

HOUSING

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housing

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FOREWORD

BY THE MINISTER OF HOUSING



The financial year 2007/8 has been one of challenges, but also of numerous achievements as the focus shifted increasingly on accelerating the delivery of housing.

Housing restores dignity to individuals, families and whole communities. The provision of adequate housing is a responsibility that cannot be shirked. Indeed, Section 26 of the Constitution states that “[e]veryone has the right to have access to adequate housing” and that the state must take all reasonable measures to ensure the progressive realisation of this right.

This sentiment lies at the heart of the Breaking New Ground (BNG) policy to establish decent, secure, sustainable and integrated human settlements, which is now the standard entrenched in all the provinces. During the year under review, around 250 000 families received homes and a number of other initiatives were launched, including making available affordable rental accommodation and securing banking sector involvement in providing mortgages in the affordable housing market.

During a number of interactions with housing beneficiaries and people waiting to receive homes, allegations were made of mismanagement and below-par workmanship. Investigations into the allegations led to the introduction of a number of anti-fraud measures. One of these, the Special Investigating Unit (SIU), does forensic data analyses of potentially irregular housing subsidy transactions. It is expected that SIU analyses will lead to at least 200 criminal prosecutions and the recovery of an estimated R6,82 million.

This Annual Report will give the public insight into the various activities pursued towards realising the Breaking New Ground (BNG) policy. It will discuss interactions with various community stakeholders, with international forums in the construction industry, and with the banking sector. As a result of these interactions, the banking sector has made available millions of rands for affordable mortgages. The report also covers changes to and tightening up of legislation, such as the Rental Housing Amendment Act, to protect citizens.

The Cape High Court has ruled in favour of our initiative to move the remaining residents of Joe Slovo informal settlement along Cape Town’s N2 highway to temporary homes pending the completion of their permanent homes. Although an appeal has been lodged with the Constitutional Court, hundreds of families have complied with the court order to relocate.

I want to express my gratitude to all stakeholders and communities for the manner in which they engaged. Feedback from housing beneficiaries and others in a number of communities has made it possible for the department to progress towards the goal of eradicating slums by 2014.

As the Constitution instructs us, access to adequate housing is a right that must be realised for all.

Lindiwe Sisulu, MP
Minister of Housing



PART I GENERAL INFORMATION



I. GENERAL INFORMATION

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

The year under review saw further progress in the implementation of the Comprehensive Plan for the Creation of Sustainable Human Settlements, known as the Breaking New Ground (BNG) policy. Most important in this regard was the completion of the restructuring process, which resulted in the establishment of a new organisational structure that is in line with the requirements of the BNG policy.

This structure will ensure that the department is able to provide provinces with the assistance they require to reduce the risk of further project blockages, the interventions necessary when such blockages occur, the monitoring of progress in the implementation of the various housing programmes, and more responsive policy development and maintenance to address any gaps identified in the housing development processes.

We envisage that the new organogram will be phased in over the next two years as allowed by the availability of the resources necessary for implementation, including space and finance.

A human resources plan was developed to make provision for the resources needed during the implementation process.

The year saw the implementation of further enhancements to the housing subsidy system and the national housing subsidy database. This was done to improve controls and enhance the ability

to reduce the risks identified in the performance audits undertaken by the office of the Auditor-General around abuse of the government housing policy.

The interfaces necessary to verify information contained in beneficiary applications against other databases, such as the population register database of the Department of Home Affairs, the Unemployment Insurance Fund, the pension fund, the deeds registry database and PERSAL, were developed.

Further engagements with SALGA and Social Development are under way to determine the most feasible and economic way of accessing information on potential beneficiary applications from various local government systems across the country and from the social pensions database.

Security around the system user control environment was enhanced. Appropriate capacity and training initiatives that cover the various user and control levels were implemented across the country.

These new developments and enhancements

- enable the accredited municipalities to capture application forms for new beneficiaries;
- mean that provinces have much more stringent measures in place around the management of system control overrides; and
- accommodate the Financial Linked Subsidy programme.

During the financial year the department provided eighteen priority municipalities and eight provincial housing departments with capacity enhancement

and support for accreditation-related purposes. All eighteen municipalities had previously applied for level one accreditation. Capacity and compliance audits to determine compliance with the criteria required for level one accreditation as specified in the Municipal Accreditation Framework, are underway in five municipalities.

Our oversight role in respect of housing institutions was enhanced in that the department completed and approved a monitoring framework as well as a shareholders compact framework for institutions. Efforts commenced to close off the People's Housing Process Trust with the intention of moving its functions to the department.

We embarked on the process of establishing the Housing Development Agency, which will culminate in the external winding-up of Thubelisha and Servcon. Progress was also made regarding the following issues:

- The National Home Builders' Registration Council's (NHBRC) code of conduct for builders and the builders' grading system were finalised and approved.
- A business case and bill for the Housing Development Agency (HDA) were developed. The bill was tabled before the Parliamentary Portfolio Committee.
- The National Housing Finance Corporation (NHFC) started with the implementation of the pilot retail project. The project is aimed at enabling applicants for low-income housing funding to do so direct, instead of through wholesale lenders.

Despite the challenges posed by the N2 pilot project, progress was made in finalising the Land Availability Agreement between the city and the province and subsequently between the province and Thubelisha, as well as finalising precinct-specific development agreements between the province and Thubelisha.

A study done on employer-assisted housing schemes confirmed the role played by the private sector in contributing to housing delivery. We need to ensure that the housing programme responds to and

complements the existing willingness of the private sector to contribute to addressing the housing backlog.

The year under review also saw the realignment of our monitoring and evaluation function and a focused unit was established. The unit will be guided by the monitoring and evaluation policy and implementation framework for the housing sector completed and approved during the year. This policy will also enable government to measure the results of the Comprehensive Plan for the Development of Sustainable Human Settlements.

The National Housing Code was revised to provide a manual for the implementation of the Comprehensive Plan, as well as more flexibility and greater discretion at project implementation level.

In order to expedite delivery and ensure better quality of the final product, this year saw critical decisions being taken, including the following:

- Detaching housing subsidies from beneficiary administration and linking it to the project. This ensured closer cooperation between government and public entities, particularly around financing developers and registration of projects with the NHBRC.
- Moving available funds, when the situation warrants it, from areas experiencing bottlenecks to areas where delivery will be achieved, thereby addressing under-expenditure by the sector.

During the year under review, the Department drove the implementation process of the Presidential proclamation on the eradication of fraud and corruption. Forty two cases involving public servants who had obtained RDP houses illegally and fraudulently, were finalised by courts around the country. Sentences included repaying the value of the houses acquired fraudulently. The department was also instrumental in obtaining 370 signed acknowledgements of debt from individuals found guilty by the courts, the total value of which came to R4,9 million. Of this amount, in excess of R900 000 was collected.

While the Department is still in the process of

appointing members of the Office of Disclosure, much was towards enforcing the Home Loans and Mortgage Disclosure Act. As a result the Home Loans and Mortgage Disclosure Regulations were implemented and the reporting format for receiving information from financial institutions was finalised.

Some of the issues raised by the Auditor-General during audits done in the previous financial year were addressed during the year under review, including:

- developing a disaster recovery plan for the department;
- developing a human resource plan for the department;
- developing a policy for the transversal debtors system to be implemented by the provinces;
- establishing an inclusive Service Level Agreement Committee with SITA;
- creating a development database for the transversal debtors system.

With SITA's assistance new software was installed after year end to facilitate the transfer of programmes from the development database to testing and production databases;

- developing a service level agreement between the NDOH and the provinces for support services related to the debtors system;
- ensuring that issues around fixed asset management are addressed.

The process is still underway, and at year end we had amended the asset

management policy; developed a procedures manual to ensure that, where relevant, assets are recorded at fair value; and reviewed the asset register to ensure proper classification of assets;

- issuing the Change Control Directive that guides change control procedures for the operational systems managed and maintained by the department. The Change Control

Directive is supported by standard operating procedures that stipulate every step of the change control process, including required inputs and outputs and responsibility.

The Department's allocation over the coming MTEF period is expected to increase from R10,6 billion in 2008/09 to R15,3 billion in 2010/11, which indicates an average growth rate of 44 % between 2008/09 and 2010/11. Although this is encouraging, the current economic conditions, characterised by inter alia constant increases in the inflation rate, will have an adverse impact on growth in budget allocation.

To Dr L Sisulu, MP, Minister of Housing

I have the honour of submitting the 2007/08 Annual Report of the National Department of Housing, in terms of the public Finance Management Act, 1999.



