foundation to implement the interim Social Housing Programme	National Treasury
Total		206 000		

1.3.2 The following virements were approved after the adjustment estimate:

Table 6: Virements (after adjustment estimates)

Originating Programme	Receiving Programme	Amount R' 000	Reason	Approved by
Programme 4: Housing Development Finance	Programme 1: Administration	6 500	To fund Internal Audit projects	Accounting Officer
Programme 2: Housing Policy Research and Planning	Support	3 000	To fund provincial support related activities	Accounting Officer
Programme 1: Administration	Programme 3: Housing Implementation Support	6 000	This was done to fund the Media Campaigns which were stepped up to address public empowerment needs	Accounting Officer
Programme 2: Housing Policy Research and Planning	Programme 3: Housing Implementation Support	500		
Programme 4: Housing Development Finance	Programme 3: Housing Implementation Support	28 500		
Total		44 500		

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

2. SERVICES RENDERED BY THE DEPARTMENT

2.1 The main purpose, task and mandate of the national department of housing is that of co-ordinating, communicating, and monitoring the implementation of policy.

This includes:

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

The Department does not render any direct services to the public.

2.2 Tariff policy

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

2.3 Free services

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

2.4 Inventories

Table 7: Stock on hand as at 31 March 2009

Category	Amount R'000	Costing method
Stationery	R 57 437.53	Average cost

3. CAPACITY CONSTRAINTS

The department's structure was not fully funded and its implementation is being phased in over a period. In addition as the department's structure is being populated shortage of space to accommodate additional staff has also proved to be a constraint. The Department has during the year been negotiating with the Department of Public Works to secure additional accommodation.

4. UTILISATION OF DONOR FUNDS

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

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

5. TRADING ENTITIES AND PUBLIC ENTITIES

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

5.1 South African Housing Fund

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

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

Subsequent to the introduction of the Division of Revenue Act, MINMEC, during the 2003/4 financial year approved the disestablishment of the Fund as its continued existence was no longer necessary. The Fund was subsequently de-listed. In compliance with the Division of Revenue Act funds to provinces have since 2003/04 been transferred to the provinces in terms of that act while the Fund has continued to be dormant. The legislative process to facilitate the disestablishment of not only the South African Housing Fund but also all other provincial Funds is underway.

5.2 Servcon

Servcon Housing Solutions was established in 1995 as a result of the "Record of Understanding", signed in October 1994. The company was established in terms of the Companies Act of 1973 and was mandated to provide exclusive management services effective from 1 April 1998, with respect to a documented "ring-fenced" portfolio of 33,310 properties comprising Properties in Possession (PIP's) and Non Performing Loans (NPL's) worth R1,277 billion for a period of eight years from 1 April 1998 to 31 March 2006. During 2007 the institution undertook to assist provinces through a normalization and regularization programme.

During the year, a closure plan was developed and approved. A Joint Transition Management Committee was appointed to oversee the closure process.

5.3 Social Housing Foundation

The Social Housing Foundation is a section 21 company established to develop and build the 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 institution was appointed to be an implementation agent for the Interim Social Housing Programme. During the year under review, the Foundation continues to implement the Interim Social Housing Programme in the absence of the Social Housing Regulatory Authority (SHRA). The future existence of the institution will be considered in the context of the establishment of SHRA.

5.4 National Urban Reconstruction and Housing Agency (NURCHA)

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 and as a section 21 company in terms of the Companies Act (1973). It is the result of a partnership between the South African Government and the Open Society Institute of New York. The institution's strategic focus is on the financing of building contractors in the housing industry, specifically subsidised, affordable housing and related community infrastructures. The institution differentiates between established and emerging contractors. Finance is provided to established contractors directly whilst a separate, specialised intermediary channel is used for the provision of finance to emerging contractors, resulting in the normalisation of risks associated with this market segment by the traditional financial institutions. In this regard, the intermediaries assist the emerging contractors with a range of construction support services.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

5.5 National Home Builder's Registration Council (NHBRC)

The National Home Builders Registration Council was established in terms of the Housing Consumer Protection Measures Act, 95 (Act 95 of 1998). Its mandate is to protect potential housing consumers from unscrupulous homebuilders. It provides an exclusive regulatory function in the home building environment. Since its inception, it has been striving to regulate and provide better services to the consumers through the registration of homebuilders, the enrolment of homes and home inspections. The institution continues to manage the housing consumers warranty fund.

5.6 National Housing Finance Corporation (NHFC)

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

5.7 Thubelisha Homes

Thubelisha Homes is a section 21 company established as a "special purpose vehicle to facilitate the acquisition of rightsizing housing stock for households residing in residential properties captured in the "ring-fenced" portfolio, managed by Servcon Housing Solutions. With the changing housing delivery landscape, Thubelisha was requested to act as project manager/developer and assist provinces and municipalities in the delivery of housing in line with the Comprehensive Plan on the Development of Sustainable Human Settlements (BNG).

A closure plan for the closure of Thubelisha Homes was developed and approved during the year under review. A Joint Transition Management Committee oversees the closure process of Thubelisha Homes.

5.8 Rural Housing Loan Fund (RHLF)

The Rural Housing Loan Fund (RHLF) is a development finance institution, established in August 1996 as an association not for gain. The company operates as a wholesale lender to retail intermediaries with the main aim to provide development finance to the low income rural market, in order to create or improve housing opportunities. Partly funded by the German agency, Kreditanstalt für Wiederaufbau (KfW), RHLF continues enabling poor, rural families to obtain developmental credit from financial intermediaries it supports.

5.9 Housing Development Agency

The Housing Development Agency (HDA) was recently established in terms of the Housing Development Agency Act (Act no. 23 of 2008), effective from 31 October 2008.

The purpose of the Agency is to respond to the requirements of the Comprehensive Plan by identifying, acquiring, developing and the disposal of land and landed properties.

5.10 The Social Housing Regulatory Authority

The Social Housing Act (Act no. 16 of 2008), as promulgated on 5 November 2008 provides for the establishment of the Social Housing Regulatory Authority (SHRA). The institution will be required to promote the development of the social housing sector, to regulate all social housing institutions obtaining or having obtained public funds and to give statutory recognition to social housing institutions.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

The Department transferred funds to the following organisations:

Table 8: Organisations which received transfers

Organisation	Amount R' 000	Remarks/Reason
Provinces - Integrated Housing and Human Settlement Development	10,177,939	This is to fund the national and provincial housing programmes.
Habitat Foundation	358,633	Annual contribution to the forum
Cities Alliance	496,741	Annual contribution to the forum
Social Housing Foundation	217,738	In terms of the finding legislation
Thubelisha Homes	10,000	In terms of the finding legislation
Total	11,261,051	

7. PUBLIC-PRIVATE PARTNERSHIP

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

8. CORPORATE GOVERNANCE ARRANGEMENTS

8.1 Internal Audit

The Department's Internal Audit Directorate operates in accordance with the PFMA, Treasury Regulations and the approved Internal Audit Charter which defines the purpose, authority and responsibility of the unit. The audit approach and methodologies of the unit are based on the Standards for the Professional Practice of Internal Auditors and in accordance with Treasury Regulation 3.2.6 and the unit has also adopted a risk-based auditing approach. The Internal Audit Unit focuses mainly on providing assurance and consultancy services to management and the Audit Committee on matters pertaining to systems of control, risk management and governance in line with the definition of Internal Audit as outlined by the Institute of Internal Auditors. The Internal Audit Directorate tables quarterly reports before the Department's Audit Committee. The Audit Committee continuously assesses the performance of the Internal Audit function to determine the level of its effectiveness within the Department.

8.2 Audit Committee

The Department has an effective Audit Committee (AC) which operates in accordance with the requirements of the PFMA and Treasury Regulations. In addition the committee also operates in terms of written Terms of Reference (Charter) which are reviewed annually whereupon a 360 degree evaluation of the performance of the committee is conducted.

8.3 Risk Management

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

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

8.4 Special investigations

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

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

There is a whistle blowing policy which protects employees who choose to report corrupt and other criminal activities. The Department subscribes to the National Anti-Corruption Hotline (0800 701 701). A strategic partnership between the Department and the SIU is in place and is beginning to yield results. This is reflected by the success in taking to court government officials who have defrauded the low income housing subsidy scheme. Accordingly 1,978 of officials signed acknowledgement of debt forms amounting to a gross debtors book of R28,4 million. This year alone a total amount of R1,8 million was recovered.

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

8.5 Conflict of interest

The Department, as part of a mechanism to minimize conflict of interest, requires officials who sit on panels for interviews during a recruitment process, and those who sit on the bid adjudication committee to declare if there is conflict of interest.

8.6 Code of conduct

Information sharing sessions were arranged to familiarize officials with the code of conduct in the public service. 80% of the officials who attended the sessions were given a copy of the code of conduct for reference when the need arises.

8.7 Occupational health, safety

In order to ensure that the Department is compliant to Occupational Health, Safety (OHS) and Environmental legislative mandate, an occupational Health and Safety audit was conducted. This also helped in determining the Department's existing minimum level of compliance in terms of Safety, Health and Environmental issues, as well as determining the compliance or non-compliance of SHE system elements with specific legislations, risk exposure and possible best applicable practices.

Subsequently a policy was drafted, OHS structures such as a forum and the committee were set up, and officers were appointed, including a Section 16 (2) official. The SHE representatives were appointed, including the development of a SHE management system.

8.8 General corporate governance

As part of its effort to address issues of corporate governance the department has during the year under review:

- Ensured that policies, procedures and systems are in place to achieve effective internal controls and compliance to prescripts. These include a Supply Chain Management system, a budget management system and effective use of various government transversal systems.
- Ensured that in addition to the Audit Committee and the Risk Management committee mentioned above, other committees which are important for good corporate governance are in place. These include the Bid Adjudication committee, Strategic Management Committee, Executive Management Committee
- Ensured that when transferring funds to other entities, written assurance was acquired from the entity that that entity implements effective, efficient and transparent financial management and internal control systems.
- Put in place mechanisms to ensure that provinces are monitored in their management of the Integrated Housing and Human Settlement Development grant.
- Ensured that as far as it was possible complied with the reporting requirements of the Public Financial Management Act.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

In addition all staff has to comply with public service regulations. Members of Senior Management Service have to disclose their financial interests annually on a form provided for that purpose

9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

9.1 The South African Housing Fund

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

The legislative process is underway to:

- Amend Housing Act in order to effect alignments between the Housing Act, the Public Finance Management Act and the Division of Revenue Act, and later.
- Disestablish the Fund.

9.2 People's Housing Process Trust

During the year under review the Department closed the People's Housing Process Trust (PHPT). This was a trust established to build capacity in national, provincial, local government and civil society, in order to meaningfully participate and support the People's Housing Process. Its activities were transferred to the department and the budget allocation reallocated to the vote.

9.3 Thubelish Homes, SERVCON and the Social Housing Foundation

As indicated in paragraph 5 above the department intends closing down two public entities. These are Thubelisha Homes, SERVCON and the Social Housing Foundation. Three closure plans for the closure of each of these institutions were developed and approved during the year under review while plans on the process to close the Social Housing Foundation have not yet been finalised. A Joint Transition Management Committee will oversee the closure process of Thubelisha Homes and SERVCON.

10. NEW/PROPOSED ACTIVITIES

The following were introduced during the year under review:

10.1 Housing Development Agency (refer to paragraph 5.9 above)

10.2 The Social Housing Regulatory Authority (refer to paragraph 5.10 above)

Below are financial implications of the establishment of the above entities as reflected on the Estimates of National Expenditure (ENE) over the MTEF period:

Table 9

Entity	Medium-Term Expenditure Estimate			
	2009/10	2010/11	2011/2012	Total
R million				
Housing Development Agency	49.7	69.3	89.1	208.1
The Social Housing Regulatory Authority	285	301.8	320.5	907.3
Total	334.7	371.1	409.6	1,115.4

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

11. ASSET MANAGEMENT

The Department's fixed asset register is on the LOGIS system. This system is supplemented by the "e asset system" which has a bar coding module that assists in managing physical location of assets and facilitating physical verification. The asset register meets the minimum requirements by National Treasury. The department has in place an asset management policy and an asset management manual for staff members. Due to capacity constraints as the departmental structure was not fully funded it has not been possible to meet the Asset Management Reform (AMR) milestones. With the recent appointments however of low and middle management in the Logistics unit, our target is to fully comply with the (AMR) by the end of the following financial year. During the year under review the fixed asset register was updated with all acquisitions and disposals.

12. EVENTS AFTER THE REPORTING DATE

In respect of the agency agreement reported under paragraph 17 of this report NHFC reported that Thubelisha repaid in full the total amount of R100 million during June 2009.

13. PERFORMANCE INFORMATION

13.1 Departmental programme management

The Department has a Performance Monitoring Directorate within the Strategic Management Chief Directorate. This unit analyses and evaluates the Departmental Programme Performance on annual and quarterly basis. The purpose of such analysis and evaluation is to:

- To determine the factual correctness or accuracy of Programmes' Actual Achievements against targets as detailed in the Annual and Quarterly Performance Reports.
- Determine whether the Strategic Objectives, Measurable Objectives and targets as detailed in the performance reports are similar to those indicated in the approved Departmental Strategic and Performance plans.
- Verify whether the reported Actual Achievements have been achieved as reported in the Annual and Quarterly Performance Reports.
- Sound an early warning to the Director General on underperformance by the different programmes of the Department.
- Advise the Director General on the implementation of the Departmental Strategic and Performance Plans

This is achieved through the following:

- Comparative analysis of the approved Departmental Strategic and Performance Plans and the Departmental Performance Reports.
- Verification of actual achievements against targets as detailed in the Performance Reports.
- Submission of Quarterly Performance Monitoring and Evaluation reports with recommendations to the Accounting Officer

In order to complete the analysis and assessment the following is done:

- Programme Quarterly Performance Reports inputs are obtained from the Branch Managers for comparative analysis of the approved Departmental Strategic and Performance Plans and the Departmental Performance Reports.
- In conducting the analysis a further cross-reference to the Estimates of National Expenditure document is also done.

13.2 Provincial performance management and monitoring

The Department administered only the integrated Housing and Human settlement Development Grant during the 2008/09 financial year. As the Housing Act of 1997 (Act 107 of 1997) mandates the National Department of Housing to monitor the performance of Provincial and Local Governments against housing delivery goals and budgetary goals National Department developed a Monitoring, Evaluation and Impact Assessment Policy and Implementation Framework for the Housing Sector. The policy makes, amongst other, provision for a quarterly programme and project-level verification process in terms the performance of Provincial Housing Departments with regard to the Integrated Housing and Human Settlement Development Grant.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

The entire grant allocation was transferred to the provinces after the withholding, reallocation of the funds for the Eastern Cape Province to other provinces that were performing well during the year. The Department receives and analyse the conditional grant expenditure reports from the Provinces, consolidate, and submit the information to National Treasury. The reports from the provinces are analysed on a monthly basis and compared with the information received from the Housing Subsidy System (HSS) and the In Year Monitoring reports. Quarterly visits are undertaken with Provinces to discuss the status of spending in relation to targets set out in the Provincial Business Plans. Quarterly performance reviews are then held with Provinces whereby presentation and discussions are undertaken in respect of non delivery and as per target set out in the performance plans. The reports are subsequently tabled at MinMec and Technical MinMec structures for decisions taking. These processes have resulted in favorable rate of spending of 99, 5% of the grant allocation for 2008/09 inclusive of roll-overs and other adjustment. Where there is persistent under spending punitive measures in terms of DORA are applied.

During the 2008/09 financial year the Department introduced a provincial hearing process similar to the Medium Term Expenditure hearings run by the National Treasury. In terms of this process provinces present their plans and budgets followed by a targeted verification process to determine how ready provinces are with regard to the ensuing year project implementation. This is to be followed up by two similar dedicated hearings that will be used to confirm progress during the middle of the year and at year end. This process will be extended to all local governments (municipalities) as soon as level three accreditation status has been given to them.

13.3 Housing institutions performance management and monitoring

All housing institutions reporting to the National Department of Housing are required to comply with the “Policy Framework and Implementation Guidelines for Public Entities reporting to the Department of Housing”. The policy framework facilitates compliance with the Public Finance Management Act (Act No.1 of 1999 as amended), in as far as public entities are concerned.

All the national housing institutions are classified as Schedule 3 A public entities. As such, all housing institutions are required to report to the executive authority on its financial performance on a quarterly basis, in terms of Treasury Regulation 26.1. In addition, public entities are required to establish procedures for regular reporting to the executive authority in terms of Treasury Regulation 29.3. The “Policy Framework and Implementation Guidelines for Public Entities reporting to the Department of Housing” stipulates the quarterly financial and non-financial performance reporting requirements of housing institutions. The shareholder compacts entered into between the Executive Authority and housing institutions provides for quarterly reporting requirements on corporate governance.

14 . SCOPA RESOLUTIONS

Reference to previous audit report and SCOPA resolutions	Subject	Resolution	Progress
2005/06 Performance Audit report	Approval and allocation of Housing subsidies at Provincial Housing Departments.	On its report number 76 dated 6 September 2006 the SCOPA resolved that: (a) The practice of separation of duties is complied with and that only duly authorised senior management is allowed to effect overrides to subsidy applications.	(a) SEPARATION OF DUTIES This was addressed and reported in the previous year’s annual report.
		(b) The department establishes an ID verification mechanism that is linked to data on the Home Affairs database.	(b) ID VERIFICATION MECHANISM This was addressed and reported in the previous year’s annual report.
		(c) The department must ensure that policy guidelines with respect to the administration and awarding of subsidies are enforced.	(c) POLICY GUIDELINES The revision of the current National Housing Code was approved by the Minister is awaiting the official launch.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

Reference to previous audit report and SCOPA resolutions	Subject	Resolution	Progress
		(d) The department must report to Parliament on disciplinary action taken against employees who engaged in fraudulent and corrupt activities.	(d) DISCIPLINARY ACTION TAKEN AGAINST EMPLOYEES The SIU is now involved with assisting the provinces investigate various cases of fraud that are not only limited to the known cases from the Auditor-General's reports. The process of investigations has culminated into prosecutions, convictions and recoveries. Since the prosecutions started (on the 1/04/08), 79 cases have been prepared and are ready to be handed over to the different departments.
		(e) All missing applications are presented for audit purposes and that henceforth the archiving system is in line with best practice.	(e) RECORDS MANAGEMENT The National Department has given the necessary guidelines and advice to all provinces and co-ordinated forums where best practice in achieving this was discussed. Provinces are currently at different stages of implementation and the National Department continues to monitor.
		(f) The National Department of Housing institutes a comprehensive strategy of co-operation and integration with Provincial departments.	(f) STRATEGY OF COOPERATION AND INTEGRATION WITH PROVINCIAL DEPARTMENTS This was addressed and reported in the previous year's annual report.
		(g) The department submits a progress report to Parliament on the status of implementation of instructions from the Minister.	(g) STATUS OF IMPLEMENTATION OF STATEMENTS BY THE MINISTER The department submitted a progress report to parliament during the year under review.
2008/09 Performance Audit report	Approval of Housing Subsidies to Municipal Employees and the Administration of Low-Cost Housing Projects by certain Provincial Housing Departments	On its 27 th report dated 18 November 2008 the SCOPA recommended that: (a) applicants submit adequate proof of income and updated payslips;	(a) The National Department of Housing provided provincial departments with guidelines to assist them with requirements for obtaining the latest proof of income. In the case of government employees, the information is verified through an interface that is run against the PERSAL payroll and Government Employee Pension Fund systems and for beneficiaries employed outside of government, through the UIF interface process.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

Reference to previous audit report and SCOPA resolutions	Subject	Resolution	Progress
		(b) applicants submit supporting documentation regarding spouses and dependents;	(b) Based on the requirements of the National Housing Code, all applications for a housing subsidy must include certified copy of ID documents for the applicant, spouse as well as birth certificates for the dependents listed on the application form. Furthermore, information is verified through an interface with the Department of Home Affairs population register which confirms the identity document numbers (ID no's), the age of the applicant, spouse and financial dependants, whether they are still alive as well as their marital status.
		(c) affidavits must accompany application forms;	(c) Based on the requirements of the National Housing Code, all applications for a housing subsidy must include an affidavit signed by the applicant, spouse and a commissioner of oaths, stating that the information indicated on the application form is true reflection of the applicant's current situation.
		(d) there is collaboration with municipalities where applicants are employed with a view of instituting disciplinary action against municipal employees who made false affidavits, and legal action should be considered accordingly;	(d) The Special Investigation Unit is assisting the Provincial Housing Departments to prepare files for disciplinary action where cases of fraud were proven. The Special Investigation Unit reports on a monthly basis to the national and provincial housing departments on the number of case files opened.
		(e) measures are instituted to ensure the safe keeping of completed subsidy application forms;	(e) Provincial housing departments received guidelines on effective records management procedures. The National Department of Housing has also developed a system that allow for the electronic filling of scanned copies of documents which will ensure that in cases where originals are lost they can be retrieved and used accordingly.
		(f) where properties were allocated to individuals who should have been disqualified as a result of their household income, consideration should be given to give those properties to qualifying applicants and that forensic investigations into corruption and collusion are conducted;	(f) The official position of the National Department of Housing is that the amount of the paid out housing subsidy (plus interest of 15.5% as from the date of Acknowledgement of Liability) must be claimed in those instances where beneficiaries received subsidies to which they were not entitled. The legal processes including both civil and criminal processes are pursued in this regard.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

Reference to previous audit report and SCOPA resolutions	Subject	Resolution	Progress
		(g) contracts with developers include retention and penalty clauses to ensure that contractors will forfeit money for bad workmanship;	(g) The payment of housing subsidy funding must only be administered where value for money is achieved. This principle remains a fundamental policy principle of the National Housing Programmes. Penalty clause forms part of the agreement signed between the HoD of a provincial housing department and the appointed contractor.
		(h) disciplinary actions are taken against inspectors who certified on inspection certificates that top structures had been successfully completed by developers when the general condition of the houses was poor and unsatisfactory; and	(h) The payment of housing subsidy funding must only be administered where value for money is achieved. This principle remains a fundamental policy principle of the National Housing Programmes. All cases found where fraud, corruption or misconduct that occurred will be further pursued through due process of law (civil, disciplinary and criminal) by the provincial housing department.
		(i) there is integration of their database with that of SARS to verify eligibility through PAYE information.	(i) The National Department of Housing contacted SARS to enquire about the option to verify income declared on the application form for a housing subsidy with the PAYE information available from SARS. This was denied by SARS as they need to maintain confidentiality on all their records. Other measures were put in place to verify income by means of a verification process against UIF, PERSAL and Government Employee Pension Fund records.

15. PRIOR MODIFICATIONS TO AUDIT REPORTS

During the previous financial year the Auditor General raised two issues on the audit report as matters of governance. These were the following:

- The financial statements were subject to material amendments resulting from the audit,
- Difficulties were experienced during the audit concerning delays or the unavailability of the expected information and/or the unavailability of senior management.

15.1 Material amendments of Annual Financial Statements

Material amendments were mainly due to understatement of accruals. This was because the accruals amount was based only on subsequent payments up to a given date. In addressing this management decided that for the year under review accruals will be based not only on subsequent payments but also on supplier statements and matched against the commitments outstanding which might reflect work performed but not invoiced prior to 31 March 2009 to ensure completeness.

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa for the year ended 31 March 2009

15.2 Delays or the unavailability of the expected information

These delays were mainly due to the following:

- The change of the departmental structure during the year which necessitated transactions for a greater part of the 2007/08 financial year be transferred from the old cost centre structure to a new structure.
- Supporting documentation in respect of old assets which were on the department's archives some of which are off site.
- Delays in providing performance evidence in respect of performance information from various units.

It is hoped that the above first two will not be a challenge for the year under review. Management has during the year instituted a measure whereby Programmes have to submit their performance evidence to the Performance Monitoring unit in support of their quarterly reports. This should reduce delays associated with the audit of performance information.

16. EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

No exemptions and deviations have been received from the National Treasury.

17. OTHER MATERIAL MATTERS

As a result of the continuing financial stress experienced by Thubelisha Homes, an "agency agreement" was concluded between the Department, NHFC and Thubelisha Homes on 7 September 2006. In essence, the agreement provides for the provision of R100 million by NHFC in bridging finance to Thubelisha Homes. The role of the Department was to facilitate the development of the instrument that would house the provision of the required bridging finance. The funds provided were to be repaid by Thubelisha Homes in three equal instalments, including interest, over a period of three years, with the first instalment due on 7 September 2009.

The Department realised that Thubelisha did not request an approval to borrow funds, as is required in terms of section 66(3)(c) of the PFMA. Subsequently, Minister informed the Minister of Finance of the agreement, post facto, and requested his approval in terms of section 66 and 70 of the PFMA, in order to regularise the transaction during 2007. The Minister of Finance articulated his non approval of Minister's request. Thubelisha Homes and the NHFC both have been reporting on the loan with Thubelisha reflecting it as a liability and the NHFC as part of its loan debtors.

In terms of the legal opinions acquired by the department the agency agreement is not enforceable against the department as it was entered into contrary to the provision of the PFMA.

A process to determine whether there was any negligence that may be affordable to any official of the department in dealing with this matter was underway at the time of reporting and the outcome of such a process will be reported upon in the future reports.

The amount of R100 million has subsequent to the year end been settled by Thubelisha.

18. APPROVAL

The Annual Financial statements starting from pages 86 to 133 have been approved by the Accounting Officer.



Mr I.W. Kotsoane
DIRECTOR-GENERAL
31 MAY 2009

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 26: NATIONAL DEPARTMENT OF HOUSING FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the national Department of Housing which comprise the appropriation statement, the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 86 to 133.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), the Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion the financial statements present fairly, in all material respects, the separate financial position of the national Department of Housing as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the PFMA and DoRA.

Basis of accounting

8. Without qualifying my opinion, I draw attention to note 1.1 to the financial statements, which prescribes the accounting policy. The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

9. Public Finance Management Act

The department was a party to an agency agreement with the National Housing Finance Corporation and Thubelisha Homes for a loan to the value of R100 million for the N2 Gateway Project without complying with sections 66, 70(1)(a), 38(1)(c)(ii) and 38(2) of the PFMA, which requires the approval of the minister of Finance and states that the accounting officer of a department may not commit a department to any liability for which money has not been appropriated or issue a guarantee without the approval of the executive authority in concurrence with the minister of Finance. Consequently, the department has a contingent liability as disclosed in note 20 to the financial statements.

10. Treasury Regulations

The accounting officer did not in all instances pay creditors within 30 days from receipt of invoice as required by Treasury Regulation 8.2.3.

Governance framework

11. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

12. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 40 of the PFMA).	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	

No.	Matter	Y	N
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The department had an audit committee in operation throughout the financial year. 	✓	
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 	✓	
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10 	✓	
7.	Internal audit		
	<ul style="list-style-type: none"> The department had an internal audit function in operation throughout the financial year. 	✓	
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 	✓	
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2. 	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		✓
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		✓
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.	✓	
12.	Powers and duties have been assigned, as set out in section 44 of the PFMA.	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	✓	
14.	SCOPA resolutions have been substantially implemented.	✓	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the national Department of Housing against its mandate, predetermined objectives, outputs, indicators and targets (Treasury Regulations 5.1, 5.2 and 6.1)	✓	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

13. The result of the assessment is indicative of the department's lack of adequate monitoring and governance processes to identify deficiencies and timeously implementing corrective actions that will lead to reliable financial reporting, compliance with legislation and the availability of information.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

14. I have reviewed the performance information as set out on pages 30 to 59.

The accounting officer's responsibility for the performance information

15. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

The Auditor-General's responsibility

16. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.
17. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for findings reported below.

Findings on performance information

Usefulness and reliability of reported performance information

19. The following criteria were used to assess the usefulness and reliability of the information on the department's performance with respect to the objectives in its strategic plan:
- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan?
 - Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
 - Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit findings relate to the above criteria:

Inconsistently reported performance information

20. The Department of Housing has not reported on its performance with regard to its objectives, outputs, indicators and targets as per the approved annual performance plan, due to changes to the objectives, outputs, indicators and targets from the approved annual performance plan. No evidence could be provided that these changes had been approved. Inconsistencies were identified in the following sub-programmes:
- Priority project facilitation
 - Capacity development
 - Stakeholder management
 - Housing development funding

Reported performance information not relevant

21. The following targets with regard to the service delivery and housing development finance programmes were not:
- Time bound in specifying the time period or deadline for delivery.
 - Review the national programme for housing chapters of the integrated development plan
 - Maintain framework for provincial multi-year housing planning

- Support guide and review provincial multi-year housing development planning
- Information for the compilation of a multi-year national housing development plan provided
- Targeted support to municipalities in collaboration with PHDs guided by the IDP and planning cycle
- Support to municipalities rendered as requested by offices
- Facilitate and support the development and implementation of recovery plans in respect of 40 projects
- Facilitate and support the development and implementation of 30 projects
- An approved enhanced informal settlement upgrading strategy
- Social contract and rural compact strategy developed
- Negotiations with identified stakeholders concluded
- Partnership projects identified and implemented to yield 1 500 houses
- Annual awards coordinated
- A total of 1 500 housing units delivered through women's initiatives
- A total of 900 houses built and 900 youth trained
- Training and empowerment programme implemented
- Strategy and framework developed and implemented
- Implement and maintain framework for institutional capability development programme
- Develop a pipeline of projects in five provincial housing departments for delivery of at least 6 000 ready public and private rental housing units nationally
- Put into operation institutional arrangements and oversight arrangements in terms of the Rental Housing Amendment Act and the Social Housing Act
- Develop a pipeline of Community-Driven Housing Initiative (CoDHI) projects in five provincial housing departments for delivery of at least 2 000 housing units nationally

Reported performance information not reliable

Lack of source documentation

22. Sufficient appropriate audit evidence in relation to the reported performance information of the capacity development, priority projects, stakeholder management, human settlement planning, social rental housing and community-driven housing initiatives could not be obtained, as the relevant source documentation could not be provided for audit purposes.