MR I W KOTSOANE
DIRECTOR-GENERAL

INFORMATION ON THE MINISTRY

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

During the period under review Minister L N Sisulu attended the following conferences to deliver papers:

- The Hague, The Netherlands, 30 September to 2 October 2007: Keynote address at UN World Habitat Day 2007
- Brazil, 25 to 29 November 2007: Third Conference of Cities

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

- Rome, 4 to 7 September 2007 (accompanied the Deputy President)
- Panama and Peru, 22 to 28 September 2007
- France, 24 to 29 February 2008
- Sri Lanka, 10 to 13 March 2008

During the period under review the following legislation was adopted by Parliament:

- Rental Housing Amendment Bill, 2007
- Housing Consumers' Protection Measures Amendment Bill, 2007

In addition to the international engagements mentioned above and the Minister's parliamentary activities, which included presentations on the budget vote debates to both the National Assembly and the National Council of Provinces (NCOP) on 8 and 13 June 2007 respectively, participation in and presentations to various media briefings, and answering questions in Parliament, the Minister's activities during the year under review included the following presentations:

- 7 June 2007: Speech at the unveiling of First National Bank's investment into the N2 Gateway Project
- 7 June 2007: Speech at the hand-over ceremony of houses at Delft
- 8 June 2007: Speech on the occasion of the budget vote 2007/8 for the Department of Housing (National Assembly)
- 11 June 2007: Remarks at the Soweto Initiative Dinner
- 13 June 2007: Speech on the occasion of the budget vote 2007/8 for the Department of Housing (NCOP)
- 22 June 2007: Speech at the launch of the Celebrity Youth House Build
- 12 July 2007: Speech at the re-launching and re-naming ceremony of the Eric Molobi Housing Innovation Hub
- 30 July 2007: Speech at the hand-over ceremony of the Aliwal Gardens Housing Project by Communicare
- 30 Aug 2007: Address to the Cape Town Press Club
- 31 Aug 2007: Keynote address at the Siyabalena National Launch
- 3 September 2007: Speech at the annual general meeting of the Organisation for Civic Rights
- 10 September 2007: Keynote speech at the Master Builders SA Congress 2007
- 18 October 2007: Debate on the introduction of the Social Housing Bill (National Assembly)
- 20 September 2007: Debate on the introduction of the Rental Housing Amendment Bill (National Assembly)
- 1 November 2007: Keynote speech at the JP Morgan Infrastructure Conference

- 12 November 2007: Guest speaker at the Silindiwe Consortium Gala Dinner
- 14 November 2007: Guest speaker at the 12th Webcof 2007 Business Person of the Year Award Ceremony
- 20 November 2007: Debate on the Rental Housing Amendment Bill (NCOP)
- 30 November 2007: Guest speaker at the Annual BBQ Awards 2007 Gala event
- 25 January 2008: Guest speaker at the ABSA Housing Awards Function

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

- 6 June 2007: Handover of 96 houses in Delft
- 7 June 2007: Launch of FNB show house at N2 Gateway
- 12 June 2007: Launch of New Rest houses in Gugulethu
- 23 June 2007: Launch of the Celebrity Youth Build at Olievenhoutbosch
- 12 July 2007: Launch of the Eric Molobi Innovation Hub
- 16 July 2007: Zanemvula signing ceremony
- 30 July 2007: Launch of the Aliwal Gardens Housing Project by Communicare
- 16 August 2007: Handover of the Women's House Build in New Rest, Gugulethu
- 22 to 23 October 2007: Ministry and Housing Portfolio Committee House Build at Flagstaff
- 8 November 2007: Launch of New Rest Men's House Build in New Rest, Gugulethu
- 5 November 2007: Ugie House Build
- 2 December 2007: Official hand-over of 1 000 houses in Delft
- 3 December 2007: Official hand-over of the New Rest Men's House Build, Gugulethu

In addition to the above, the Minister paid several site visits to projects implemented across the country since 1994 as part of the current housing programme, and also attended Imbizos in the various provinces. During these visits, she shared in the experiences of beneficiaries of the programme and could learn first hand of the appreciation for the positive impact the programme has had on their communities. She also shared in the experiences of communities where the programme has been implemented but who are still waiting to benefit from it, as well as the experiences of those who are assisting government by finding their own housing solutions.

The Minister received first-hand information from communities who experienced problems because of substandard houses owing to unscrupulous partners who had acted in collusion with government officials, and/or lapses by government officials. Some of these are now being investigated by task teams looking for corruption and maladministration in the implementation of the housing programme. These experiences provided the Minister with insight in her role in providing instructions for corrective and pro-active policy interventions to deal with the matters that were raised.

Imbizos were held in the following provinces:

- 21 to 22 July 2007: Presidential Imbizo, Western Cape
- 9 to 11 August 2007: Presidential Imbizo, Aliwal North, Eastern Cape
- 17 to 18 September 2007: People's Assembly, Eastern Cape
- 1 November 2007: NCOP Taking Parliament to the People, Western Cape

1.2.2 Public entities reporting to the Minister

The following Institutions reported to the Minister of Housing in 2007/08:

- Servcon Housing Solutions (Pty) Ltd
- National Urban Reconstruction and Housing Agency

- National Housing Finance Corporation
- Social Housing Foundation
- National Home Builders Registration Council
- Thubelisha Homes
- Rural Housing Loan Fund
- People's Housing Partnership Trust

1.3 VISION

A nation housed within sustainable human settlements with access to all necessary socioeconomic infrastructure.

1.4 MISSION

To establish and facilitate a process that is sustainable, which 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 for all South Africans. The state is compelled to take reasonable measures, within the scope of available resources, including the introduction of legislation, to work towards ensuring that all South Africans enjoy this right (section 26(2)). Legislation promulgated and implemented by the National Department of Housing falls squarely within this Constitutional imperative.

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

Section 26: Access to adequate housing is a basic human right. Government is to ensure the environment is conducive to the progressive realisation of this right. Schedule 4: National and Provincial Governments have concurrent legislative competence.

The Housing Act 1997 (Act 107 of 1997)

Requires the Minister of Housing to determine national housing policy and programmes, and also to negotiate funding for such programmes. The Bill of Rights (Chapter 2) of the Constitution recognises basic rights, including the right to adequate housing. Section 214 of the Constitution of South Africa 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 allocation formula.

1.5.1.2 Housing Act, 1997 (Act 107 of 1997)

The Department of Housing is carrying out its legislative imperative as set out in the Housing Act, 1997, through existing and future legislation and the Housing Code. Section 2 of the Housing Act, 1997 (Act No. 107 of 1997) compels all three spheres of government to give priority to the needs of the poor in the field of 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; and
- 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)

This Act was promulgated in 1998. It repeals the Prevention of Illegal Squatting Act, 1951 (Act 52 of 1951) and makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land, from their homes. The Act makes it an offence to evict without following the due process of law.

1.5.1.4 Housing Consumers Protection Measures Act, 1998 (Act 19 of 1998)

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

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

This Act repeals the Rent Control Act, 1976 (Act XX of 1976) and defines Government's responsibilities in respect of rental housing property. It creates mechanisms that 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 their functions, powers and duties. The duty of establishing rental housing tribunals resides with the provinces.

Social/rental housing will be informed by –

- the Social Housing Bill 29 of 2007, which is currently in parliament for enactment; and
- the Rental Housing Amendment Bill.

Both these pieces of legislation inform the framework and parameters within which the social/rental housing sector will operate.

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

The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions that serve the housing credit needs of communities. It requires financial institutions to disclose information required to identify possible discriminatory lending patterns. The Act was promulgated in 2000, but has not yet been enacted.

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

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

1.5.1.8 Public Finance Management Act 1999 (PFMA)

This Act regulates financial management in national government and in provincial governments. It ensures that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively. It is also aimed at providing 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.

1.5.1.9 Annual Division of Revenue Act (DORA)

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

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

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 by 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 Government's commitment to ensure the promotion and the protection of the rights and needs of youth.

1.5.2 Other mandates

1.5.2.1 National Youth Service White Paper (1998)

This White Paper aspires to provide long-term and effective means of reconstructing South African society whilst developing the abilities of young people through learning and nation building

The following programmes were developed and implemented in terms of the White Paper:

- 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 for Women in Housing
- Emerging Contractor Development Framework

1.5.2.2 Public Service Act Regulations

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

1.5.2.3 Collective agreements

Collective agreements are entered into by public service employees and the state as employer in respect of matters of mutual interest. Collective agreements result from the collective bargaining process and are implemented in terms of the DPSA directive.

Public Service White Paper, 1995; Transforming Public Service Delivery (Batho Pele) White Paper, 1997; Employment Equity Act, 1998 (Act XX of 1998); Promotion of Equality and Prevention of Unfair Discrimination Act, DATE (Act XX of DATE); Broad-Based Black Economic Empowerment Act, DATE (Act XX of DATE); national housing policies and ministerial pronouncements.

1.5.2.4 Public entities

The public entities that reported to the National Department of Housing during the year under review are discussed below.



Servcon Housing Solution, a private company, came into being as a result of the Record of Understanding between government and financial institutions or lenders in terms of which lenders pledged to re-enter the low income housing market. Servcon was established in terms of the Company's Act of 1973 and was mandated to provide exclusive management services with respect to the designated or ring-fenced portfolio comprising 33 306 properties in possession (PIPs) and non-performing loans (NPLs) with a value of R1,277 billion, for a period of eight years from 1 April 1998 to 31 March 2006. Following the disposal of the ring-fenced portfolio, Servcon undertook to assist provinces with the regularisation and normalisation programme, and signed service level agreements with the provinces to this effect.