OTHER REPORTS

Special audits

23. As requested by the national Department of Housing, a special audit was conducted regarding the process flow of the N2 Gateway Project, as well as the achievement of goals with regard to sustainable human settlements and the collaboration of the three spheres of government to successfully achieve the common objective. The report covered the period from the commencement date of the N2 Gateway Project to July 2007 and was tabled in Parliament on 20 April 2009.

APPRECIATION

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

Auditor-General
Pretoria

25 August 2009



AUDITOR GENERAL
SOUTH AFRICA

Auditing to build public confidence

DETAIL PROGRAMME APPROPRIATION STATEMENT for the year ended 31 March 2009

Appropriation per programme									
	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	133,901	(1,582)	500	132,819	131,417	1,402	98.9%	116,650	110,407
Transfers and subsidies	5	156	-	161	160	1	99.4%	181	180
Payment for capital assets	5,903	1,426	-	7,329	7,058	271	96.3%	5,588	3,463
2. Housing Policy Research And Planning									
Current payment	92,684	(435)	(3,500)	88,749	86,036	2,713	96.9%	74,663	71,229
Transfers and subsidies	1,000	2	-	1,002	847	155	84.5%	1,000	606
Payment for capital assets	1,858	433	-	2,291	2,162	129	94.4%	2,316	909
3. Housing Delivery Support									
Current payment	191,874	(501)	38,374	229,747	228,235	1,512	99.3%	141,488	139,169
Transfers and subsidies	2,000	683	-	2,683	2,410	273	89.8%	694	520
Payment for capital assets	2,620	(182)	(374)	2,064	1,961	103	95.0%	1,744	722
4. Housing Development Finance									
Current payment	88,955	(633)	(33,259)	55,063	53,455	1,608	97.1%	36,548	31,682
Transfers and subsidies	10,405,677	7	-	10,405,684	10,405,684	-	100.0%	8,600,112	8,227,034
Payment for capital assets	2,010	626	(1,741)	895	847	48	94.6%	1,374	351
Subtotal	10,928,487	-	-	10,928,487	10,920,272	8,215	99.9%	8,982,358	8,586,272
Statutory Appropriation									
Current payment				-					
Transfers and subsidies				-					
Payment for capital assets				-					
TOTAL	10,928,487	-	-	10,928,487	10,920,272	8,215	99.9%	8,982,553	8,586,272

	2008/09		2007/08	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	2,392		675	
Direct Exchequer receipts	-		-	
Aid assistance	-		7,595	
Actual amounts per statement of financial performance (total revenue)	10,930,879		8,990,628	
ADD				
Aid assistance				6,132
Direct Exchequer payments				-
Prior year unauthorised expenditure approved without funding				447
Actual amounts per statement of financial performance (total expenditure)		10,920,272		8,592,851

DETAIL ECONOMIC CLASSIFICATION APPROPRIATION STATEMENT for the year ended 31 March 2009

Appropriation per Economic classification									
2008/09								2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	133,631	(8,562)	997	126,066	125,942	124	99.9%	97,796	97,241
Goods and services	373,823	5,107	1,118	380,048	372,936	7,112	98.1%	271,553	255,246
Interest and rent on land	-	264	-	264	264	-	100.0%	-	-
Financial transactions in assets and liabilities	-	2	-	2	2	-	100.0%	-	-
Transfers & subsidies									
Provinces & municipalities	10,177,938	-	-	10,177,938	10,177,939	(1)	100.0%	8,342,946	8,149,869
Departmental agencies & accounts	227,739	-	-	227,739	227,738	1	100.0%	257,166	77,165
Universities & technikons	-	-	-	-	-	-		-	-
Foreign governments & international organisations	1,000	-	-	1,000	845	155	84.5%	1,000	606
Public corporations & private enterprises	-	-	-	-	-	-		-	-
Non-profit institutions	-	-	-	-	-	-		-	-
Households	2,005	847	-	2,852	2,578	274	90.4%	875	700
Gifts and donations	-	-	-	-	-	-		-	-
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-		-	-
Machinery & equipment	11,336	1,498	(1,882)	10,952	10,417	535	95.1%	10,825	5,343
Biological assets	-	-	-	-	-	-		-	-
Software & other intangible assets	1,015	844	(233)	1,626	1,611	15	99.1%	197	102
Land & subsoil assets	-	-	-	-	-	-		-	-
Total	10,928,487	-	-	10,928,487	10,920,272	8,215	99.9%	8,982,358	8,586,272

DETAIL PER PROGRAMME I – ADMINISTRATION

for the year ended 31 March 2009

Details per Sub-Programme	2008/09							2007/08	
	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
I.1 Minister									
Current payment	1,019	559	-	1,578	1,578	-	100.0%	4,938	4,749
Transfers and subsidies		-		-	-	-	100.0%	90	90
Payment for capital assets						-		50	14
I.2 Management									
Current payment	66,238	2,726	500	69,464	68,237	1,227	98.2%	33,886	31,398
Transfers and subsidies	5	132		137	137	-	100.0%		
Payment for capital assets	548	929		1,477	1,462	15	99.0%	818	678
I.3 Corporate Services									
Current payment	57,984	(6,419)		51,565	51,390	175	99.7%	69,793	66,289
Transfers and subsidies		24		24	23	1	95.8%	91	90
Payment for capital assets	5,355	497		5,852	5,596	256	95.6%	4,720	2,771
I.4 Property Management									
Current payment	8,660	1,552		10,212	10,212	-	100.0%	8,033	7,971
Transfers and subsidies				-	-	-			
Payment for capital assets				-	-	-			
Total	139,809	-	500	140,309	138,635	1,674	98.8%	122,419	114,050

DETAIL PER PROGRAMME I – ADMINISTRATION

for the year ended 31 March 2009

Programme I Per Economic classification	2008/09							2007/08	
	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
Current payments									
Compensation of employees	51,138	6	1,055	52,199	52,155	44	99.9%	46,998	46,919
Goods and services	82,763	(1,711)	(555)	80,497	79,140	1,357	98.3%	69,652	63,488
Interest and rent on land		122		122	122	-	100.0%		
Financial transactions in assets and liabilities		1		1	1	-	100.0%		
Transfers & subsidies									
Provinces & municipalities				-	-	-			
Departmental agencies & accounts				-	-	-			
Universities & technikons				-	-	-			
Foreign governments & international organisations				-	-	-			
Public corporations & private enterprises				-	-	-			
Non-profit institutions				-	-	-			
Households	5	156		161	160	1	99.4%	181	180
Gifts and donations				-	-	-			
Payment for capital assets									
Buildings & other fixed structures				-	-	-			
Machinery & equipment	5,553	1,426	223	7,202	6,930	272	96.2%	5,544	3,449
Biological assets				-	-	-			
Software & other intangible assets	350		(223)	127	127	-	100.0%	44	14
Land & subsoil assets				-	-	-			
Total	139,809	-	500	140,309	138,635	1,674	98.8%	122,419	114,050

DETAIL PER PROGRAMME 2 – HOUSING POLICY RESEARCH AND PLANNING for the year ended 31 March 2009

Details per Sub-Programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Management									
Current payment	2,130	33		2,163	1,963	200	90.8%	1,942	1,860
Transfers and subsidies				-	-	-			
Payment for capital assets	85	(8)		77	11	66	14.3%	137	93
2.2 Policy Development									
Current payment	10,139	(1,009)	(2,600)	6,530	6,382	148	97.7%	10,450	9,554
Transfers and subsidies		2		2	2	-	100.0%		
Payment for capital assets	120	(59)		61	61	-	100.0%	215	141
2.3 Research									
Current payment	6,809	(388)	(800)	5,621	5,494	127	97.7%	6,048	5,520
Transfers and subsidies				-	-	-			
Payment for capital assets	100	50		150	150	-	100.0%	175	61
2.4 Monitoring And Evaluation									
Current payment	11,945	1,894	(100)	13,739	11,830	1,909	86.1%	7,166	6,784
Transfers and subsidies				-	-	-			
Payment for capital assets	200	143		343	314	29	91.5%	169	38
2.5 Information Management									
Current payment	52,817	1,656		54,473	54,158	315	99.4%	49,057	47,511
Transfers and subsidies				-	-	-			
Payment for capital assets	1,255	204		1,459	1,436	23	98.4%	1,620	576
2.6 Contributions									
Current payment				-	-	-			
Transfers and subsidies	1,000			1,000	845	155	84.5%	1,000	606
Payment for capital assets				-	-	-			
2.7 Housing Settlement Planning									
Current payment	8,844	(2,621)		6,223	6,209	14	99.8%		
Transfers and subsidies				-	-	-			
Payment for capital assets	98	103		201	190	11	94.5%		
Total	95,542	-	(3,500)	92,042	89,045	2,997	96.7%	77,979	72,744

DETAIL PER PROGRAMME 2 – HOUSING POLICY RESEARCH AND PLANNING for the year ended 31 March 2009

Programme 2 Per Economic classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	27,952	(5,286)	(926)	21,740	21,740	-	100.0%	18,453	18,329
Goods and services	64,732	4,793	(2,574)	66,951	64,237	2,714	95.9%	56,210	52,900
Interest and rent on land		59		59	59	-	100.0%		
Financial transactions in assets and liabilities				-	-	-			
Transfers & subsidies									
Provinces & municipalities				-	-	-			
Departmental agencies & accounts				-	-	-			
Universities & technikons				-	-	-			
Foreign governments & international organisations	1,000			1,000	845	155	84.5%	1,000	606
Public corporations & private enterprises				-	-	-			
Non-profit institutions				-	-	-			
Households		2		2	2	-	100.0%		
Gifts and donations				-	-	-			
Payment for capital assets									
Buildings & other fixed structures				-	-	-			
Machinery & equipment	1,203	(244)		959	846	113	88.2%	2,211	821
Biological assets				-	-	-			
Software & other intangible assets	655	676		1,331	1,316	15	98.9%	105	88
Land & subsoil assets				-	-	-			
Total	95,542	-	(3,500)	92,042	89,045	2,997	96.7%	77,979	72,744

DETAIL PER PROGRAMME 3 – HOUSING DELIVERY SUPPORT

for the year ended 31 March 2009

Details per Sub-Programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Management									
Current payment	2,145	272	9,577	11,994	11,937	57	99.5%	2,004	2,003
Transfers and subsidies				-		-			
Payment for capital assets	914	(592)		322	287	35	89.1%	83	7
3.2 Service Delivery Support									
Current payment	5,666	(2,683)	1,527	4,510	4,246	264	94.1%	2,486	2,459
Transfers and subsidies				-		-			
Payment for capital assets	66	31		97	75	22	77.3%	68	-
3.3 Rental Housing And People's Housing Process									
Current payment	9,264	(24)	(1,000)	8,240	8,130	110	98.7%	3,274	3,217
Transfers and subsidies				-		-			
Payment for capital assets	140	119		259	256	3	98.8%	205	129
3.4 Stakeholder Management									
Current payment	7,247	721		7,968	7,916	52	99.2%	2,129	2,122
Transfers and subsidies		57		57	57	-	100.0%		
Payment for capital assets	83	59		142	104	38	73.2%	88	
3.5 Inter-Governmental And International Relations									
Current payment	62,985	2,186	(9,626)	55,545	55,507	38	99.9%	54,338	54,262
Transfers and subsidies				-		-			
Payment for capital assets	335	137	(374)	98	96	2	98.0%	308	133
3.6 Capacity Development									
Current payment	20,889	(518)	815	21,186	20,893	293	98.6%	11,974	10,225
Transfers and subsidies	2,000	466		2,466	2,350	116	95.3%	646	472
Payment for capital assets	251	(55)		196	196	0	100.0%	204	124
3.7 Priority Projects									
Current payment	4,942	(2,151)	1,500	4,291	4,263	28	99.3%	4,260	4,260
Transfers and subsidies				-		-			
Payment for capital assets	57	117		174	174	-	100.0%	52	52
3.8 Phasing Out Of Subsidy Programmes									
Current payment				-		-			
Transfers and subsidies				-		-			
Payment for capital assets				-		-			
3.9 Communication									
Current payment	78,736	1,696	35,581	116,013	115,343	670	99.4%	61,023	60,621
Transfers and subsidies		160		160	3	157	1.9%	48	48
Payment for capital assets	774	2		776	773	3	99.6%	736	277
Total	196,494	-	38,000	234,494	232,606	1,888	99.2%	143,926	140,411

DETAIL PER PROGRAMME 3 – HOUSING DELIVERY SUPPORT for the year ended 31 March 2009

Programme 3 Per Economic classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	29,016	(2,202)	3,266	30,080	30,080	-	100.0%	16,860	16,859
Goods and services	162,858	1,668	35,108	199,634	198,121	1,513	98.7%	124,628	122,310
Interest and rent on land		33		33	33	-	100.0%		
Financial transactions in assets and liabilities		1		1	1	-	100.0%		
Transfers & subsidies									
Provinces & municipalities				-	-	-			
Departmental agencies & accounts				-	-	-			
Universities & technikons				-	-	-			
Foreign governments & international organisations				-	-	-			
Public corporations & private enterprises				-	-	-			
Non-profit institutions				-	-	-			
Households	2,000	682		2,682	2,409	273	89.8%	694	520
Gifts and donations				-	-	-			
Payment for capital assets									
Buildings & other fixed structures				-	-	-			
Machinery & equipment	2,620	(350)	(374)	1,896	1,794	102	94.6%	1,729	722
Biological assets				-	-	-			
Software & other intangible assets		168		168	168	0	100.0%	15	
Land & subsoil assets				-	-	-			
Total	196,494	-	38,000	234,494	232,606	1,888	98.8%	143,926	140,411

DETAIL PER PROGRAMME 4 – HOUSING DEVELOPMENT FINANCE

for the year ended 31 March 2009

Details per Sub-Programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Management									
Current payment	2,145	198		2,343	2,283	60	97.4%	2,483	2,378
Transfers and subsidies				-	-	-			
Payment for capital assets	44		(29)	15	15	-	100.0%	30	12
4.2 Financial And Funds Management									
Current payment	33,083	(842)	(6,198)	26,043	25,646	397	98.5%	20,943	19,299
Transfers and subsidies		7		7	7	-	100.0%		
Payment for capital assets	458	530	(455)	533	488	45	91.6%	398	190
4.3 Housing Institutions And Funding Mobilisation									
Current payment	38,932	(660)	(22,358)	15,914	14,917	997	93.7%	13,122	10,005
Transfers and subsidies				-	-	-			
Payment for capital assets	1,185	66	(957)	294	291	3	99.0%	946	149
4.4 Housing Equity									
Current payment	14,795	671	(4,703)	10,763	10,609	154	98.6%		
Transfers and subsidies				-	-	-			
Payment for capital assets	323	30	(300)	53	53	-	100.0%		
4.5 Contributions									
Current payment				-	-	-			
Transfers and subsidies	227,739			227,739	227,738	1	100.0%	257,166	77,165
Payment for capital assets				-	-	-			
4.6 Integrated Housing And Human Settlement Development Grant									
Current payment				-	-	-			
Transfers and subsidies	10,177,938			10,177,938	10,177,939	(1)	100.0%	8,342,946	8,149,869
Payment for capital assets				-	-	-			
4.7 Interest And Redemption On Private Loans									
Current payment				-	-	-			
Transfers and subsidies				-	-	-			
Payment for capital assets				-	-	-			
Total	10,496,642	-	(35,000)	10,461,642	10,459,986	1,656	100.0%	8,638,034	8,259,067

DETAIL PER PROGRAMME 4 – HOUSING DEVELOPMENT FINANCE

for the year ended 31 March 2009

Programme 4 Per Economic classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	25,525	(1,080)	(2,398)	22,047	21,967	80	99.6%	15,485	15,134
Goods and services	63,470	357	(30,861)	32,966	31,438	1,528	95.4%	21,063	16,548
Interest and rent on land		50		50	50	-	100.0%		
Financial transactions in assets and liabilities				-	-	-			
Transfers & subsidies									
Provinces & municipalities	10,177,938			10,177,938	10,177,939	(1)	100.0%	8,342,946	8,149,869
Departmental agencies & accounts	227,739			227,739	227,738	1	100.0%	257,166	77,165
Universities & technikons				-	-	-			
Foreign governments & international organisations				-	-	-			
Public corporations & private enterprises				-	-	-			
Non-profit institutions				-	-	-			
Households		7		7	7	-	100.0%		
Gifts and donations				-	-	-			
Payment for capital assets									
Buildings & other fixed structures				-	-	-			
Machinery & equipment	1,960	666	(1,731)	895	847	48	94.6%	1,341	351
Biological assets				-	-	-			
Software & other intangible assets	10		(10)	-	-	-		33	
Land & subsoil assets				-	-	-			
Total	10,496,642	-	(35,000)	10,461,642	10,459,986	1,656	100.0%	8,638,034	8,259,067

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2009

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

Detail of these transactions can be viewed in note 10 (Transfers and subsidies) and Annexure I (A-E) 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 7 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
Administration	140,309	138,635	1,674	99%
Housing Policy Research And Planning	92,042	89,045	2,997	97%
Housing Delivery Support	234,494	232,606	1,888	99%
Housing Development Finance	10,461,642	10,459,986	1,656	100%
Total	10,928,487	10,920,272	8,215	100%

Under spending on Programme 1 can mainly be attributed to outstanding payments on travel expenditure in the last quarter of the financial year due to outstanding invoices and under spending on equipment which can be attributed to over estimation of equipment due to vacancies.

In Programme 2 was an amount of R1 million provided for the membership fees of UNHABITAT of which only R847 000 was paid out. The amount required was over estimated due to factors such as currency fluctuations and setting of membership categories by UN. Under spending on programme can mainly be attributed to R2 million provided by reprioritization of funds within the programme, for assistance to Cuba. The expenditure was reallocated to the suspense account to be requested as a rollover. This is to enable National Treasury to address this issue in the 2009 adjustment estimate process. A further contributing factor is under spending on equipment which can be attributed to over estimation of equipment due to vacancies.

Underspending on Programme 3 can mainly be attributed to funds transferred to GCIS for media campaigns which were still underway, as a result GCIS could not process any payments and the amount is classified as an advance and overestimation of cost associated with the department's bursary scheme and purchase of equipment.

Underspending on Programme 4 can mainly be attributed to funds provided for the consultant costs for the establishment of the Housing Development Agency for which invoices were still outstanding as work were only completed in March/April and under spending on equipment which can be attributed to over estimation of equipment due to vacancies.

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2009

4.2 Per economic classification:	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
Current expenditure				
Compensation of employees	126,066	125,942	124	100%
Goods and services	380,048	372,936	7,112	98%
Interest and rent on land	264	264	-	100%
Financial transactions in assets and liabilities	2	2	0	100%
Unauthorised expenditure approved				
Transfers and subsidies				
Provinces and municipalities	10,177,938	10,177,939	-1	100.0%
Departmental agencies and accounts	227,739	227,738	1	100.0%
Universities and technikons				
Public corporations and private enterprises				
Foreign governments and international organisations	1,000	845	155	85%
Non-profit institutions				
Households	2,852	2,578	274	90%
Payments for capital assets				
Buildings and other fixed structures				
Machinery and equipment	10,952	10,417	535	95%
Heritage assets				
Biological assets				
Software and other intangible assets	1,626	1,611	15	99%
Land and sub soil assets				

Current payments

The under spending can be attributed to outstanding payments on travel expenditure in the last quarter of the financial year due to outstanding invoices, R2 million provided for assistance to Cuba which was reallocated to the suspense account to be requested as a rollover. This is to enable National Treasury to address this issue in the 2009 adjustment estimate process, to funds transferred to GCIS for media campaigns which were still underway, as a result GCIS could not process any payments and the amount is classified as an advance and to funds provided for the consultant costs for the establishment of the Housing Development Agency for which invoices were still outstanding as work was only completed in March/April.

Transfers and subsidies

An amount of R1 million was provided for the membership fees of UNHABITAT of which only R847 000 was paid out. The amount required was over estimated due to factors such as currency fluctuations and setting of membership categories by UN and to an over estimation of funds required for bursaries for non-employees.

Payments for capital assets

The under-spending can be attributed to over estimation of equipment due to vacancies.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
REVENUE			
Annual appropriation	1	10,928,487	8,982,358
Departmental revenue	2	2,392	675
Aid assistance	3		7,595
TOTAL REVENUE		10,930,879	8,990,628
EXPENDITURE			
Current expenditure			
Compensation of employees	4	125,942	97,241
Goods and services	5	372,939	255,246
Interest and rent on land	6	264	
Financial transactions in assets and liabilities	7	2	
Aid assistance	3		6,132
Unauthorised expenditure approved without funding	10		447
Total current expenditure		499,147	359,066
Transfers and subsidies		10,409,099	8,228,340
Transfers and subsidies	8	10,409,099	8,228,340
Expenditure for capital assets			
Tangible capital assets	9	10,417	5,343
Software and other intangible assets	9	1,609	102
Total expenditure for capital assets		12,026	5,445
TOTAL EXPENDITURE		10,920,272	8,592,851
SURPLUS/(DEFICIT) FOR THE YEAR		10,607	397,777
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		8,215	395,639
Departmental revenue	2	2,392	675
Aid assistance	3	-	1,463
SURPLUS/(DEFICIT) FOR THE YEAR		10,607	397,777

STATEMENT OF FINANCIAL POSITION

at 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
ASSETS			
Current assets		10,054	281,331
Cash and cash equivalents	11	1,952	268,616
Prepayments and advances	12	84	106
Receivables	13	8,018	12,609
Non-current assets		880,604	880,604
Investments	14	880,604	880,604
TOTAL ASSETS		890,658	1,161,935
LIABILITIES			
Current liabilities		9,773	281,135
Voted funds to be surrendered to the Revenue Fund	15	8,215	279,639
Departmental revenue to be surrendered to the Revenue Fund	16	34	19
Payables	17	61	14
Aid assistance unutilised	3	1,463	1,463
TOTAL LIABILITIES		9,773	281,135
NET ASSETS		880,885	880,800
	Note	2008/09 R'000	2007/08 R'000
Represented by:			
Capitalisation reserve		880,604	880,604
Recoverable revenue		281	196
TOTAL		880,885	880,800

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
Capitalisation Reserves			
Opening balance		880,604	880,604
Transfers:			
Movement in Equity			
Movement in Operational Funds			
Other movements			
Closing balance		880,604	880,604
Recoverable revenue			
Opening balance		196	187
Transfers:		85	9
Debts raised		85	9
Closing balance		281	196
TOTAL		880,885	880,800

CASH FLOW STATEMENT

for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		10,930,879	8,874,415
Receipts			
Annual appropriated funds received	1.1	10,928,487	8,866,358
Departmental revenue received	2	2,392	462
Aid assistance received	3	<u> </u>	<u>7,595</u>
Net (increase)/decrease in working capital		4,660	(10,494)
Surrendered to Revenue Fund		(282,016)	(168,421)
Current payments		(499,147)	(359,066)
Transfers and subsidies paid		<u>(10,409,099)</u>	<u>(8,228,340)</u>
Net cash flow available from operating activities	18	<u>(254,723)</u>	<u>108,094</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(12,026)	(5,445)
Proceeds from sale of capital assets	2	<u> </u>	<u>213</u>
Net cash flows from investing activities		<u>(12,026)</u>	<u>(5,232)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		85	9
Net cash flows from financing activities		85	9
Net increase/(decrease) in cash and cash equivalents		(266,664)	102,871
Cash and cash equivalents at the beginning of the period		268,616	165,745
Cash and cash equivalents at the end of the period	19	<u>1,952</u>	<u>268,616</u>

ACCOUNTING POLICIES for the year ended 31 March 2009

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

I. PRESENTATION OF THE FINANCIAL STATEMENTS

I.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.

I.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.

I.3 Rounding

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

I.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.

I.5 Comparative figures - appropriation statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

ACCOUNTING POLICIES for the year ended 31 March 2009

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. 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 Statutory appropriation

Statutory appropriations are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the statutory appropriations made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total statutory appropriations are presented in the Statement of Financial Performance.

Unexpended statutory appropriations are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.3 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.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.3.1 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.

2.3.2 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.

ACCOUNTING POLICIES for the year ended 31 March 2009

2.3.3 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.

2.3.4 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.

2.3.5 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.

2.3.6 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.

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.

Forex gains are recognised on payment of funds.

2.3.7 Transfers received (including gifts, donations and sponsorships)

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 an annexure to the financial statements.

2.4 Direct exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received.

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

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. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

ACCOUNTING POLICIES for the year ended 31 March 2009

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the Statement of Financial Performance.

Inappropriately expensed amounts using CARA funds and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. EXPENDITURE

3.1 Compensation of employees

3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the Statement of Financial Performance¹.

All other payments are classified as current expense.

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

3.1.2 Post 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 (i.e. social 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 final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

3.1.3 Termination benefits

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

¹ This accounting policy is only relevant where the department elects to capitalise the compensations paid to employees involved on capital projects.

ACCOUNTING POLICIES for the year ended 31 March 2009

3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

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

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When 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.

ACCOUNTING POLICIES for the year ended 31 March 2009

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

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 in the Statement of Financial Performance.

3.9 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 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest.

4.5 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 when the cash is received. Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the disclosure notes.

ACCOUNTING POLICIES for the year ended 31 March 2009

4.6 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes.

Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost.

4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

4.8 Capital assets

4.8.1 Movable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

4.8.2 Immovable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national department of public works.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

5. LIABILITIES

5.1 Voted funds to be surrendered to the revenue fund

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

5.2 Departmental revenue to be surrendered to the revenue fund

ACCOUNTING POLICIES for the year ended 31 March 2009

Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

5.3 Direct exchequer receipts to be surrendered to the revenue fund

All direct exchequer fund receipts are recognised in the Statement of Financial Performance when the cash is received.

Amounts received must be surrendered to the relevant revenue fund on receipt thereof. Any amount not surrendered at year end is reflected as a current payable in the Statement of Financial Position.

5.4 Bank overdraft

The bank overdraft is carried in the Statement of Financial Position at cost.

5.5 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.

5.6 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements.

5.7 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.8 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.9 Employee benefits

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

ACCOUNTING POLICIES for the year ended 31 March 2009

5.10 Lease commitments

Finance leases

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and the interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

6. RECEIVABLES FOR DEPARTMENTAL REVENUE

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. NET ASSETS

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

7.2 Recoverable revenue

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

8. RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the disclosure notes.

9. KEY MANAGEMENT PERSONNEL

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. PUBLIC PRIVATE PARTNERSHIPS

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2009

I. ANNUAL APPROPRIATION

I.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments :

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation received 2007/08 R'000
Administration	140,309	140,309	-	122,419
Housing Policy Research and Planning	92,042	92,042	-	77,979
Housing Delivery Support	234,494	234,494	-	143,926
Housing Development Finance	10,461,642	10,461,642	-	8,522,034
Total	10,928,487	10,928,487		8,866,358

2. DEPARTMENTAL REVENUE

	Note	2008/09 R'000	2007/08 R'000
Sales of goods and services other than capital assets	2.1	74	137
Interest, dividends and rent on land	2.2	246	43
Sales of capital assets	2.3	-	213
Financial transactions in assets and liabilities	2.4	2,072	282
Total revenue collected		<u>2,392</u>	<u>675</u>
Departmental revenue collected		<u>2,392</u>	<u>675</u>

2.1 Sales of goods and services other than capital assets

	Note	2008/09 R'000	2007/08 R'000
Sales of goods and services produced by the department	2	72	137
Sales by market establishment		27	137
Other sales		45	-
Sales of scrap, waste and other used current goods		2	
Total		<u>74</u>	<u>137</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

2.2 Interest, dividends and rent on land

	Note	2008/09 R'000	2007/08 R'000
Interest	2	246	43
Dividends		-	-
Rent on land		-	-
Total		246	43

2.3 Sale of capital assets

	Note	2008/09 R'000	2007/08 R'000
Tangible capital assets	2	-	213
Machinery and equipment	28.3	-	213
Total		-	213

2.4 Financial transactions in assets and liabilities

	Note	2008/09 R'000	2007/08 R'000
Proceeds from investment		70	-
Other Receipts including Recoverable Revenue		2,002	282
Total		2,072	282

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

3. AID ASSISTANCE

3.1 Aid assistance received in cash from RDP

	Note	2008/09 R'000	2007/08 R'000
Foreign			
Opening Balance		1,463	-
Revenue		-	7,595
Expenditure		-	(6,132)
Current		-	(6,132)
Capital		-	-
Transfers		-	-
Closing Balance		1,463	1,463

3.2 Total assistance

		2008/09 R'000	2007/08 R'000
Opening Balance		1,463	-
Revenue		-	7,595
Expenditure		-	(6,132)
Current		-	(6,132)
Capital		-	-
Transfers		-	-
Closing Balance		1,463	1,463
Analysis of balance			
Aid assistance unutilised	Note	1,463	1,463
RDP		1,463	1,463
Closing balance		1,463	1,463

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

4. COMPENSATION OF EMPLOYEES

4.1 Salaries and wages

Note	2008/09 R'000	2007/08 R'000
Basic salary	80,493	55,672
Performance award	4,527	3,340
Service Based	619	404
Compensative/circumstantial	4,631	3,772
Other non-pensionable allowances	23,088	17,010
Total	113,358	80,198

4.2 Social contributions

Note	2008/09 R'000	2007/08 R'000
Employer contributions		
Pension	9,388	14,620
Medical	3,184	2,413
Bargaining council	12	10
Total	12,584	17,043
Total compensation of employees	125,942	97,241
Average number of employees	426	317

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

5. GOODS AND SERVICES

	Note	2008/09 R'000	2007/08 R'000
Administrative fees		71	150
Advertising		100,432	46,526
Assets less than R5,000	5.1	2,315	1,478
Bursaries (employees)		401	342
Catering		2,641	-
Communication		6,128	5,466
Computer services	5.2	53,241	39,843
Consultants, contractors and agency/outsourced services	5.3	107,780	95,421
Entertainment		307	211
Audit cost – external	5.4	4,592	4,320
Inventory	5.5	9,455	7,550
Maintenance, repairs and running costs		1,499	7,352
Operating leases		938	2,167
Owned and leasehold property expenditure	5.6	10,212	8,059
Travel and subsistence	5.7	60,679	28,063
Venues and facilities		6,311	5,464
Training and staff development		2,870	1,229
Other operating expenditure	5.8	3,067	1,605
Total		372,939	255,246