Thubelisha Homes, on the other hand, is a section 21 company established as a "special purpose vehicle to facilitate the acquisition of rightsizing housing stock and the disposal of these houses to Servcon clients". With the changing housing delivery landscape, Thubelisha was requested to be act as a 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).



The National Home Builders Registration Council, a public entity established in terms of the Housing Consumer Protection Measures Act of 1998, 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 registration of homebuilders and enrolment of homes.

Three financial institutions provide housing finance solutions, namely the **National Housing Finance Corporation (NHFC)**, **(NURCHA)** and the **Rural Home Loan Fund (RHLF)**. It is envisaged that these institutions will continue to provide these services under the new housing plan.



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 to mobilise finance for housing, from sources outside the state, in partnership with the broadest range of organisations.



NURCHA was established as a section 21 company and as an RDP Presidential Lead Project in 1995 by agreement between the South African government and the Open Society Institute of New York. The primary function of NURCHA is to help release finance for low cost housing from financial institutions. In this regard, its main activity is to offer guarantees to banks to encourage them to make bridging finance loans available to developers in cases where banks are not prepared to approve such loans without additional security. In this way NURCHA facilitates the flow of finance from financial institutions into low-income housing development.



The **RHLF**, another section 21 company, was established to provide incremental loans to rural communities for housing purposes.



The **Social Housing Foundation** 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 in a range of forums in order to promote information and skills exchanges and cooperation, and to develop a policy framework for social housing.



The **People's Housing Partnership Trust (PHPT)** was established in 1997 to implement a capacity building programme to support the people's housing process. The main objective of the programme was to develop capacity at all levels of government, in non-governmental organisations (NGOs), community-based organisations (CBOs) and communities in support of the the people's housing process. During the year under review the PHPT was closed and its functions and staff were transferred to the Department.

PART 2 PROGRAMME PERFORMANCE

2. PROGRAMME PERFORMANCE

2.1 VOTED FUNDS

Appropriation	Main appropriation (R'000)	Adjusted appropriation (R'000)	Actual amount spent (R'000)	Over-/under-expenditure (R'000)
Appropriation	8 877 608	8 982 358	8 586 272	396 086
Responsible minister	Minister of Housing			
Administering department	Department of Housing			
Accounting officer	Director-General of Housing			

2.2 AIM OF THE VOTE

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

2.3 SUMMARY OF PROGRAMMES

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

Programme 1: Administration

Provides strategic leadership, administrative and management support services to the Department.

Programme 2: Housing Policy Research and Planning

Develops and manages sound national human settlements and housing policies supported by a responsive research agenda; monitors and assesses the implementation, performance and impact of national housing policies and programmes; and provides integrated business information.

Programme 3: Housing Implementation Support

Provides implementation and delivery support, builds capacity and liaises with stakeholders and government institutions for housing and human settlement programmes, and promotes and facilitates the flow of information between the department and its stakeholders.

Programme 4: Housing Development Finance

Funds national housing and human settlement development programmes in terms of the Housing Act (1997), provides financial, grant and housing institutions management, and manages all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).

2.4 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT IN 2007/08

2.4.1 Economic developments and their impact on and challenges to the housing sector

The constantly high oil price contributed to under-performance in many world economies. The monthly average of Brent crude oil increased from \$53,12 in February 2007 to \$102,40 a barrel at the beginning of 2008 (DME, 15 April 2008). In addition, global uncertainty raised questions over foreign capital inflow into South Africa. These trends are likely to continue and will weaken the Rand's ability to act as a buffer against imported inflation. As a result the rand is expected to remain volatile.

High oil prices and the weaker rand continued to impact negatively on petrol and diesel prices in South Africa. In April 2008 the price of 93 octane petrol reached R8,78 a litre, up from R5,75 in February 2007. Diesel increased from R5,42 a litre in February 2007 to R9,38 a litre in April 2008 (DME, 15 April 2008). These challenges, in combination with global food shortages, suggest that inflation in South Africa will remain high for a relatively long time.

2.4.2 Inflation movements

The CPIX targeted by the South African Reserve Bank for inflation targeting surged to 10,1 % in March 2008 from 4,9 % in February 2007. The trend in producer price inflation reversed the declining trend recorded between May and November 2007. In March 2008, producer price inflation reached 11,8 %, well above the peak of 11,3 % recorded in May 2007 (StatsSA, 2008). A further increase in inflation is expected due to the second-round effect of petrol price hikes. Increasing inflation increases the cost of living while reducing South Africans' ability to provide their own housing.

The building cost index rose by 15 % in 2007 and the forecast for the first quarter of 2008 was set at 21,9 % (BER, 2008). In response to the building cost increase, the subsidy for the poorest of the poor was adjusted from R38,865 to R43,506. This reduced the value of the subsidy for 2008/09 by about 10,6 %, which is the equivalent of 27 044 extra houses that could have been built if the subsidy amount remained unchanged. Failure to adjust the subsidy in the past led to established contractors leaving the subsidy market while those who remained were forced to use poor quality material in order to remain profitable. The end result was a poor standard of housing. A further increase in building costs will require an even higher adjustment in the housing subsidy, which will fuel inflation and interest rates.

2.4.3 Interest rates

Inflationary pressures of the last almost two years forced the South Africa Reserve Bank to constantly increase interest rates. As at the end of 2007/08 financial year, interest rates charged by commercial banks reached 15 %, up 10,5 % in May 2006 (SARB, 2008). This has seriously affected housing affordability. In the case of households with a gross income of R7 000 who bought houses in May 2006, the series of interest rates hikes reduced the affordability of their purchase by 24,2 % (R36,602) if the norm of 25 % and 20 years' payment period is applied. To retain the affordability levels of May 2006 when the interest rate was 10,5 %, government would have had to increase its R3,609 subsidy for this income group by 914 %.

The fixed interest rates of some commercial banks cannot provide a solution for those at the bottom of the income ladder because these banks' product is structured in such a way that it deprives the very poor, who need it most, from any benefit. This calls for negotiations with financial institutions in an attempt to get them to review their qualification criteria for this benefit.

2.4.4 The property market

During most of 2007, house prices in the affordable bond market continued to increase owing to a mismatch in demand and supply, which meant that many South Africans could not afford housing. Exorbitant house prices further widened the gap between the government subsidy market and the affordable bond market and created a barrier that prevented beneficiaries of the government subsidy market to cross into the affordable bond market even if they wished to do so.

The recent decline in sentiment in the housing property market is forcing house prices to decline, which gives rise to another danger, namely negative equity in the case of houses bought towards the end of 2007. In other words, as house prices decline some owners will find that their houses will be worth less than their bonds. This will be especially dangerous for those who find it difficult to service their bonds. With the economic outlook expected to deteriorate further, the above challenges are highly likely to confront ever more home owners.

2.4.5 Economic performance

Economic performance during 2007 was better than expected. Growth of 5,3 % growth was recorded in the fourth quarter of 2007 compared to 5,5 % recorded in 2006 (StatsSA, 2008). However, this performance is expected to decline owing to surging inflation and interest rates. A decline in economic performance will increase the already unacceptably high rate of unemployment in South Africa.

2.4.6 Employment

The latest Labour Force Survey of StatsSA shows that the country's unemployment rate decreased to 23 % in September 2007 from 25,5 % in September 2006 (StatsSA, 2008). However, this reported decline in unemployment happened at a very slow pace and failed to accommodate 3 425 000 discouraged work-seekers. If the discouraged work-seekers are taken into account, the unemployment rate actually increased to about 43 %. This implies that the unemployment rate in terms of the expanded definition has not declined. Furthermore, the high rate of unemployment is expected to remain unchanged for a longer period of time, which will continue to force millions of South Africans to rely on government for free housing and service provision. Continuation of the status quo where the economy fails to respond adequately to unemployment and the creation of resources for government, will impede on poverty alleviation as well as the eradication of informal settlements in the country.

2.5 OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT IN 2007/08

A turnaround plan to strategically align the National Department of Housing in terms of its internal capabilities and enablers was embarked upon to achieve optimum efficiency and impact in the realisation of the objectives of the Comprehensive Plan for the Creation of Integrated Human Settlements.

The organisational structure was finalised and populated at the macro-level. The process of obtaining additional funding to fully populate the structure was initiated.

Service delivery challenges at housing delivery points and the growing housing backlog necessitated alignment towards addressing capacity to provide hands-on support to provincial housing departments. This hands-on approach will reduce the distance between the three spheres of government by moving closer to points of delivery and will also enable the National Department of Housing to provide direct facilitation where appropriate.

After approval and implementation of the new organisational structure, the Department will embark on a process of clarifying interdependencies and cross-functional requirements. Performance indicators were confirmed to inform individual performance agreements.

A strategic and operational assessment was conducted with regard to the efficiency, controls, processes and people in the support services functions. Appropriate interventions were recommended and are planned for execution in the coming financial year.

The national strike had a negative impact in terms of concluding the restructuring process earlier. However, mechanisms were put in place to ensure that migration of staff into the new organogram and filling of funded vacant posts take place within the shortest time possible.