5.1 Assets less than R5,000

	Note	2008/09 R'000	2007/08 R'000
Tangible assets	5	2,315	1,478
Machinery and equipment		2,315	1,478
Intangible assets		-	-
Total		2,315	1,478

5.2 Computer services

	Note	2008/09 R'000	2007/08 R'000
SITA computer services	5	50,213	37,029
External computer service providers		3,028	2,814
Total		53,241	39,843

5.3 Consultants, contractors and agency/outsourced services

	Note	2008/09 R'000	2007/08 R'000
Business and advisory services	5	76,950	-
Legal costs		975	1,040
Contractors		2,496	-
Agency and support/outsourced services		27,359	94,381
Total		107,780	95,421

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

5.4 Audit cost – external

	Note	2008/09	2007/08
	5	R'000	R'000
Regularity audits		4,592	4,320
Total		4,592	4,320

5.5 Inventory

	Note	2008/09	2007/08
	5	R'000	R'000
Food and food supplies		33	1,532
Fuel, oil and gas		256	98
Other consumable materials		253	139
Maintenance material		35	153
Stationery and printing		8,874	5,625
Medical supplies		4	3
Total		9,455	7,550

5.6 Owned and leasehold property expenditure

	Note	2008/09	2007/08
	5	R'000	R'000
Municipal services		10,212	8,059
Total		10,212	8,059

5.7 Travel and subsistence

	Note	2008/09	2007/08
	5	R'000	R'000
Local		50,299	23,532
Foreign		10,380	4,531
Total		60,679	28,063

5.8 Other operating expenditure

	Note	2008/09	2007/08
	5	R'000	R'000
Professional bodies, membership and subscription fees		251	3
Resettlement costs		687	198
Other		2,129	1,404
Total		3,067	1,605

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

6. INTEREST AND RENT ON LAND

	Note	2008/09 R'000	2007/08 R'000
Interest paid		264	-
Rent on land		-	-
Total		264	-

7. FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

	Note	2008/09 R'000	2007/08 R'000
Debts written off	7.1	2	-
Total		2	-

7.1 Debts written off

	Note	2008/09 R'000	2007/08 R'000
Nature of debts written off			
Transfer to debts written off No-Shows: S Titus, O Komape, L Khuswayo, I V Sibiya, T Mangena, MC Pampeir and T Gamede		2	-
Total		2	-

7.2 Assets written off

	Note	2008/09 R'000	2007/08 R'000
Nature of write off			
Minor – Computer equipment		35	-
Capital Computer equipment		410	-
Minor – Office furniture		133	-
Capital – Office furniture		115	-
Minor – Other equipment		27	-
Capital – Other equipment		63	-
Total		783	-

8. TRANSFERS AND SUBSIDIES

	Note	2008/09 R'000	2007/08 R'000
Provinces and municipalities	Annex IA	10,177,939	8,149,869
Departmental agencies and accounts	Annex IB	227,738	77,165
Foreign governments and international organisations	Annex IC	845	606
Households	Annex ID	2,349	472
Gifts, donations and sponsorships made	Annex IE	228	228
Total		10,409,099	8,228,340

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

9. EXPENDITURE FOR CAPITAL ASSETS

	Note	2008/09 R'000	2007/08 R'000
Tangible assets		10,417	5,343
Machinery and equipment		10,417	5,343
Software and other intangible assets		1,609	102
Computer software	29.1	1,609	102
Total		12,026	5,445

9.1 Analysis of funds utilised to acquire capital assets

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	10,417		10,417
Machinery and equipment	10,417		10,417
Software and other intangible assets	1,609		1,609
Computer software	1,609		1,609
Total	12,026		12,026

9.2 Analysis of funds utilised to acquire capital assets
– 2007/08

	Voted funds R'000	Aid assistance R'000	Total R'000
Total assets acquired	5,445		5,445

10. UNAUTHORISED EXPENDITURE

10.1 Reconciliation of unauthorised expenditure

	Note	2008/09 R'000	2007/08 R'000
Opening balance		-	642
Less: Amounts approved by Parliament/Legislature (with funding)		-	(195)
Less: Amounts approved by Parliament/Legislature (without funding)		-	(447)
Capital		-	(447)
Less: Transfer to receivables for recovery		-	-
Unauthorised expenditure awaiting authorisation		-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

11. CASH AND CASH EQUIVALENTS

	Note	2008/09 R'000	2007/08 R'000
Consolidated Paymaster General Account		4,992	302,742
Cash receipts		5	1
Disbursements		(3,070)	(34,141)
Cash on hand		25	15
Cash with commercial banks (Local)		-	(1)
Total		1,952	268,616

12. PREPAYMENTS AND ADVANCES

	Note	2008/09 R'000	2007/08 R'000
Travel and subsistence		84	106
Total		84	106

13. RECEIVABLES

	Note	2008/09			2007/08
		R'000 Less than one year	R'000 One to three years	R'000 Older than three years	R'000 Total
Claims recoverable	13.1 Annex 3	6,959			11,872
Staff debt	13.2	495	202	362	723
Other debtors	13.3				14
Total		7,454	202	362	12,609

13.1 Claims recoverable

	Note	2008/09 R'000	2007/08 R'000
National departments	13	6,805	11,872
Provincial departments		117	-
Public entities		37	-
Total		6,959	11,872

13.2 Staff debt

	Note	2008/09 R'000	2007/08 R'000
Telephone	13	49	44
S&T Debt		-	57
Study		173	127
Vehicle (Traffic fines and accidents debt)		19	26
Tax		17	9
Damage vehicles		475	446
Housing Guarantee		13	14
Resettlement		6	-
Salaries		121	-
Suppliers		186	-
Total		1,059	723

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

13.3 Other debtors

	Note	2008/09 R'000	2007/08 R'000
GG Control account	13	-	14
Total		-	14

14. INVESTMENTS

	Note	2008/09 R'000	2007/08 R'000
Non-Current			
Shares and other equity			
NHFC		880,000	880,000
SERVCON		604	604
Total		880,604	880,604
Total non-current		880,604	880,604
Analysis of non current investments			
Opening balance		880,604	880,604
Additions in cash			
Disposals for cash			
Non-cash movements			
Closing balance		880,604	880,604

15. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2008/09 R'000	2007/08 R'000
Opening balance		279,639	167,764
Transfer from Statement of Financial Performance		8,215	395,639
Voted funds not requested/not received	1.1	-	(116,000)
Paid during the year		(279,639)	(167,764)
Closing balance		8,215	279,639

16. DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND

	Note	2008/09 R'000	2007/08 R'000
Opening balance		19	1
Transfer from Statement of Financial Performance		2,392	675
Paid during the year		(2,377)	(657)
Closing balance		34	19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

17. PAYABLES – CURRENT

Description	Note	30 Days	30+ Days	2008/09 Total	2007/08 Total
Clearing accounts	17.1			61	14
Total				61	14

17.1 Clearing accounts

	Note	2008/09 R'000	2007/08 R'000
Salary Income Tax:CL	17	9	13
Sal: Disallowance account: CA		-	1
Third Party Transport Control Acc		52	-
Total		61	14

18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2008/09 R'000	2007/08 R'000
Net surplus/(deficit) as per Statement of Financial Performance		10,607	397,777
Add back non cash/cash movements not deemed operating activities		(265,330)	(289,683)
(Increase)/decrease in receivables – current		4,591	(11,079)
(Increase)/decrease in prepayments and advances		22	91
(Increase)/decrease in other current assets		-	642
Increase/(decrease) in payables – current		47	(148)
Proceeds from sale of capital assets		-	(213)
Expenditure on capital assets		12,026	5,445
Surrenders to Revenue Fund		(282,016)	(168,421)
Voted funds not requested/not received		-	(116,000)
Net cash flow generated by operating activities		(254,723)	108,094

19. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2008/09 R'000	2007/08 R'000
Consolidated Paymaster General account		4,992	302,742
Cash receipts		5	1
Disbursements		(3,070)	(34,141)
Cash on hand		25	15
Cash with commercial banks (Local)		-	(1)
Total		1,952	268,616

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2009

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

20. CONTINGENT LIABILITIES

Liable to	Nature	Note	2008/09 R'000	2007/08 R'000
Motor vehicle guarantees	Employees	Annex 2A	76	177
Housing loan guarantees	Employees	Annex 2A	427	467
Other guarantees		Annex 2A	-	-
Claims against the department		Annex 2B	1,500	640
Other departments (interdepartmental unconfirmed balances)		Annex 4	168	159
Environmental rehabilitation liability		Annex 2B		-
Other				
Possible liability that may arise as a result of the loan agreements between Tubelisha Homes and the National Housing Finance Corporation.			113,214	-
Total			115,385	1,443

21. COMMITMENTS

	Note	2008/09 R'000	2007/08 R'000
Current expenditure			
Approved and contracted		82,290	19,534
Approved but not yet contracted		38	12
		82,328	19,546
Capital expenditure			
Approved and contracted		1,411	5,278
Approved but not yet contracted		-	9
		1,411	5,287
Total Commitments		83,739	24,833

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

22. ACCRUALS

	2008/09			2007/08
	R'000			R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Compensation of employees	47	35	82	211
Goods and services	17,870	10,400	28,270	11,507
Total	17,917	10,435	28,352	11,718

	Note	2008/09	2007/08
		R'000	R'000
Listed by programme level			
Administration		3,106	6,049
Housing Policy, Research and Planning		12,880	585
Housing Implementation Support		7,222	3,868
Housing Development Finance		5,144	1,216
Total		28,352	11,718

	Note	2008/09	2007/08
		R'000	R'000
Confirmed balances with other departments	Annex 4	109	397
Confirmed balances with other government entities	Annex 4	-	-
Total		109	397

23. EMPLOYEE BENEFITS

	Note	2008/09	2007/08
		R'000	R'000
Leave entitlement		5,320	3,667
Thirteenth cheque		3,048	2,076
Capped leave commitments		5,527	4,913
Total		13,895	10,656
Staff receivable		135	123

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

24. LEASE COMMITMENTS

24.1 Finance leases expenditure**

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year			1,220	1,220
Later than 1 year and not later than 5 years			1,138	1,138
Later than five years				
Total lease commitments			2,358	2,358
LESS: finance costs			247	247
Total present value of lease liabilities			2,111	2,111

2007/08	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year			633	633
Later than 1 year and not later than 5 years			847	847
Later than five years				
Total lease commitments			1,480	1,480
LESS: finance costs				
Total present value of lease liabilities			1,480	1,480

**This note excludes leases relating to public private partnership as they are separately disclosed to note no.38.

25. IRREGULAR EXPENDITURE

25.1 Reconciliation of irregular expenditure

	Note	2008/09 R'000	2007/08 R'000
Opening balance		639	25
Add: Irregular expenditure – relating to prior year		1,100	639
Add: Irregular expenditure – relating to current year		1,272	-
Less: Amounts condoned		(1,272)	(25)
Irregular expenditure awaiting condonation		1,739	639
Analysis of awaiting condonation per age classification			
Current year		-	639
Prior years		1,739	-
Total		1,739	639

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2008/09 R'000
No tax clearance certificate	Under investigation	1,100
Finance Leases RT3 contract	None	1,272
Total		2,372

25.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2008/09 R'000
Finance Leases RT3 contracts	National Treasury in terms of Practice Note 5 of 2006/2007	1,272
Total		1,272

26. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2008/09 R'000	2007/08 R'000
Political office bearers (provide detail below)	1	1,617	1,158
Officials:			
Level 15 to 16	4	8,530	7,047
Level 14 (incl. CFO if at a lower level)	26	18,860	13,312
Family members of key management personnel			
Total		29,007	21,517

27. PROVISIONS

	Note	2008/09 R'000	2007/08 R'000
Potential irrecoverable debts			
Staff debtors		373	411
Claims recoverable			17
Total		373	428

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

28. MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	29,318	424	9,435	961	38,216
Transport assets	1,221	-	-	-	1,221
Computer equipment	13,169	154	3,303	715	15,911
Furniture and office equipment	9,954	195	2,699	229	12,619
Other machinery and equipment	4,974	75	3,433	17	8,465
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	29,318	424	9,435	961	38,216

28.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	9,435				9,435
Computer equipment	3,303				3,303
Furniture and office equipment	2,699				2,699
Other machinery and equipment	3,433				3,433
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	9,435				9,435

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

28.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT		961	961	
Computer equipment		715	715	
Furniture and office equipment		229	229	
Other machinery and equipment		17	17	
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS		961	961	

28.3 Movement for 2007/08

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	22,795	7,956	1,433	29,318
Transport assets	1,775		554	1,221
Computer equipment	8,277	5,444	552	13,169
Furniture and office equipment	8,851	1,317	214	9,954
Other machinery and equipment	3,892	1,195	113	4,974
TOTAL MOVABLE TANGIBLE ASSETS	22,795	7,956	1,433	29,318

28.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT FOR THE YEAR ENDED 31 MARCH 2009

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor assets	1,069	-	9,382	-	10,451
TOTAL	1,069	-	9,382	-	10,451
	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets	1,017	-	6,636	-	7,653
TOTAL	1,017	-	6,636	-	7,653

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

29. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Current Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	966	-	1,609	-	2,575
TOTAL INTANGIBLE CAPITAL ASSETS	966	-	1,609	-	2,575

29.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	1,609	-	-	-	1,609
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	1,609	-	-	-	1,609

29.2 Movement for 2007/08

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	839	227	100	966
TOTAL	839	227	100	966

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

ANNEXURE IA

Statement of conditional grants paid to provinces

NAME OF PROVINCE/ GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by department	Amount spent by department	% of Available funds spent by Department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
EASTERN CAPE	1,251,018		(270,000)	981,018	981,018	100%	981,018	1,040,842	100%	1,052,554
FREE STATE	772,410		86,712	859,122	859,122	100%	859,122	859,119	100%	653,293
GAUTENG	2,579,974		226,698	2,806,672	2,806,672	100%	2,806,672	2,767,414	100%	2,197,223
KWA-ZULU NATAL	1,575,586		46,467	1,622,053	1,622,053	100%	1,622,053	1,627,137	100%	1,310,555
LIMPOPO	783,247	18,538	23,021	824,806	824,806	100%	824,806	824,806	100%	651,705
MPUMALANGA	629,210		67,460	696,670	696,670	100%	696,670	796,669	114%	526,286
NORTHERN CAPE	161,312		57,962	219,274	219,274	100%	219,274	219,274	100%	130,976
NORTH WEST	896,101		(33,639)	862,462	862,462	100%	862,462	952,082	100%	766,806
WESTERN CAPE	1,203,984	56,062	45,816	1,305,862	1,305,862	100%	1,305,862	1,305,862	100%	948,548
TOTAL	9,852,842	74,600	250,497	10,177,939	10,177,939		10,177,939	10,393,205		8,237,946

Note: Mpumalanga Treasury allocated an additional R100m to the provincial housing department for housing delivery. North West Provincial Legislator approved a rollover of R89m.

ANNEXURE IB

Statement of transfers to departmental agencies and accounts

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2007/08
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
NURCHA							18,993
SOCIAL HOUSING FOUNDATION	217,738			217,738	217,738	100%	15,124
THUBELISHA	10,000			10,000	10,000	100%	43,048
NHFC	1			1			
TOTAL	227,739			227,739	227,738		77,165

ANNEXURE IC

Statement of transfers to foreign government and international organisations

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2007/08
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
TRANSFERS							
UN HABITAT	1,000			1,000	845	85%	1,000
TOTAL	1,000			1,000	845		1,000

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 1D

Statement of transfers to households

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2007/08
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
BURSARIES (Non employees)	2,000		465	2,465	2,349	95%	472
TOTAL	2,000		465	2,465	2,349		472

ANNEXURE 1E

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

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2008/09	2007/08
	R'000	R'000
Paid in cash		
Donations to Black Business Quarterly Youth Awards	57	-
Total of various gifts bought by Minister	137	174
Farewell gifts for Mr R Thatcher and Mr W Moses	14	-
Additional long service awards for officials	17	-
Gifts to officials	1	-
Farewell gifts for K Mackaukau, Mrs Ngwenya and Mrs Mhlangeni	-	3
Gift vouchers for Women's build 2007	-	48
Subtotal	226	225
Remissions, refunds, and payments made as an act of grace		
Payment to S Ramoroka family	2	-
Act of grace for Ms M Malatswane	-	3
Subtotal	2	3
TOTAL	228	228

ANNEXURE 2A

Statement of financial guarantees issued as at 31 March 2008 - local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles								
STANDARD BANK	Motor vehicles	449	177		101		76		
	Subtotal	449	177		101		76		
	Housing								
STANDARD BANK	Housing		65		18		47		
NEDBANK LIMITED	Housing		165				165		
FIRSTRAND BANK	Housing		28				28		
ABSA	Housing		139		12		127		
OLD MUTUAL FIN	Housing		6		-		6		
FNB FORMER SA	Housing		58		21		37		
OLD MUTUAL (NEDB/P)	Housing		6	11	-		17		
	Subtotal		467	11	51		427		
	Other								
	Total	449	644	11	152		503		

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 2B

Statement of contingent liabilities as at 31 March 2009

NATURE OF LIABILITY	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	01/04/2008				31/03/2009
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Balance from previous year	640		640		-
Various court cases against the Minister of Housing		1,500			1,500
Total	640	1,500	640	-	1,500

ANNEXURE 3

Claims recoverable

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009 R'000	31/03/2008 R'000	31/03/2009 R'000	31/03/2008 R'000	31/03/2009 R'000	31/03/2008 R'000
Department						
SARS			16	16	16	16
Department of Transport				6	-	6
Department of Labour				1	-	1
G CIS	4,699	11,447			4,699	11,447
Department of Foreign Affairs			2,054	402	2,054	402
Department of Home Affairs			6		6	-
Department of Land Affairs			9		9	-
Eastern Cape Local Government and Traditional Affairs			30		30	-
Gauteng Department of Education			40		40	
Gauteng Local Government			16		16	
Gauteng Community Safety			22		22	
STATS SA			1		1	
Unemployment Insurance Fund			1		1	
Safety and Security			19		19	
Kwa-Zulu Natal Provincial Treasury			9		9	
	4,699	11,447	2,223	425	6,922	11,872
Other Government Entities						
National Home Builders Registration Council			32		32	-
National Housing Finance Corporation			5		5	-
	-	-	37	-	37	-
TOTAL	4,699	11,447	2,260	425	6,959	11,872

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

ANNEXURE 4

Inter-government payables

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009 R'000	31/03/2008 R'000	31/03/2009 R'000	31/03/2008 R'000	31/03/2009 R'000	31/03/2008 R'000
DEPARTMENTS						
Current						
Justice	20	397			20	397
Government Printing Works				36	-	36
Education			34		34	
Gauteng Provincial Government	18				18	-
Department of Correctional Services	19				19	-
Department of Public Works (GG)	52		6		58	-
Department of Trade and Industry			25		25	-
Department of Local Government & Housing: Limpopo			11		11	-
Subtotal	109	397	76	36	185	433
Non-current						
Subtotal	-	-	-	-	-	-
TOTAL	109	397	76	36	185	433
OTHER GOVERNMENT ENTITY						
Current						
Property Management Trading Entity (Public Works)				107	-	107
PALAMA			92	16	92	16
Subtotal			92	123	92	123
Non-current						
Subtotal	-	-	-	-	-	-
TOTAL			92	123	92	123
GRAND TOTAL	109	397	168	159	277	556

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

Integrated Housing and Human Settlement Development grant - Information required in terms of Section 13(1) of the 2008 Division of Revenue Act

Provinces	Voted Initial Allocation 2008/09	Adjustment appropriations and transfers				Adjusted Budget
		National Level			Provincial Level	
	R'000	Additional Appropriations R'000	Funds Withheld R'000	Funds reallocated R'000	Appropriated R'000	R'000
Eastern Cape	1,251,018	-	(270,000)			981,018
Free State	772,410	18,712		68,000		859,122
Gauteng	2,579,974	74,698		152,000		2,806,672
Kwa-Zulu Natal	1,575,586	46,467				1,622,053
Limpopo	783,247	41,559				824,806
Mpumalanga	629,210	17,460		50,000	105,000	696,670 ¹
Northern Cape	161,312	5,962		52,000		219,274
North West	896,101	18,361	(52,000)		89,000	862,462 ¹
Western Cape	1,203,984	101,878				1,305,862
OTHER						
TOTAL	9,852,842	325,097	(322,000)	322,000	194,000	10,177,939

Note 1: The additional R105 million and R89 million provincial allocations are not added to the national allocation as they are accounted at provincial level.

All transfers were deposited in the primary bank accounts for each province and no funds were utilised for the administration of the allocation by the provinces except where funds are spent in terms of the Operational Capital Budget Programme (OPSCAP). The key objective of the OPSCAP is to provide funding for the appointment of external expertise by the Provincial Housing Departments [PHD] to augment capacity required for delivery of scale to implement National Housing Programmes.

Management Report for the year ended 31 March 2009

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS GENERAL

The change in focus in housing delivery to quality housing and a shift to alternative forms of housing tenure have formed the background against which sustainable housing delivery was achieved. As reported in 2003/2004, changes in the financial management legislative environment precipitated a need to review the funds flow mechanisms to provinces. In this regard, MINMEC approved that the process for the disestablishment of the fund be commenced with and draft legislation is in the process of being approved to give effect to that decision. A draft Bill has been submitted to the Minister for consideration. The delisting of the South African Housing Fund was approved with effect from 18 November 2003.

2. ACCOUNTING AUTHORITY'S EMOLUMENTS

In terms of section 11(5)(a) of the Housing Act (Act No 107 of 1997) the Director-General: Housing is the accounting officer of the South African Housing Fund. No emoluments were paid to the accounting 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 sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 11(8) of the Housing Act, 1997 (Act No. 107 of 1997) the Auditor-General has the responsibility to audit the books and statements of account and balance sheet of the South African Housing Fund. The Office of the Auditor-General will continue to perform the statutory audit of the South African Housing Fund.

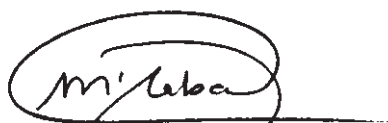
4. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 137 to 139 for the South African Housing Fund were approved by the accounting officer.

Yours faithfully



Mr I W. Kotsoane
Accounting Officer
Date: 31 May 2009



Mr M Dlabantu
Chief Financial Officer
Date: 31 May 2009

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SOUTH AFRICAN HOUSING FUND FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the South African Housing Fund which comprise the balance sheet, cash flow statement and statement of changes in equity as at 31 March 2009 and summary of significant accounting policies and other explanatory notes, as set out on pages 137 to 139.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1 of the financial statements and in the manner required by Auditor-General circular 1 of 2007.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion the financial statements of the South African Housing Fund as at 31 March 2009 have been prepared, in all material respects, in accordance with the entity-specific basis of accounting as set out in accounting policy note 1 to the financial statements.

Emphasis of matter

Without qualifying my opinion, I draw attention to the following matters:

Basis of accounting

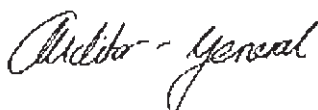
8. The South African Housing Fund's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1 to the financial statements.

Disestablishment of the South African Housing Fund

9. As disclosed in note 4 to the financial statements, the disestablishment of the South African Housing Fund was approved by the minister and Members of the Executive Council on 15 August 2003. The department is still in the process of amending the Housing Act, 1997 (Act No. 107 of 1997) to make provision for the disestablishment of the South African Housing Fund.

APPRECIATION

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



Pretoria

31 July 2009



AUDITOR GENERAL
SOUTH AFRICA

Auditing to build public confidence

SOUTH AFRICAN HOUSING FUND

STATEMENT OF FINANCIAL POSITION
at 31 March 2009

		31 March 2009	31 March 2008
	Notes	R'000	R'000
ASSETS			
Current Assets		32,585	32,585
Trade and other receivables	2	-	-
Cash and Cash Equivalents	5	32,585	32,585
TOTAL ASSETS		32,585	32,585
EQUITY AND LIABILITIES			
Capital and Reserves		31,958	31,958
Treasury Reserves			
Non Distributable Reserves		31,958	31,958
Accumulated profits/(Losses)			
Current Liabilities		627	627
Trade and other payables	3	627	627
TOTAL EQUITY AND LIABILITIES		32,585	32,585

CASH FLOW STATEMENT
for the year ended 31 March 2009

		31 March 2009	31 March 2008
	Notes	R'000	R'000
ASSETS			
CASH FLOWS FROM FINANCE ACTIVITIES:			
(Increase)/Decrease in financial instruments		-	-
Net cash inflow/(outflow) from investing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		32 585	32 585
Cash and cash equivalents at end of period	5	32 585	32 585

SUMMARY OF ACCOUNTING POLICIES for the year ended 31 March 2009

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

I. BASIS OF PREPARATION

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

I.1 Financial instruments

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

I.2 Measurement

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

I.3 Trade and other receivables

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

I.4 Cash and cash equivalents

Cash and cash equivalents are measured at cost.

I.5 Financial liabilities

Financial liabilities are recognised at cost.

I.6 Administration costs

All administration costs are borne by Department of Housing.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009

	31 March 2009 R'000	31 March 2008 R'000
2. TRADE AND OTHER RECEIVABLES		
Debtors	421	421
Less: Provision for bad debt	(421)	(421)
	-	-
	-	-

3. TRADE AND OTHER PAYABLES

Post office account	627	627
	627	627
	627	627

4. DISESTABLISHMENT OF THE SA HOUSING FUND

At the meeting of the MINMEC Committee of 15 August 2003, MINMEC approved the disestablishment of the South African Housing Fund and the Provincial Housing Development funds established in terms of various provincial Housing Acts. A Bill has been submitted to the Minister for consideration.

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

NOTES TO THE CASH FLOW STATEMENT for the year ended 31 March 2009

	31 March 2009 R'000	31 March 2008 R'000
5. CASH AND CASH EQUIVALENTS		
Cash on hand	25,229	25,229
Cash with CPD	7,356	7,356
	32,585	32,585
	32,585	32,585



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

HUMAN RESOURCES MANAGEMENT



HUMAN RESOURCES OVERSIGHT FOR THE PERIOD APRIL 2008 TO MARCH 2009

Table 5.1 Main service for service delivery improvement and standards

Main service	Actual customers	Potential customers	Standard of service	Actual achievement against standard

Table 5.2 Consultation arrangements for customers

Type of arrangement	Actual customers	Potential customers	Actual achievement

Table 5.3 Service delivery access strategy

Access strategy	Actual achievement

Table 5.4 Service information tool

Type of information tool	Actual achievement

Table 5.5 Complaint mechanisms

Complaint mechanism	Actual achievement

Table 5.6 Personnel costs by programme

Programme	Total voted expenditure	Compensation of employees expenditure	Training expenditure	Professional and special services	Compensation of employees as percentage of total expenditure	Average compensation of employees: cost per employee	Employment
	(R'000)	(R'000)	(R'000)	(R'000)		(R'000)	
Dhs: Administration	138 621	52 155	0	0	376	125	416
Dhs: Delivery Support	233 607	30 044	0	0	129	72	416
Dhs: Housing Development Funding	10 460 737	21 967	0	0	02	53	416
Dhs: Policy and Research	91 074	21 772	0	0	239	52	416
Dwa: Administration	0	0	0	0	0	0	416
Z=Total as on financial systems (BAS)	10 924 040	125 938	0	0	12	303	416

Table 5.6 Personnel costs by salary band

Salary band	Compensation of employees cost (R'000)	Percentage of total personnel cost for department	Average compensation cost per employee (R)	Total personnel cost for department including goods and transfers (R'000)	Number of employees
Lower skilled (levels 1–2)	1 432	1,2	59 667	122 674	24
Skilled (levels 3–5)	4 497	3,7	95 681	122 674	47
Highly skilled production (levels 6–8)	18 152	14,8	152 538	122 674	119
Highly skilled supervision (levels 9–12)	41 077	33,5	297 659	122 674	138
Senior management (levels 13–16)	44 633	36,4	656 368	122 674	68
Contract (levels 1–2)	25	0	0	122 674	0
Contract (levels 3–5)	244	0,2	244 000	122 674	1
Contract (levels 6–8)	1 428	1,2	357 000	122 674	4
Contract (levels 9–12)	4 078	3,3	407 800	122 674	10
Contract (levels 13–16)	4 108	3,3	821 600	122 674	5
Abnormal appointment	815	0,7	27 167	122 674	30
TOTAL	120 489	98,2	270 155	122 674	446

Table 5.7 Salaries, overtime, home owners allowance and medical aid by programme

Programme	Salaries (R'000)	Salaries as percentage of personnel cost	Overtime (R'000)	Overtime as percentage of personnel cost	HOA (R'000)	HOA as percentage of personnel cost	Medical aid (R'000)
Programme 6 Fund Management *cur	38	100	0	0	0	0	0
Programme 1 Administration	37 573	74,9	94	0,2	1 312	2,6	1 334
Programme 2 Policy and Research	16 528	76	14	0,1	306	1,4	571
Programme 3 Delivery Support	23 291	80,2	89	0,3	520	1,8	641
Programme 4 Housing Development Funding	15 870	74,6	571	2,7	376	1,8	616
Programme 1 Administration	238	97,1	0	0	1	0,4	2
Programme 2 Planning and Research	56	98,2	0	0	0	0	0
Programme 3 Delivery Support	0	0	0	0	0	0	0
Programme 4 Housing Development Funding	115	100	0	0	0	0	0
Programme 5 Equity	0	0	0	0	0	0	0
TOTAL	93 709	76,4	768	0,6	2 515	2,1	3 164

Table 5.8 Salaries, overtime, home owners allowance and medical aid by salary band