Given the upsizing of the Department in terms of personnel, a process of ensuring that the correct occupational classification codes are utilised was embarked upon. Phase I of the process is completed. The Department made plans to ensure that the necessary systems and capabilities in terms of equipment, office accommodation, security, furniture, etc. are in place to create an environment conducive to delivery. A process to ensure that managers inculcate a culture of delivery among employees was planned for execution in the next financial year.

2.6 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS IN 2007/08

In line with the constitutional imperative to ensure, on a progressive basis and within its available resources, that every South African has access to adequate housing, the Department of Housing aims to provide an adequate supply of affordable permanent residential structures, with secure tenure, which will provide the poor with access to basic services, privacy and protection, and to regulate the single residential property market.

After the approval of the comprehensive plan for the development of sustainable human settlements (Breaking New Ground) by cabinet in September 2004, the Department sought to refocus its strategic positioning. BNG builds on existing housing policy articulated in the 1994 White Paper on Housing, but shifts the strategic focus from simply ensuring the delivery of affordable housing to making sure that housing is delivered in settlements that are both sustainable and habitable. The branch's mandate in the built environment is not limited to low cost housing; it includes development and monitoring of policy, policy implementation through settlement patterns and measurement of the settlements' development against set national targets. Given the changing environment, beneficiary information, subsidy allocation and project life cycle, information management in the context of the broader governmental monitoring system integrates and aligns various sets of information for planning and costing purposes.

To complement information systems the branch, through the Chief Directorate Research, complements policy development as informed by international best practices as informed by the government macroeconomic policy and direction with special focus on products aimed at stimulating the economy.

Research looks at addressing the demand gap, energy efficiency housing, the ability of the market to delivery on the national housing targets and other viable partnerships that will promote speedy delivery of housing. The ultimate goal of the research is to arrive at societal integration as attested by the inclusionary housing policy.

The following are strategic priorities in the comprehensive plan:

- 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 are intergovernmental co-ordination for accelerated delivery, specifically in relation to the capacity of provinces and local government to deliver on national priorities, and the need for improved monitoring and evaluation capacity to administer the housing subsidy system. Efforts are advanced for 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 Revision of the National Housing Code

The housing code, revised to align housing policy and programmes with the Comprehensive Plan for Sustainable Human Settlement, was widely work-shopped before being edited and finalised, and is now ready for submission to the Minister for approval and launching. The revised code is much more flexible and provides guidelines to cater for specific local development conditions. The Integrated Residential Development Programme, in particular, promotes integrated development and sustainable human settlement and will facilitate the implementation of inclusionary housing requirements. The programme on the upgrading of informal settlements provides guidelines for upgrading settlements in pursuance of government's targets in this regard.

2.6.1.2 Revised Farm Worker/Occupier Housing Assistance Programme

As requested by the minister, the draft policy was presented to a national rural housing indaba for further consultation.

As a result of feedback the draft Farm Worker/Occupier Housing Assistance Programme was revised comprehensively during February 2008. The revised programme will be prioritised for submission to the Housing Policy Task Team, after which it will be submitted for final approval and inclusion in the Housing Code.

2.6.1.3 Energy efficiency in the housing sector

Good progress was made with the drafting of a background document to inform stakeholders on energy efficiency in the housing sector. The Department is also participating in a joint task team with the Department of Trade and Industry to come up with regulations for promoting energy efficiency in the housing sector.

2.6.1.4 Policy and programme for housing assistance to struggle veterans

An ad hoc request to attend to a programme in this regard led to MINMEC's approval of a policy to prioritise housing veterans. A database of veterans, as well as procedural and system arrangements for the effective implementation of the programme will be finalised in close cooperation with the SANDF.

2.6.1.5 Legislation

The following legislative changes were made during the year under review:

- The Housing Consumer Protection Measures Amendment Bill was signed by the president and promulgated as an Act in the Government Gazette.
- The Rental Housing Amendment Bill was approved by the NCOP and sent to the President's Office for signing.
- The Housing Development Agency Act was approved by Cabinet, certified by state law advisers and tabled in Parliament.

- The PIE Amendment Bill was tabled in Parliament.
- The Social Housing Bill was tabled in Parliament.
- The Regulations to the Home Loan and Mortgage Disclosure Act were promulgated in the Government Gazette.
- The Regulations to the Housing Consumers Protection Measures Bill were promulgated in the Government Gazette.

2.7 DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

2.7.1 Collection of departmental revenue

Departmental receipts were projected to amount to R508 000 in 2007/08. Receipts came largely from financial transactions such as the recovery of loans and advances, but also included interest earned and sales of publications and services produced by the Department. Funds received under sales of capital assets related to the selling of old vehicles. The increase in revenue above that which was anticipated related to increased activity around the recovery of debt from officials and higher than anticipated income from parking and commission on insurance.

The table below gives a breakdown of the sources of revenue.

	2004/05 Actual (R'000)	2005/06 Actual (R'000)	2006/07 Actual (R'000)	2007/08 Actual (R'000)	2007/08 Target (R'000)	Percentage deviation from target Actual
Tax revenue	–	–	–	–	–	–
Non-tax revenue	58	108	850	4	265	6 625
Sale of goods and services produced by department	57	100	111	4	222	5 550
Interest, dividends and rent on land	1	8	739		43	0
Sale of capital assets (capital revenue)					128	0
Financial transactions (recovery of loans and advances)	389	837	1 020	441	282	64
TOTAL	447	945	1 870	445	675	152

2.7.2 Departmental expenditure

TABLE 2.1 Departmental expenditure

Programme	Voted for 2007/08 (R'000)	Roll-overs and adjustments (R'000)	Virement (R'000)	Total voted (R'000)	Actual expenditure (R'000)	Variance
Programme 1: Administration	116 419	6 000	–	122 419	114 048	8 371
Programme 2: Housing Policy Research and Planning	89 979	-12 000	–	77 979	72 746	5 233
Programme 3: Housing- Implementation Support	147 926	-4 000	–	143 926	140 411	3 515
Programme 4: Housing Development Finance	8 523 284	114 750	–	8 638 034	8 259 067	378 967
Total	8 877 608	104 750	–	8 982 358	8 586 272	396 086

2.7.2.1 Programme 1: Administration

This programme showed the largest increase, from R38,1 million in 2003/04 to R76,2 million in 2006/07, which amounts to an average annual increase of 26 %. The increase was due mainly to new functions introduced to the programme in 2005/06, namely special investigations, internal audit and international relations, as well as the housing framework legislation unit that was moved to this programme from the former programme 2: Policy, Planning and Research. Spending should continue to grow over the MTEF period, rising to R171,6 million in 2009/10, which amounts to an average annual increase of 31,1 % from 2006/07. Goods and services are also set to rise significantly, from R38,9 million in 2006/07 to R104 million in 2009/10, which amounts to an average annual increase of 38,8 %. From 1 April 2006, costs for leases and accommodation charges were devolved from the Department of Public Works to individual departments and the National Department of Housing received the following amounts: R8 million in 2007/08, R8,6 million in 2008/09 and R9,5 million in 2009/10. Expenditure was adjusted for the previous financial years.

The under-spending of R8,3 million in programme 1 can mainly be attributed to the fact that furniture and audiovisual equipment purchased for the Department's office in Cape Town were only delivered after March 2008 and payment could therefore not be effected before year end. In addition, there was under-spending of funds earmarked for the purchase of a back-up generator for the Department's head office in Pretoria, but the supplier ran out of stock and since additional stock had to be imported it could not be delivered on time.

2.7.2.1 Programme 2: Housing Policy Research and Planning

Expenditure has been growing rapidly, increasing from R35,9 million in 2003/04 to R75,7 million in 2006/07, which amounts to an average annual increase of 28,3 per cent. The sharp increase between 2003/04 and 2005/06 reflects funding for the Research sub-programme, which was introduced in 2003/04, with resultant increases in expenditure on compensation of employees and goods and services. In the following year, the information management, programme monitoring, industry and market analysis units were added to this programme as part of the Department's restructuring process, to become the Research, Industry, Market Analysis and Best Practice sub-programme. This is reflected in the sharp increase from R75,7 million in 2006/07

to R171,2 million in 2009/10, representing an average annual growth rate of 31,3 %.

The under-spending of R5,2 million can be attributed to the moratorium on filling vacant posts earlier in the financial year, which resulted in those funded vacant posts only being filled late in the financial year resulting in under-spending on personnel and personnel related costs.

2.7.2.3 Programme 3: Housing Implementation Support

Expenditure in this programme declined from R125,3 million in 2003/04 to R80,9 million 2006/07. This decline resulted from the phasing out of the human settlement redevelopment programme in 2005/06 and the decreased expenditure on the first-time home buyers interest subsidy scheme, reflected under the Phasing Out of Subsidy Programmes sub-programme, which was also phased out in 2005/06. The human settlement redevelopment programme allocation was consolidated into the integrated housing and human settlement development conditional grant. This resulted in transfers decreasing markedly, from R115,9 million in 2004/05 to R24,7 million in 2005/06.

Expenditure declined to R80,9 million in 2006/07 and is set to rise to R234,8 million in 2009/10. This increase is mainly due to the project-based allocations for goods and services, particularly the allocation of additional amounts of R50 million in 2006/07 and R80 million in 2007/08 for the accreditation of municipalities. This additional allocation will result in increased expenditure on the goods and services item, from R65,5 million to R197,7 million in 2009/10, which amounts to an average annual increase 44,5 %.