Salary band	Salaries (R'000)	Salaries as percentage of personnel cost	Overtime (R'000)	Overtime as percentage of personnel cost	HOA (R'000)	HOA as percentage of personnel cost	Medical Aid (R'000)
Lower skilled (levels 1–2)	1 074	75	0	0	67	4,7	62
Skilled (levels 3–5)	3 066	68,1	76	1,7	229	5,1	219
Highly skilled production (levels 6–8)	12 724	69,7	341	1,9	371	2	1 036
Highly skilled supervision (levels 9–12)	30 391	73	223	0,5	647	1,6	1 125
Senior management (levels 13–16)	36 069	80,8	0	0	1 116	2,4	717
Contract (levels 1–2)	25	100	0	0	0	0	0
Contract (levels 3–5)	229	93,9	15	6,1	0	0	0
Contract (levels 6–8)	1 321	92,2	107	7,5	0	0	0
Contract (levels 9–12)	3 915	96	6	0,1	86	2,1	5
Contract (levels 13–16)	4 079	99	0	0	0	0	0
Abnormal appointment	815	99,1	0	0	0	0	0
TOTAL	93 708	77,7	768	0,6	2 516	2,1	3 159

Table 5.9 Employment and vacancies by programme at end of period under review

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Programme 1: Administration, permanent	214	183	14,5	3
Programme 2: Policy and Research, permanent	102	69	32,4	0
Programme 3: Delivery Support, permanent	128	101	21,1	0
Programme 4: Housing Development funding, permanent	96	73	24	0
TOTAL	540	426	21,1	3

Table 5.10 Employment and vacancies by salary band at end of period under review

Salary band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (levels 1–2), permanent	38	41	7,9	0
Skilled (levels 3–5), permanent	55	47	14,5	0
Highly skilled production (levels 6–8), permanent	144	113	21,5	0
Highly skilled supervision (levels 9–12), permanent	198	138	30,3	0
Senior management (levels 13–16), permanent	85	67	21,2	0
Contract (levels 3–5), permanent	3	3	0	0
Contract (levels 6–8), permanent	3	3	0	0
Contract (levels 9–12), permanent	8	8	0	1
Contract (levels 13–16), permanent	6	6	0	2
TOTAL	540	426	21,1	3

Table 5.11 Employment and vacancies by critical occupation at end of period under review

Critical occupation	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative related, permanent	129	99	23,3	1
Cleaners in offices, workshops, hospitals, etc., permanent	21	20	4,8	0
Communication and information related, permanent	1	1	0	0
Economists, permanent	39	29	25,6	0
Engineers and related professionals, permanent	13	5	61,5	0
Finance and economics related, permanent	19	11	42,1	0
Financial and related professionals, permanent	7	5	28,6	0
Financial clerks and credit controllers, permanent	13	12	7,7	0
Food services aids and waiters, permanent	8	8	0	0
General legal administration and related professionals, permanent	2	2	0	0
Head of department/chief executive officer, permanent	1	1	0	0
Human resources and organisational development, and related professionals, permanent	5	3	40	0
Human resources clerks, permanent	8	6	25	0
Human resources related, permanent	2	2	0	0
Librarians and related professionals, permanent	2	2	0	0
Library, mail and related clerks, permanent	14	12	14,3	0
Light vehicle drivers, permanent	3	3	0	0
Logistical support personnel, permanent	8	4	50	0
Material-recording and transport clerks, permanent	3	3	0	0
Messengers, porters and deliverers, permanent	8	7	12,5	0
Other administrative and related clerks and organisers, permanent	54	42	22,2	0
Other information technology personnel, permanent	5	5	0	0
Other occupations, permanent	1	1	0	0
Secretaries and other keyboard operating clerks, permanent	61	50	18	0
Security officers, permanent	23	21	8,7	0
Senior managers, permanent	90	72	20	2
TOTAL	540	456	15,6	3

Table 5.12 Job evaluation

Salary band or level	Number of posts	Number of posts evaluated	Percentage of posts evaluated	Number of posts upgraded	Percentage of upgraded posts evaluated	Number of posts downgraded	Percentage of downgraded posts evaluated
Lower skilled (levels 1-2)	38	0	0	0	0	0	0
Contract (levels 3-5)	3	0	0	0	0	0	0
Contract (levels 6-8)	3	0	0	0	0	0	0
Contract (levels 9-12)	8	0	0	0	0	0	0
Contract (band B)	3	0	0	0	0	0	0
Contract (band C)	1	0	0	0	0	0	0
Contract (band D)	2	0	0	0	0	0	0
Skilled (levels 3-5)	55	13	23,6	9	69,2	0	0
Highly skilled production (levels 6-8)	144	16	11,1	9	56,3	0	0
Highly skilled supervision (levels 9-12)	198	56	28,3	26	46,4	0	0
Senior management Service (band A)	27	50	185,2	0	0	0	0
Senior management Service (band B)	38	12	31,6	0	0	0	0
Senior management Service (band C)	14	1	7,1	0	0	0	0
Senior management Service (band D)	6	0	0	0	0	0	0
TOTAL	540	148	27,4	44	29,7	0	0

Table 5.13 Profile of employees whose positions were upgraded owing to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	8	1	1	1	11
Male	7	0	0	0	7
Total	15	1	1	1	18
Employees with a disability	0	0	0	0	0

Table 5.14 Employees whose salary level exceeded the grade determined by job evaluation (in terms of PSR I.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	Number of employees in department
	0				
	0				
Total	0				
Percentage of total employment	0				

Table 5.15 Profile of employees whose salary level exceeded the grade determined by job evaluation (in terms of PSR I.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

Table 5.16 Annual turnover rate by salary band

Salary band or level	Employment at beginning of period (April 2008)	Appointments	Terminations	Turnover rate
Lower skilled (levels 1–2), permanent	16	19	1	6,3
Skilled (levels 3–5), permanent	46	10	3	6,5
Highly skilled production (levels 6–8), permanent	84	24	5	6
Highly skilled supervision (levels 9–12), permanent	98	21	6	6,1
Senior Management Service (band A), permanent	31	5	1	3,2
Senior Management Service (band B), permanent	19	1	3	15,8
Senior Management Service (band C), permanent	8	0	0	0
Senior Management Service (band D), permanent	1	0	0	0
Contract (levels 1–2), permanent	0	2	0	0
Contract (levels 3–5), permanent	2	6	4	200
Contract (levels 6–8), permanent	14	16	21	150
Contract (levels 9–12), permanent	10	20	22	220
Contract (band B), permanent	1	1	1	100
Contract (band C), permanent	1	2	1	100
Contract (band D), permanent	1	1	0	0
TOTAL	332	128	68	20,5

Table 5.17 Annual turnover rate by critical occupation

Occupation	Employment at beginning of period (April 2008)	Appointments	Terminations	Turnover rate
Administrative related, permanent	57	24	19	33,3
Cleaners in offices, workshops, hospitals, etc., permanent	9	20	0	0
Client information clerks (switchboard, receipt, information desk), permanent	1	0	0	0
Communication and information related, permanent	10	1	1	10
Economists, permanent	26	11	3	11,5
Electrical and electronics engineering technicians, permanent	1	0	0	0
Engineers and related professionals, permanent	5	0	2	40
Finance and economics related, permanent	15	1	3	20
Financial and related professionals, permanent	3	0	0	0
Financial clerks and credit controllers, permanent	12	7	2	16,7
Food services aids and waiters, permanent	8	0	1	12,5
General legal administration and related professionals, permanent	2	1	2	100
Head of department/chief executive officer, permanent	1	0	0	0
Housekeepers, laundry and related workers, permanent	1	0	0	0
Human resources and organisational development and related professionals, permanent	11	1	2	18,2
Human resources clerks, permanent	10	3	1	10
Human resources related, permanent	3	0	0	0
Legal related, permanent	3	0	1	33,3
Librarians and related professionals, permanent	1	1	0	0
Library, mail and related clerks, permanent	7	7	6	85,7
Light vehicle drivers, permanent	2	0	0	0
Logistical support personnel, permanent	6	2	3	50
Material-recording and transport clerks, permanent	5	1	1	20
Messengers, porters and deliverers, permanent	6	0	2	33,3
Other administrative and related clerks and organisers, permanent	23	15	3	13
Other administrative policy and related officers, permanent	2	0	0	0
Other information technology personnel, permanent	4	0	0	0
Other occupations, permanent	2	0	0	0
Secretaries and other keyboard operating clerks, permanent	31	18	11	35,5
Security guards, permanent	5	0	0	0
Security officers, permanent	18	4	0	0
Senior managers, permanent	41	11	5	12,2
Trade or industry advisers and other related professionals, permanent	1	0	0	0
TOTAL	332	128	68	20,5

Table 5.18 Reasons why staff left the department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total
Death, permanent	5	7,4	1,5	68
Resignation, permanent	26	38,2	7,8	68
Expiry of contract, permanent	34	50	10,2	68
Retirement, permanent	3	4,4	0,9	68
TOTAL	68	100	20,5	68

Resignations as percentage of employment

20,5

Table 5.19 Promotions by critical occupation

Occupation	Employment at beginning of period (April 2008)	Promotions to another salary level	Salary level promotions as percentage of employment	Progressions to another notch within salary level	Notch progressions as percentage of employment
Administrative related	57	13	22,8	24	42,1
Cleaners in offices, workshops, hospitals, etc.	9	5	55,6	1	11,1
Client information clerks (switchboard, receipt, information desk)	1	1	100	0	0
Communication and information related	10	2	20	5	50
Custodian personnel	0	1	0	0	0
Economists	26	11	42,3	9	34,6
Electrical and electronics engineering technicians	1	1	100	0	0
Engineering sciences related	0	1	0	0	0
Engineers and related professionals	5	6	120	1	20
Finance and economics related	15	9	60	5	33,3
Financial and related professionals	3	3	100	1	33,3
Financial clerks and credit controllers	12	4	33,3	1	8,3
Food services aids and waiters	8	2	25	0	0
General legal administration and related professionals	2	1	50	0	0
Head of department/chief executive officer	1	0	0	0	0
Housekeepers, laundry and related workers	1	1	100	0	0
Human resources and organisational development and related professionals	11	2	18,2	4	36,4
Human resources clerks	10	4	40	4	40
Human resources related	3	2	66,7	1	33,3
Legal related	3	2	66,7	0	0
Librarians and related professionals	1	0	0	0	0
Library, mail and related clerks	7	3	42,9	0	0
Light vehicle drivers	2	0	0	0	0
Logistical support personnel	6	1	16,7	1	16,7
Material-recording and transport clerks	5	3	60	0	0
Messengers, porters and deliverers	6	3	50	1	16,7
Natural sciences related	0	1	0	0	0
Other administrative and related clerks and organisers	23	9	39,1	8	34,8
Other administrative policy and related officers	2	0	0	0	0
Other information technology personnel.	4	3	75	1	25
Other occupations	2	1	50	1	50
Secretaries and other keyboard operating clerks	31	20	64,5	7	22,6
Security guards	5	5	100	0	0
Security officers	18	4	22,2	1	5,6
Senior managers	41	4	9,8	29	70,7
Social sciences related	0	1	0	0	0
Trade or industry advisers and other related professionals	1	0	0	0	0
TOTAL	332	129	38,9	105	31,6

Table 5.20 Promotions by salary band

Salary band	Employment at beginning of period (April 2008)	Promotions to another salary level	Salary level promotions as percentage of employment	Progressions to another notch within salary level	Notch progressions as percentage of employment
Lower skilled (levels 1–2), permanent	16	5	31,3	0	0
Skilled (levels 3–5), permanent	46	22	47,8	2	4,3
Highly skilled production (levels 6–8), permanent	84	38	45,2	21	25
Highly skilled supervision (levels 9–12), permanent	98	52	53,1	30	30,6
Senior management (levels 13–16), permanent	59	11	18,6	47	79,7
Contract (levels 3–5), permanent	2	0	0	2	100
Contract (levels 6–8), permanent	14	0	0	1	7,1
Contract (levels 9–12), permanent	10	1	10	1	10
Contract (levels 13–16), permanent	3	0	0	1	33,3
TOTAL	332	129	38,9	105	31,6

Table 5.21 Total number of employees (incl. employees with disabilities) by occupational category (SASCO)

Occupational category	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, permanent	18	1	3	22	6	18	1	2	21	1	50
Professionals, permanent	71	1	2	74	7	71	4	5	80	18	179
Clerks, permanent	26	1	0	27	2	65	4	5	74	19	122
Service and sales workers, permanent	16	0	0	16	0	8	0	0	8	0	24
Plant and machine operators and assemblers, permanent	2	0	0	2	0	0	0	0	0	0	2
Elementary occupations, permanent	13	1	0	14	1	22	1	0	23	0	38
Other, permanent	0	0	0	0	0	1	0	0	1	0	1
TOTAL	146	4	5	155	16	185	10	12	207	38	416

	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	1	0	0	1	0	0	0	1	1	0	2

Table 5.22 Total number of employees (incl. employees with disabilities) by occupational band

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, permanent	13	0	0	13	4	7	0	2	9	0	26
Senior management, permanent	15	1	2	18	4	16	1	0	17	3	42
Professionally qualified and experienced specialists and mid-management, permanent	56	1	1	58	5	53	4	5	62	12	137
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	23	1	0	24	0	64	4	5	73	22	119
Semi-skilled and discretionary decision making, permanent	26	0	0	26	2	19	0	0	19	0	47
Unskilled and defined decision making, permanent	7	1	0	8	0	16	1	0	17	0	25
Contract (top management), permanent	0	0	2	2	0	2	0	0	2	0	4
Contract (senior management), permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (professionally qualified), permanent	2	0	0	2	1	6	0	0	6	1	10
Contract (skilled technical), permanent	3	0	0	3	0	1	0	0	1	0	4
Contract (semi-skilled), permanent	1	0	0	1	0	0	0	0	0	0	1
TOTAL	146	4	5	155	16	185	10	12	207	38	416

Table 5.23 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
Senior management, permanent	2	0	0	2	0	4	0	0	4	0	6
Professionally qualified and experienced specialists and mid-management, permanent	10	0	0	10	1	10	0	0	10	0	21
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	3	0	0	3	0	20	0	0	20	1	24
Semi-skilled and discretionary decision making, permanent	5	0	0	5	0	5	0	0	5	0	10
Unskilled and defined decision making, permanent	5	1	0	6	0	12	1	0	13	0	19
Contract (top management), permanent	0	0	1	1	0	2	0	0	2	0	3
Contract (senior management), permanent	0	0	0	0	0	0	0	0	0	1	1
Contract (professionally qualified), permanent	8	0	0	8	0	12	0	0	12	0	20
Contract (skilled technical), permanent	5	0	0	5	0	10	0	0	10	1	16
Contract (semi-skilled), permanent	2	1	0	3	0	3	0	0	3	0	6
Contract (unskilled), permanent	1	1	0	2	0	0	0	0	0	0	2
TOTAL	41	3	1	45	1	78	1	0	79	3	128

Table 5.24 Promotions

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, permanent	4	0	0	4	4	1	0	1	2	0	10
Senior management, permanent	22	2	0	24	8	11	2	0	13	3	48
Professionally qualified and experienced specialists and mid-management, permanent	29	1	1	31	3	35	3	1	39	9	82
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	9	0	0	9	0	35	2	3	40	10	59
Semi-skilled and discretionary decision making, permanent	13	0	0	13	0	11	0	0	11	0	24
Unskilled and defined decision making, permanent	2	0	0	2	1	2	0	0	2	0	5
Contract (top management), permanent	0	0	1	1	0	0	0	0	0	0	1
Contract (professionally qualified), permanent	1	0	0	1	0	1	0	0	1	0	2
Contract (skilled technical), permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (semi-skilled), permanent	2	0	0	2	0	0	0	0	0	0	2
TOTAL	82	3	2	87	16	97	7	5	109	22	234

	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	3	0	0	3	0	0	0	1	1	0	4

Table 5.25 Terminations

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
Senior management, permanent	1	0	0	1	1	1	0	0	1	1	4
Professionally qualified and experienced specialists and mid-management, permanent	2	0	1	3	1	2	0	0	2	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	0	0	0	0	0	4	0	0	4	1	5
Semi-skilled and discretionary decision making, permanent	1	1	0	2	0	1	0	0	1	0	3
Unskilled and defined decision making, permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (top management), permanent	0	0	1	1	0	0	0	0	0	0	1
Contract (senior management), permanent	0	0	0	0	0	0	0	0	0	1	1
Contract (professionally qualified), permanent	12	0	0	12	0	10	0	0	10	0	22
Contract (skilled technical), permanent	6	0	0	6	0	14	0	0	14	1	21
Contract (semi-skilled), permanent	2	2	0	4	0	0	0	0	0	0	4
TOTAL	24	3	2	29	2	33	0	0	33	4	68

Table 5.26 Disciplinary action

Disciplinary action	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total Blacks	Female, white	Total
TOTAL	4	0	0	4	0	3	0	0	3	0	7

Table 5.27 Skills development

Occupational category	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	17	1	2	20	3	12	1	2	15	2	40
Professionals	20	1	1	22	3	31	2	5	38	9	72
Technicians and associate professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	15	1	0	16	1	18	3	2	23	5	45
Service and sales workers	0	0	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	12	2	0	14	1	11	2	0	13	0	28
TOTAL	64	5	3	72	8	72	8	9	89	16	185
Employees with disabilities	2	0	0	2	1	1	0	0	1	0	4

Table 5.28 Performance rewards by race, gender and disability

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, female	54	185	29,2	2 326	43 066
African, male	44	145	30,3	1 852	42 099
Asian, female	3	11	27,3	69	22 943
Asian, male	1	5	20	96	96 205
Coloured, female	4	10	40	317	79 132
Coloured, male	1	4	25	10	10 175
Total blacks, female	61	206	29,6	2 711	44 442
Total blacks, male	46	154	29,9	1 959	42 582
White, female	25	38	65,8	1 538	61 513
White, male	8	16	50	1 449	181 127
Employees with a disability	0	2	0	0	0
TOTAL	140	416	33,7	7 657	54 689

Table 5.29 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)	2	24	8,3	14	7 000
Skilled (levels 3–5)	19	47	40,4	181	9 526
Highly skilled production (levels 6–8)	49	119	41,2	1 325	27 041
Highly skilled supervision (levels 9–12)	53	138	38,4	3 328	62 792
Contract (levels 3–5)	0	1	0	0	0
Contract (levels 6–8)	0	4	0	0	0
Contract (levels 9–12)	0	10	0	0	0
Abnormal appointment	0	30	0	0	0
TOTAL	123	373	33	4 848	39 415

Table 5.30 Performance rewards by critical occupation

Critical occupation	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Administrative related	28	74	37,8	2,267	80 964
Cleaners in offices, workshops, hospitals, etc.	4	26	15,4	26	6 500
Client information clerks (switchboard, receipt, information desk)	1	1	100	9	9 000
Communication and information related	2	7	28,6	143	71 500
Economists	9	38	23,7	711	79 000
Engineering sciences related	0	1	0	0	0
Engineers and related professionals	1	4	25	16	16 000
Finance and economics related	8	17	47,1	966	120 750
Financial and related professionals	3	6	50	109	36 333
Financial clerks and credit controllers	2	16	12,5	130	65 000
Food services aids and waiters	1	6	16,7	8	8 000
General legal administration and related professionals	1	2	50	30	30 000
Head of department/chief executive officer	0	1	0	0	0
Housekeepers, laundry and related workers	1	1	100	11	11 000
Human resources and organisational development and related professionals	5	7	71,4	241	48 200
Human resources clerks	4	13	30,8	118	29 500
Human resources related	3	4	75	67	22 333
Information technology related	0	1	0	0	0
Language practitioners, interpreters and other communication professionals	0	1	0	0	0
Legal related	1	2	50	51	51 000
Librarians and related professionals	0	2	0	0	0
Library, mail and related clerks	4	11	36,4	48	12 000
Light vehicle drivers	2	2	100	20	10 000
Logistical support personnel	2	4	50	37	18 500
Material-recording and transport clerks	2	4	50	36	18 000
Messengers, porters and deliverers	5	4	125	45	9 000
Natural sciences related	0	1	0	0	0
Other administrative and related clerks and organisers	13	33	39,4	471	36,231
Other administrative policy and related officers	1	1	100	28	28,000
Other information technology personnel	3	5	60	48	16,000
Other occupations	2	3	66,7	187	93,500
Rank: unknown	0	1	0	0	0
Secretaries and other keyboard operating clerks	18	44	40,9	449	24,944
Security guards	4	5	80	38	9,500
Security officers	4	18	22,2	47	11,750
Senior managers	6	48	12,5	1,299	216,500
Social sciences related	0	1	0	0	0
Trade or industry advisers and other	0	1	0	0	0

Table 5.31 Performance related rewards (cash bonus) by salary band for senior management

SMS Band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)	Percentage of SMS wage bill	Personnel cost SMS (R'000)
Band A	13	0	0	1 686	12 969	9,5	17 779
Band B	4	43	9,3	1 121	28 025	6,8	16 542
Band C	0	20	0	0	0	0	0
Band D	0	10	0	0	0	0	0
TOTAL	17	73	23,3	2 807	16 511,8	8,2	34 321

Table 5.32 Foreign workers by salary band

Salary band	Employment at beginning of period (April 2008)	Percentage of total	Employment at end of period (March 2009)	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period (April 2008)	Total employment at end of period (March 2009)	Total change in employment
Senior management (levels 13-16)	0	0	2	100	2	100	0	2	2
TOTAL	0	0	2	100	2	100	0	2	2

Table 5.22 Foreign workers by major occupation

Major occupation	Employment at beginning of period (April 2008)	Percentage of total	Employment at end of period (March 2009)	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period (April 2008)	Total employment at end of period (March 2009)	Total change in employment
Professionals and managers	0	0	2	100	2	100	0	2	2
TOTAL	0	0	2	100	2	100	0	2	2

Table 5.33 Sick leave for January 2008 to December 2008

Salary band	Total number of days	Percentage of days with medical certification	Number of employees using sick leave	Percentage of total employees using sick leave	Average number of days per employee	Estimated cost (R'000)	Total number of employees using sick leave
Lower skilled (levels 1-2)	71	91,5	12	4,8	6	13	250
Skilled (levels 3-5)	152	80,3	24	9,6	6	33	250
Highly skilled production (levels 6-8)	467	72,4	74	29,6	6	201	250
Highly skilled supervision (levels 9-12)	511	77,7	88	35,2	6	513	250
Senior management (levels 13-16)	221	78,3	39	15,6	6	496	250
Contract (levels 6-8)	6	33,3	3	1,2	2	3	250
Contract (levels 9-12)	22	72,7	6	2,4	4	19	250
Contract (levels 13-16)	21	95,2	4	1,6	5	48	250
TOTAL	1 471	77	250	100	6	1 326	250

Table 5.34 Disability leave (temporary and permanent) for January 2008 to December 2008

Salary band	Total number of days	Percentage of days with medical certification	Number of employees using disability leave	Percentage of total employees using disability leave	Average number of days per employee	Estimated cost (R'000)	Total number of employees using disability leave
Highly skilled supervision (levels 9-12)	53	100	1	100	53	44	53
TOTAL	53	100	1	100	53	44	53

Table 5.35 Annual leave for January 2008 to December 2008

Salary band	Total number of days taken	Average number of days per employee	Number of employees who took leave
Lower skilled (levels 1-2)	183	13	14
Skilled (levels 3-5)	875	18	49
Highly skilled production (levels 6-8)	2037	17	118
Highly skilled supervision (levels 9-12)	2254	16	139
Senior management (levels 13-16)	1220	17	72
Contract (levels 3-5)	1	1	1
Contract (levels 6-8)	71	6	11
Contract (levels 9-12)	93	8	12
Contract (levels 13-16)	50	8	6
TOTAL	6784	16	422

Table 5.36 Capped leave for January 2008 to December 2008

	Total number of days of capped leave taken	Average number of days taken per employee	Average number of days per employee as at 31 December 2008	Number of employees who took capped leave	Total number of days available at 31 December 2008	Number of employees as at 31 December 2008
Highly skilled production (levels 6-8)	25	6	28	4	940	34
Highly skilled supervision (levels 9-12)	8	3	42	3	1 860	44
Senior management (levels 13-16)	5	2	61	3	1 897	31
TOTAL	38	4	43	10	4 697	109

Table 5.37 Leave payouts

Reason	Total amount (R'000)	Number of employees who had leave paid out	Average payment per employee (R)
Capped leave payouts on termination of service for 2008/2009	135	9	15 000
Current leave payout on termination of service for 2008/2009	29	1	29 000
TOTAL	164	10	16 400

Table 5.38 Steps taken to reduce the risk of occupational exposure

Unit/category of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
xxx	xxx
xxx	xxx

Table 5.39 Details of health promotion and HIV/AIDS programmes (indicate Yes/No and provide required information)

Question	Yes/No	Detail
1. Has the department designated a member of the SMS to implement the provisions contained in part VI E of chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes	Ms Palesa Mokalapa
2. Does the department have a dedicated unit or has it designated specific staff members to promote health and well-being among employees? If so, indicate the number of employees who are involved in this task and the annual budget available for this purpose.	Yes	Ms Tiny Nkonyane and Mr Sizwe Nkosi. Budget for HIV/AIDS workplace programme equals R 500 000.
3. Has the department introduced an employee assistance or health promotion programme for its employees? If so, indicate the key elements/services of the programme.	Yes	On-site counselling; ongoing marketing of services offered in terms of the employee assistance programme (EAP); conducting of health awareness programmes, such as nutrition, condom awareness, TB awareness, Candlelight Memorial Day, World AIDS Day; referring employees to the service provider for assistance; conducting a comprehensive health and disease management programme
4. Has the department established (a) committee(s) as contemplated in part VI E.5 (e) of chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) they represent.	Yes	Mr C Ramalepe, Mr SV Nkosi, Ms G Letsholo, Mr J Tlad Mr M Sethosa, Ms E de Koker, Ms Q Mathebula, Ms H Malema, Ms S Myburgh, Ms H Winkler, Ms I Etsebeth, Mr I Matubatsi
5. Has the department reviewed its employment policies and practices to ensure that these do not discriminate unfairly against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes	Job applicants are not subjected to any medical testing or screening for the purpose of excluding them from employment
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes	EAP staff conduct on-site counselling and refer infected employees to the EAP service provider. Department policy enforces active promotion of non-discrimination, as well as protection of HIV positive employees and employees perceived to be HIV positive from discrimination
7. Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results achieved.	Yes	EAP staff organise (VCT) services for employees twice a year: during Candlelight Memorial Day (in May) and World AIDS Day (in December)
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes	EAP staff compile and analyse reports on all internal EAP services and events, and also analyse the quarterly reports from the EAP service provider to evaluate the impact of EAP services on staff

Table 5.40 Collective agreements

Subject matter
None

Table 5.41 Misconduct and disciplinary hearings finalised

Outcome of disciplinary hearings
Guilty – demotion
Guilty – dismissal
Guilty – suspension without pay
Progressive discipline – final written warning
TOTAL

Table 5.42 Types of misconduct addressed and disciplinary hearings

Type of misconduct
Formal discipline – unbecoming behaviour, conflict of interest, dishonesty in the execution of duty
Formal discipline – gross misconduct, gross dereliction of duty
Formal discipline – theft or unauthorised possession of state property
Progressive discipline – using state vehicle for personal benefit
Progressive discipline – using departmental time for personal benefit (fruitless expenditure)
Progressive discipline – undermining the departmental transport policy
Progressive discipline – undermining superior's instructions (insubordination)
TOTAL

Table 5.43 Grievances lodged

Grievances addressed
Grading of post
Non-appointment to advertised post
Not shortlisted for advertised post
Job description, performance agreement, HRD policies
Performance assessment
Leave without pay
TOTAL

Table 5.44 Disputes Lodged

Number of disputes addressed
Upheld
Dismissed
TOTAL

Table 5.43 Grievances lodged

Grievances addressed
Grading of post
Non-appointment to advertised post
Not shortlisted for advertised post
Job description, performance agreement, HRD policies
Performance assessment
Leave without pay
TOTAL

Table 5.44 Disputes Lodged

Number of disputes addressed
Upheld
Dismissed
TOTAL

Table 5.45 Strike action

Strike action
Total number of person working days lost
Total cost of working days lost (R'000)
Amount recovered as a result of no work no pay policy (R'000)

Table 5.46 Precautionary suspensions

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

Table 5.47 Training needs identified

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	17	0	17
	Male	0	0	23	0	23
Professionals	Female	0	0	47	0	47
	Male	0	0	25	0	25
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	20	28	0	48
	Male	0	10	17	0	27
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	15	0	15
Elementary occupations	Female	0	0	13	0	13
	Male	0	0	0	0	0
Gender sub-totals	Female	0	20	105	0	125
	Male	0	10	80	0	90
TOTAL		0	30	185	0	215

Table 5.48 Training provided

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	24	0	24
	Male	0	0	56	0	56
Professionals	Female	0	0	62	0	62
	Male	0	0	56	0	56
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	70	0	70
	Male	0	0	9	0	9
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	5	0	5
	Male	0	0	2	0	2
Gender sub totals	Female	0	0	161	0	161
	Male	0	0	123	0	123
TOTAL		0	0	284	0	284

Table 5.49 Injury on duty

Nature of injury on duty	Number	Percentage of total
Required basic medical attention only	6	66,7
Temporary total disablement	3	33,3
Permanent disablement	0	0
Fatal	0	0
TOTAL	9	

Table 5.50 Report on consultant appointments using appropriated funds

Project title	Total number of consultants that worked on the project	Duration (work days)	Contract value (Rand)
Job Evaluation of funded posts	2		R70 000
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value (Rand)

Table 5.51 Analysis of consultant appointments using appropriated funds, in terms of HDIS

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

Table 5.52 Report on consultant appointments using donor funds

Project title	Total number of consultants that worked on the project	Duration (work days)	Donor and contract value (Rand)
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value (Rand)

Table 5.53 Analysis of consultant appointments using donor funds, in terms of HDIs

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

www.housing.gov.za

National Department of Housing
Govan Mbeki House 240 Walker Street, Sunnyside, 0002
Private Bag X644, Pretoria, 0001
Toll Free: 0800 1 46873 (1 HOUSE)