The under-spending of R3,5 million can be attributed to the following: A payment of R7,5 million to Hlaniki/Wits Business School for the implementation of the councillor training programme which was rejected by Safety Net on 28 March 2008. Because of the limitations set on BAS, payments above R5 million are automatically changed to Credit Transfer (CT) payments and as a result the Department could process only R4,9 million of the full amount of R7,5m, leaving a balance of R2,5m to be paid in April 2008. The remaining amount can be attributed to the moratorium on the filling of posts earlier in the financial year which resulted in under-spending on personnel and personnel-related costs.

2.7.2.4 Programme 4: Housing Development Finance

The integrated housing and human settlement development grant is the Department's main cost driver and accounted for 96,7 % of the programme's expenditure in 2007/08 because it channeled funds for providing housing and integrated settlements. Expenditure on this sub-programme increased steadily, and is expected to grow even faster over the next three years because of the additional allocations to the grant. Expenditure is expected to increase from R8,3 billion in 2007/08 to R14,2 billion in 2010/11, which amounts to an average annual increase of 18,9 %.

In the medium term, additional allocations of R300 million for 2007/08, R1,1 billion for 2008/09 and R1,3 billion for 2009/10 were added to the integrated housing and human settlement development grant for specific projects and for the completion of blocked projects earmarked as priority projects.

With regard to contributions to housing institutions, transfer payments will increase from R257,1 million in 2007/08 to R346,0 million in 2010/11, which amounts to an average annual increase of 10,4 %. This increase includes additional funding for setting up the social housing regulatory authority to provide support to social housing institutions in managing affordable rental housing.

Activities in this programme involve mainly the conditional grant and transfer payments to the Department's public entities. The spending level of the programme was 96 % of allocated funds. This remaining 4 %, translates to under-spending of R378,9. With regard to public entities, funds allocated to the Social Housing Regulatory Authority were not spent. The Social Housing Bill has not been enacted, which prevented the establishment of the Social Housing Regulatory Authority (SHRA).

Of the Integrated Housing and Human Settlement Development Grant R600 million was retained from underperforming provincial governments – R500 million from the Eastern Cape and R100 million from the Free State. Of the retained funds R350 million was reallocated to Gauteng and R100 million to Northern Cape. .

2.7.3 Transfer payments

2.7.3.1 Transfers to public entities

TABLE 2.2 Transfers to public entities

Institution	Amount transferred (R'000)	Estimated expenditure (R'000)
NURCHA	18 994	18 994
Social Housing Regulator	–	–
Social Housing Foundation	15 124	15 124
Thubelisha Homes	43 047	43 047
TOTAL	77 165	77 165

2.7.4 Conditional grant and earmarked funds

2.7.4.1 General

The conditional grant was administered under programme 4 and funded the following key elements of housing administration and delivery:

- internal municipal infrastructure (e.g. roads, water and sewerage connections, street lighting and storm-water drainage) were largely financed from the conditional grant and this will continue to be the case until MIG funding becomes available for township development;
- planning for housing for beneficiaries who qualify for the consolidation subsidy or existing housing subsidies (escalated by inflation each year) and new subsidies such as the proposed social housing capital grant;
- institutional subsidies, including grant funding for setting up housing support centres, community development associations (for People's Housing Programme projects) and the proposed establishment grant for social housing institutions; and
- land acquisitions to accommodate well-located housing development in cases where the province and municipalities do not have land available, since legislation with regard to the establishment of the Housing Development Agency is still in the Parliamentary process.

2.7.4.2 Integrated Housing and Human Settlement Development Grant

This grant is used for the following purposes:

- to finance the implementation of national housing programmes for the creation of 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 social and economic amenities; and
- to finance progressive eradication of informal settlements in accordance with the goals set out.

The Integrated Housing and Human Settlement Development Grant had R8,237 billion available for distribution to the provinces during the 2007/08 financial year. Information on its audited and unaudited expenditure is given in table 2.3.

TABLE 2.3 Integrated Housing and Human Settlement Development Grant expenditure as at 31 March 2008

Provinces	2007/08									
	Adjusted Voted	Year to date (1 April 2007 - 31 March 2008)								
		Transferred Funds	Spent by Provinces	Variance Spent vs Transferred	Variance Spent vs Total Available	Transferred as % of voted funds	Spent as % of Total Available	Spent as % of Transferred Funds	Unspent as % of Transferred Funds	Unspent as % of Total Available
R'000	R'000	R'000	R'000	R'000						
Eastern Cape	509,477	509,477	397,248	112,229	112,229	100%	78%	78%	22%	22%
Free State	553,293	553,293	473,160	80,133	80,133	100%	86%	86%	14%	14%
Gauteng	2,547,223	2,547,223	2,612,566	-65,343	-65,343	100%	103%	103%	-3%	-3%
KwaZulu-Natal	1,310,555	1,310,555	1,311,040	-485	-485	100%	100%	100%	0%	0%
Limpopo	651,705	651,705	635,351	16,354	16,354	100%	97%	97%	3%	3%
Mpumalanga	526,286	526,286	652,190	-125,904	-125,904	100%	124%	124%	-24%	-24%
Northern Cape	230,976	230,976	231,021	-45	-45	100%	100%	100%	0%	0%
North West	871,806	871,806	785,510	86,296	86,296	100%	90%	90%	10%	10%
Western Cape	948,548	948,548	1,121,708	-173,160	-173,160	100%	118%	118%	-18%	-18%
Other	150,000									
Total	8,299,869	8,149,869	8,219,794	-69,925	80,075	98%	99%	101%	-1%	1%

Figure 2.1 Expenditure versus total available as at 31 March 2008

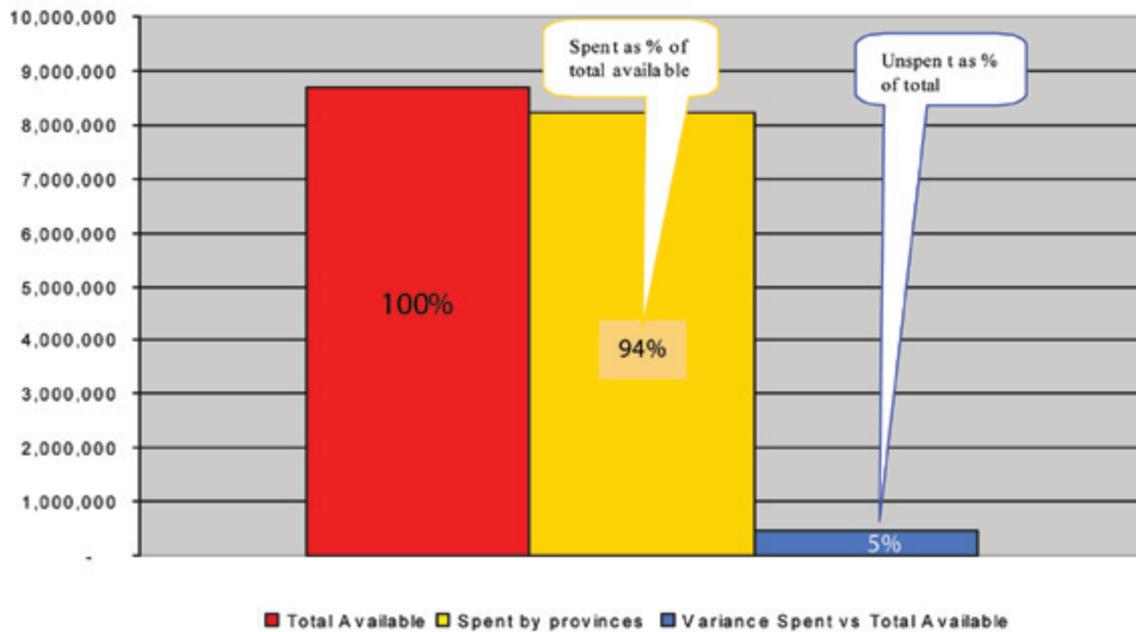
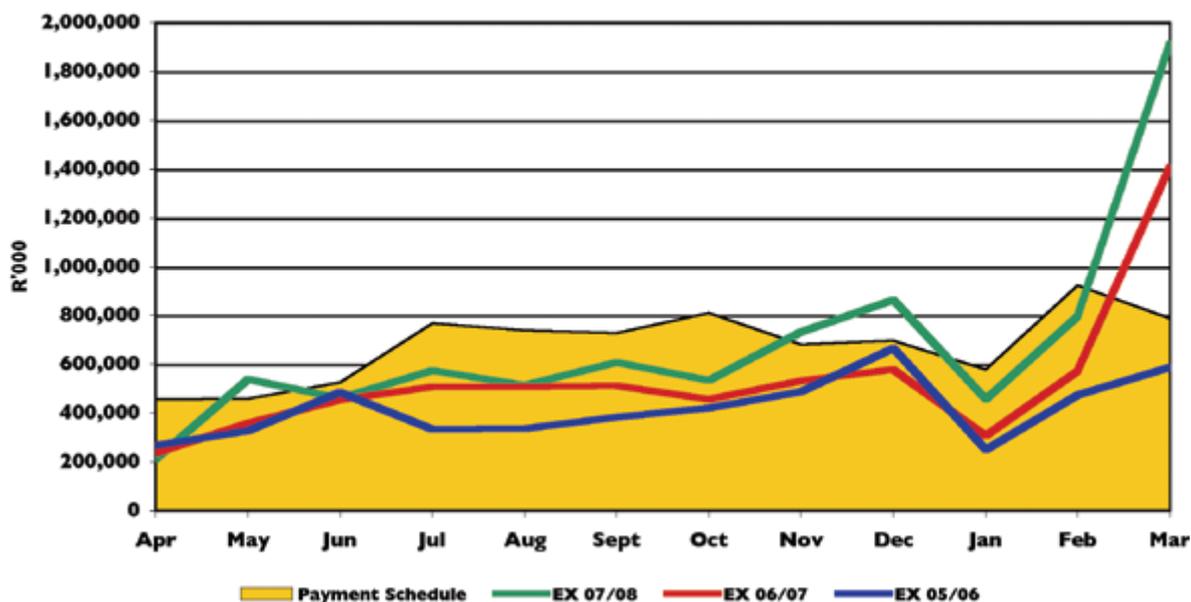


Figure 2.2 Spending trends over three years versus the payment schedule for 2007/08



It must be emphasised that most projects are multi-year projects. All provinces must finalise projects approved and projects under construction. In terms of the contract, projects must be completed and all funding must come from the Integrated Housing and Human Settlement Development Grant. It should also be noted that despite the abovementioned impediments the provinces do allocate, to a varying degree, funds to BNG and pilot projects, including presidential lead projects such as the N2 Gateway, Zanemvulu at Port Elizabeth, Ou Boks at Colesberg and Lerato Park in Kimberley.

Monthly transfers of funds to the provinces were done in terms of the Division of Revenue Act, 2007 and Practice Note No. 3 of 2007 issued by the National Treasury. The national transferring officer had to approve provincial business plans before funds were transferred to the provinces. The funds for 2007/08 were transferred on the scheduled dates as approved by the National Treasury. However, owing to the application of section 26, transfers were stopped in respect of the Eastern Cape and Free State and reallocated to Gauteng (R350 million) and Northern Cape (R100 million) in terms of section 27. The remaining R150 million was not allocated. In terms of the provisions of the PFMA reporting requirement, receiving provinces submitted reports to the Department on funds received, expenditure incurred and reasons for substantial deviations.

The Department retained no grant funds for administrative purposes.

TABLE 2.4 Integrated Housing and Human Settlement Development Grant Allocation detail for the 2007/08 financial year

Provinces	Voted (R'000)	Adjustment appropriations and transfers				Total available (R'000)
		National level		Provincial level		
		Additional appropriations (R'000)	Funds stopped (R'000)	Funds reallocated (R'000)	Appropriated (R'000)	
Eastern Cape	1 052 554	–	–500 000	–	–43 077	509 477
Free State	653 293	–	–100 000	–	215	553 508
Gauteng	2 197 223	–	–	350 000	–	2 547 223
KwaZulu-Natal	1 310 555	–	–	–	–	1 310 555
Limpopo	651 705	–	–	–	–	651 705
Mpumalanga	526 286	–	–	–	150 000	676 286
Northern Cape	130 976	–	–	100 000	60	231 036
North West	766 806	105 000	–	–	3 371	875 177
Western Cape	948 548	–	–	–	229 222	1 177 770
Other	–	–	–	150 000	–	150 000
Total	8 237 946	105 000	–600,000	600 000	339 791	8 682 737

Eastern Cape Provincial Treasury did not approve the roll-over from 2006/07 to 2007/08 of unspent allocated funds for 2006/07. Consequently, R43,077 million was retained by National Treasury.

This R43,077 million and the R150 million unspent by the Free State and Eastern Cape and not reallocated, account for the R193,077 million surrendered to National Treasury in terms of DORA. The applicable practice note was issued by the Accountant-General.

Subject to audit and bearing in mind the above the R8,1 billion grant allocation transferred to the provinces, R8,2 billion inclusive of roll-over funding was spent.

It must be emphasised that the Department monitored the rate of expenditure on a continuous basis. If under spending occurred the National Department communicated this information to the heads of provincial departments. To ensure optimal expenditure, continuous discussions on under-spending and housing delivery were held with senior management of all the provinces during the year under review. The National Department followed all the processes prescribed in DORA to ensure compliance. The National Department increased its visits to provincial and at the same time viewed projects selected by the Department to ensure that housing units were of a good quality and value for money.

Although the provinces generally improved their rate of spending, the National Department would like to see an even better rate of expenditure coupled with higher levels of delivery than the 5 % of the total amount available depicted in table 2.3.

With the exception of Gauteng and KwaZulu-Natal, the provinces did not spend their total allocation (inclusive of roll-over funds) for the year under review.

The reasons why provinces were unable to spend their total allocations differ because each province experienced unique problems. These are briefly summarised below.

- Lack of capacity at provincial and local authority level, for example technical skills and project management.
- Provinces repackage large projects into smaller units in order to utilise SMMEs. Larger construction companies are employed to provide SMMEs with skills training in, for example, project management, finance and physical construction skills.
- Construction work is not always up to standard, which results in progress payments being deferred until the necessary corrective actions have been taken.
- The shortage of suitable building materials, in particular cement and quality bricks, create delays.
- Beneficiaries who migrate or disappear cause delays in the transfer process. If a beneficiary has died, ownership must be decided in court.
- The cumbersome land release process of land located in tribal areas.

In view of capacity constraints at provincial level the National Department introduced the OPSCAP facility. The purpose of the facility is to enable a province, if a proven need exists and subject to approval by the accounting officer of the provincial department of housing in consultation with the member of the executive council,, to utilise the lesser amount based on 3 % of the total allocation or a maximum of R35 million, of the voted allocation to support approved national and provincial programmes and priorities.

The provinces are thus enabled to employ professional external assistance (e.g. building inspectors, engineers and contract managers) to assist in the housing delivery process and transfer skills to permanent personnel through mentorship. Most provinces used funds in the operational capital budget during the 2007/08 financial year; the aggregated provincial expenditure on this programme amounted to R133 409 000.

NOTE: The North West Provincial Treasury did not surrender the unspent Integrated Housing and Human Settlement Development Grant funds to the National Department to enable the Department to pay it over to the National Revenue Fund. The matter is being pursued by the NDoH.

During the course of the financial year some provinces did not submit their conditional grant report before the due date of the 15th of month following the month reported on.

The National Department issued reminder letters and tabled the matter during focused engagements with provinces aimed at ensuring compliance with the DORA. It was noted that the required information was in certain instances submitted on electronic versions before the set due date and in many occasions on a Monday following the weekend if the 15th was on a weekend. Provinces indicated the technical challenges in conforming to the due date where the 15th was on a weekend given the regulated processes to have the formal report approved by the delegated officials.

The National Department noted the electronic submissions for the purposes of developing the national report and pursue the necessary arrangement to ensure approval of report and duly submission to National Treasury and those electronic reports were reviewed against signed off report to ensure accuracy. It is noted that compliance is not achieved through submission of electronic versions of reports however the challenges raised by the provinces are noted and will be raised with the National Treasury with a view to obtain directive on the technicalities in ensuring compliance where the 15th falls on a weekend.

2.7.4.3 Asset management

Fixed assets are recorded at cost in the asset register on receipt of the item. Where the cost cannot be determined accurately, the fixed asset is stated at fair value or at RI where the fair value cannot be determined.

The Department budgeted for the acquisition of various assets, such as computer equipment, furniture and office equipment, and other machinery and equipment. This was done to enable the Department to meet its service delivery objectives efficiently and effectively by achieving the best possible match of assets with programme delivery strategies. The movements of fixed assets as per the asset register are disclosed in the financial statements under notes 37 and 38.

In order to ensure that better decisions are made in acquiring, leasing, safeguarding and monitoring the use of the required assets during their lifecycle, the Department forwarded to National Treasury a draft asset management strategy and the updated asset management policy documents for comment. The Department will continue to manage existing maintenance agreements with various service providers in respect of all specialised costly computer equipment.

2.8 PROGRAMME PERFORMANCE

2.8.1 Programme I: Administration

Purpose

To provide strategic leadership and administrative and management support services to the Department, as well as to manage intergovernmental and international relations and communication.

Measurable objective

Administration is a non-core but essential component of the Department of Housing. It renders support services to other line functions. The following are the strategic objectives of the programme for the MTEF period 2008/11:

- **Executive Support Services** provides Executive Support to the DG
- **Chief Directorate: Internal Audit, Risk Management and Special Investigations** co-ordinates the provision of internal auditing, risk management and special investigations services.
- **Human Resources** manages and provides human resources management, labour relations and payroll administration services
- **Corporate Support** provides corporate support to the Department to enhance the quality of work life.
- **Legal Services** provides the Department with sound legal services, advice and legal opinions that will expedite delivery.
- **Information Technology and Systems** provides information technology systems, services, infrastructure and business application support in the Department.
- **Strategic Management** manages overall organisational planning and supports the strategic management of the Department and its operations.
- **Transformation** develops and manages transformation programmes in compliance with national policy framework and international human rights instruments directives.
- **International Relations and 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 communications and public relations functions.
- **Housing Institutions and Fund Mobilisation** provides oversight management of housing institutions and monitors, analyses and identifies housing finance investment opportunities.
- **Management Information Services** manages the flow of housing data and information, and provides solution-driven management information services.

Sub-programme: Corporate Services

Service delivery objectives and indicators

Recent outputs

This was the first full year of service of the Chief Directorate: Legal Services that came into being when framework legislation was merged with legal services.

Generally and taking into account certain restraints, the Chief Directorate performed well during the year under review.

The Housing Consumer Protection Measures Amendment Bill was signed by the President and promulgated in the Government Gazette. The Rental Housing Amendment Bill was approved by the NCOP and sent to the President's Office for signature.

The Housing Development Agency Bill was approved by Cabinet and certified by the state legal advisers. The PIE Amendment Bill and Social Housing Bill were tabled in Parliament. The Regulations under the Home Loan and Mortgage Disclosure Act and the Regulations under the Housing Consumers Protection Measures Bill were promulgated in the Government Gazette.

The Department's restructuring process increased the number of positions and units in the sub-programme. However, capacity constraints are still prevalent due to the fact that some of the positions in critical areas could not be filled. As a result, some activities could not be fully implemented. The refurbishment of the first floor was completed successfully. The draft general record-keeping and management policy was forwarded to the National Archives and Records Services of South Africa for comment and input. Owing to understaffing at these institutions, the response or turn-around time was larger than envisaged.

The national electricity crisis (load shedding) obliged the sub-programme to initiate energy savings means, which had the potential to generate inadvertent consequences. On the whole, the sub-directorate service delivery unit managed to fulfil its strategic objectives without any major external involvement. However, in areas where there was a heavy dependency on external/third party support, activities could not be fully realised as planned.

The Chief Directorate: Human Resource Management successfully managed the completion of the departmental restructuring process. Further identification of critical posts was undertaken in line with the available financial resources.

Together with organised labour an enabling environment was created to support the departmental macro-strategic direction as captured in the new organisational structure. This included the development and approval of a migration plan to absorb all officials in the approved new structure of the Department. Employee performance agreements were redefined owing to the restructuring process.

The Chief Directorate embarked on an intensive advertising and recruitment campaign to ensure that all funded vacancies within the Department are filled within the financial year.

Plans were made to ensure that SMS members attended Project Khaedu project training as per Cabinet decision. A number of SMS members completed the first phase of the training and will be deployed at the coalface of delivery in the next year.

The annual training report and the workplace skills plan was developed and approved. This was submitted to the PSETA. Intern positions were advertised and filled in a normal recruitment process.

A draft HR plan was developed and consulted. The EE targets will be finalised in the new year. A draft recruitment and retention policy and the EPMDS (level 1–12) was completed and workshopped in the DBC.

The Chief Directorate: Information Technology and Systems (GITO) succeeded in migrating and aligning all information technology systems with the departmental structure. An electronic mail archiving solution was tested and implemented successfully so that it is now possible for archived electronic mails to be accessed remotely. Phase I of the information technology infrastructure upgrade was implemented at the Department's Cape Town Office. The network of Govan Mbeki House, which houses the Ministry and the Office of the Director-General, was re-cabled and re-designed.

This resulted in the increase of bandwidth connection to the department, increased connection speed and significant improvement in access to network resources from Cape Town. The data lines for Govan Mbeki House and Metropark Building were also upgraded from 1024 Kb to 1984 Kb.

The chief directorate's representative at the Government Information Technology Officers Council played a critical role in the project to upgrade the entire information technology infrastructure in the Department's Cape Town office.

The development of the Information Technology Security Awareness Programme/Strategy was completed with assistance from the identified external service provider. The proxy server was updated as part of the objective to improve information technology infrastructure and related services. This included the upgrading and successful implementation of new the GroupWise Mobile to increase capacity and speed, and activation of DNS services in the Department. The security firewall, intrusion detection and prevention systems could not be installed mainly because of budgetary constraints and also because an information and communication technology strategy had not been developed.

The development of an information and communication technology strategy for the Department was delayed until completion of the consultation process with the Departmental executives. The LAN/WAN and ICT maturity assessment was completed. The rest of the outstanding work was not completed and should continue in the new financial year. The development of the Disaster Recovery Plan and Strategy for the Information Technology environment was completed and a report is available. The Risk Assessment Report and the Business Impact Analysis Report were also finalised.

The development of at least one open source software system, namely the ITC Online Web-based System, was not realised mainly because the identified service provider failed to meet the agreed delivery date, which resulted in the State Information Technology Agency (SITA) pulling out of the project. The measurable objective to develop a comprehensive data retention strategy was delayed. This will be linked to the overall Information Communication and Technology Strategy and the successful development of the Disaster Recovery Plan and Strategy for the Information Technology Environment.

Service delivery achievements

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Legal Services	Develop a Housing Amendment Act	An approved Housing Amendment Act that aligns the Housing Act, 1997 to DORA and the PFMA, addresses problems encountered with section 10A and 10B of the Housing Act, and substitutes a clause on the provincial housing development regime	Debate Bill in Parliament	Although Bill had been completed by fourth quarter it required further amendment since accreditation had to be removed from Act. The Bill was therefore not debated in Parliament. Target not met
	Develop a Prevention of Illegal Eviction From and Unlawful Occupation Of Land (PIE) Amendment Act	An approved PIE Amendment Act	Introduce Bill in Parliament	Bill certified by state legal advisers and tabled in Parliament. Target met
	Develop a Housing Consumers Protection Measures Amendment Act	An approved Housing Consumers Protection Measures Amendment Act	Take Bill through Parliamentary process	President signed Act into law. Target met
	Develop a Rental Housing Amendment Act	An approved Rental Housing Amendment Act	Introduce Bill in Parliament	Awaiting President's signature. Target met
	Develop a Social Housing Act	An approved Social Housing Act.	Introduce Bill in Parliament.	Awaiting NCOP approval. Target met
	Develop a Housing Development Agency Act	An approved Housing Development Agency Act.	Introduce Bill in Parliament	Bill adopted by House of Assembly and submitted to NCOP for approval. Target met
	Develop amendments to Housing Consumers Protection Measures Regulations	Amended Regulations to support and assist the implementation of the Housing Consumers Protection Measures Act	Promulgate Regulations in the Government Gazette	Act promulgated. Regulations drafted and promulgated in Government Gazette. Target met.
	Develop Social Housing Regulations	Regulations to support and assist the implementation of the Social Housing Act	Finalise Social Housing Regulations	Awaiting promulgation of Act. Target not met.
	Develop Home Loan and Mortgage Disclosure (HLAMDA) Regulations	Regulations to support and assist the implementation of the Home Loan and Mortgage Disclosure Act, 2000	Promulgate Regulations in Government Gazette	Regulations promulgated in Government Gazette. Target met.

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Take steps to bring all housing-related legislation under the administration of National Department of Housing	Approved legislation formerly administered by Department of Land Affairs to be administered by Department of Housing	Submit draft Bill to Cabinet for in-principle approval Publish Bill in Government Gazette for public comment	Consultants working on finalising Bill in conjunction with Department of Land Affairs and NDoH. Work in progress. Target not met.
	Take over of Estate Agency Affairs by the DTI	Approved legislation formerly administered by Department to be administered by Department of Trade and Industry	Negotiations with DTI on takeover of the Acts from DoH	Negotiations in progress. Target not met.
	Assist Ministerial Committee with review of legislation and impediments to comprehensive plan	Report to Minister with recommendations	Assist Ministerial Committee in finalising its report to the Minister with recommendations.	Submit final report to Minister Work in progress. Target not met.
	Provide legal services to the department and Ministry Draft legal opinions	Completed (finalised) legal opinions.	100% of legal completed (finalised).	100% of legal opinions completed (finalised). Target met.
	Draft legal documents	Completed (finalised) legal documents.	100% of legal documents completed (finalised) legal documents.	100% of legal documents completed (finalised). Target met.
	Manage litigation	Compliance with litigation rules and procedures.	Compliance with litigation rules and procedures.	100% of litigation matters managed. Target met.
	Attend to housing related legal queries from public within two days	Response to housing related queries from public within two days.	Response to housing related queries from public within two days.	100% of legal queries attended to within two days. Target met.
	Draft quarterly reports on legal compliance	Submitted quarterly reports on legal compliance.	Submitted quarterly reports on legal compliance.	Not achieved owing to lack of capacity. Target not met.
	Conduct legal awareness sessions	Four legal awareness sessions per annum.	One legal awareness session.	Not achieved owing to lack of capacity. Target not met.
	100% of legal opinions completed	No legal opinions outstanding.	100% of legal opinions completed.	Target met.
	100% of legal documents finalised	No incomplete legal documents	100% of legal documents finalised	100% of legal documents finalised. Target met
	100% of litigation matters attended to	No litigation matters unattended to	Compliance with litigation rules and procedures	100% of litigation matters attended to. Target met

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Respond to housing related legal queries within two days	Response to housing related legal queries from public within two days	Response to housing related legal queries from public within two days	Housing related legal queries from public responded to within two days. Target met
	Submitted quarterly reports on compliance	Submitted quarterly reports on compliance	Submitted quarterly reports on compliance	Two quarterly reports on compliance submitted
	Four legal awareness sessions per annum	Four legal awareness sessions per annum	Four legal awareness sessions per annum	Two legal awareness sessions conducted
Corporate Support	Implemented security operational procedures	Approved operational security procedures Implemented energy saving strategy % of emergency awareness sessions conducted	Approved physical security plan Implemented energy saving strategy 100% of emergency awareness sessions conducted	Physical security plan approved and operationalised Target met Implementation of energy saving strategy in progress Target not met One session on emergency plan conducted. Target not met
	Coordinated protection services during major departmental events	% coordinated protection services during major departmental events	100% coordinated protection services during major departmental events	Coordinated protection services provided for Ministerial projects and all major departmental events. Target met.
	Vetted employees and service providers	% of employees and service providers vetted	Coordinate vetting of officials dealing with classified information	Vetting of officials dealing with classified information co-ordinated. Target met.
	Encrypted electronic communication data	Encrypted electronic communication data	Electronic communication data encrypted	Electronic communication data in sensitive offices encrypted
	Implemented document security measures	Implemented document security measures	Implement document security measures	Document security measures implemented Target met
	Investigation of security breaches reported	Number of reports on security breaches reported	100% investigation of security breaches reported	Two security breaches reported and investigated Target met
	Manage and coordinate maintenance of building facilities	Maintained building facilities	General building maintenance report	Building facilities maintained and service providers appointed to conduct planned and unplanned maintenance in terms of electrical, plumbing, pest control and garden services

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Maintained switchboard and reception services	Maintained switchboard and reception services	Switchboard and reception report	Switchboard was upgraded to accommodate additional staff members
	Maintained office accommodation in terms of PWD space norms	Maintained office accommodation in terms of PWD space norms	Report on relocations, occupation and/or vacation of offices	Minor refurbishments of some floors to create office space for additional staff members employed
	Developed records management system	Records management system to be used by all creators of records in the Department	Developed records management system	Approved records management development plan Approved terms of reference for records management project Approved records management tender Records management awareness/information sessions conducted
	Implement general record-keeping and records management policy	Approved general record keeping and records management policy	Approved general record-keeping and records management policy	Reviewed and revised draft general records management policy
Human Resources	Manage and coordinate recruitment and selection process	Filled critical funded posts	50% of all critical funded posts filled	90% of critical posts filled
	Manage development of responsive human resource policies in compliance with DPSA prescripts	Developed and implemented human resource policies	Developed policies on HR plan, recruitment and selection and the EPMDS	Draft HR plan developed and finalised except for EE targets Draft Recruitment and Retention Policy completed and workshopped in DBC Draft EPMDS (level 1-12) completed and workshopped in DBC
	Manage HR administration	Compliance with HR administration prescripts	Compliance with HR administration prescripts reported	Vacancy rates submitted to the Public Service Commission and DPSA One case finalised with regard to sick leave to be approved in terms of PILIR Transfers and promotion cases managed All employees placed in new structure All SMS performance agreements for 2007/8 submitted

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Manage and co-ordinate sound labour relations process in Department	Managed grievances in terms of prescripts	One grievance management report	Two enquiries re filling of posts dealt with. One formal grievance received and being processed. Three grievances submitted to Minister to be finalised
	Manage discipline in the work environment	Manage disciplinary cases in terms of prescripts	One disciplinary cases report	One disciplinary hearing for three officials finalised One appeal against sanction to be dealt with
	Manage and coordinate programmes aimed at human capital development in the Department	Plan and implement HR development initiatives	Approved Annual Training Report	Quarterly report for period 1 October '07 to 15 December '07 completed and submitted to PSETA. Training and Development Plan after transition commenced with Skills audit phases 2 and 3 in progress Generic training plan derived from PAs compiled
	Manage and coordinate programmes aimed at human capital development in the Department	Coordination of training programmes	Workplace skills approved by PSETA and implemented	The following courses and conferences were coordinated. Attendance ranged from level 2–14. <ul style="list-style-type: none"> • Project Khaedu training • Massified induction programme • ABET programme • SDF training • Competency profiling • Essential skills for executive PAs and secretaries
	Placement of interns in the Dept	Effective internship programme	Prescribed percentage (5%) of interns placed	Internship positions advertised. Awaiting applications in order to short-list, interview and appoint interns
	Manage organisational development processes	Job evaluation and job description	Implemented organisational structure	All critical funded positions on the new structure evaluated

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	HR Plan	Implemented HR Plan	Consultation on and approval of draft HR plan	Draft HR plan developed
	Manage and co-ordinate Performance Management Development System	Manage Performance Management and Development System	Staff appraised	All performance assessments for salary level 1–12 finalised. Performance assessments for SMS finalised
Information Technology and Systems	Improved network management and performance plan	Improved network management and performance plan	Improved network management and performance plan	50% of network management and performance plan finalised
	Develop and implement Information Communications and Technology Strategic plan	Approved Information Communications & Technology Strategic Plan	Approved Information and Communications Technology Strategic Plan	37% of the Information and Communications Technology Strategic Plan finalised
	Develop data retention solution	Operational data retention solution	Operational data retention solution	Implemented and operational e-mail archiving solution
	Developed Information Technology Disaster Recovery Plan	Approved Information Technology Disaster Recovery Plan	Approved Information Technology Disaster Recovery Plan	Approved Information Technology Disaster Recovery Plan
	Developed Information Technology Security Awareness Programme	Approved Information Technology Security Awareness Programme	Approved Information Technology Security Awareness Programme	Approved Information Technology Security Awareness Programme

Sub-programme: Chief of Operations

Service delivery objectives and indicators

Recent outputs

Chief Directorate: Executive Support

The Chief Directorate: Executive Support in the Office of the Director-General was created after the 2007 restructuring of the Department and comprises three directorates, namely Parliamentary Liaison, Administration and Logistical Support, and Secretariat Support.

The Chief Directorate is now sufficiently capacitated to deal effectively with the challenge of providing executive support to the Director-General. In this regard, the most pertinent achievements and challenges during the financial year 2007/8 are discussed below.

Directorate: Administration and Logistical Support

This Directorate provides administrative and logistical support to the Office of the Director-General.

- The Director-General's diary was managed sufficiently to ensure the office provides leadership to key priority programmes of the Department.
- Proper management and flow of information enabled the Department to participate in and contribute to policy-making structures of government to ensure integrated service delivery.
- The directorate continues to provide information on government processes and participate fully in all the clusters.

Directorate: Housing and Corporate Secretariat

The directorate provides secretariat and administrative support to the management structures, including the following:

- Housing MINMEC
- Technical Housing MINMEC
- Inter-sectoral task teams
- Minister and members of the Strategic Management Committee (MINSTRAT)
- Strategic Management Committee (STRATMAN)
- Departmental Standing Tender Committee
- Audit Committee
- Ad hoc Committees

The directorate also coordinates and synchronises the activities of intergovernmental relations structures. In addition, the directorate disseminated and monitored the implementation of decisions of various structures, as listed in the table below.

Committee	Number of meetings arranged and held
Housing MINMEC	5
Technical Housing MINMEC	7
Inter-sectoral task teams	26
Strategic Management Committee	11
Audit Committee	7
Minister and Strategic Management Committee	2
Departmental Standing Tender Committee	11
Ad hoc committees	43
Total	112

To execute its responsibilities effectively, the directorate developed an annual schedule of meetings that included the Parliamentary Programme. This facilitated the programming and actioning activities of participants in various structures of policy and decision-making. The schedule is updated regularly, as and when required. A database of decisions and membership of various committees was developed and maintained.

Directorate: Parliamentary and Ministerial Liaison

This Directorate is responsible for the provision of Parliamentary and Cabinet Support to the Director-General.

Interaction was positive between the NDoH and the Parliamentary Committees, both in the National Council of Provinces and the National Assembly. Activities in this regard included briefings on various issues pertaining to housing.

Parliamentary Questions received from Members of Parliament were processed and responded to. Systems are being put in place to manage the flow of Parliamentary information to the Department effectively.

Chief Directorate: Strategic Management

During the period under review the following were notable achievements by the Chief Directorate: Strategic Management:

- The Chief Directorate was able to submit timeously the Departmental consolidated annual and quarterly performance reports for the financial year as well as a corresponding performance evaluation reports to the Director-General for discussion with the Minister. The purpose of the performance evaluation reports is to provide a progress report on the implementation of approved Departmental strategic and operational plans as captured in the Estimates of National Expenditure 2007/08, to report on Departmental programmes' performance and activities, and to highlight to the Accounting Officer challenges and issues requiring urgent and ongoing attention as far as performance of the Department is concerned. The finalised draft Annual Report was submitted to the Chief Directorate: Communication Services for professional editing, printing and submission to the Offices of the Accounting Officer and the Executing Authority in June 2007 and for tabling in Parliament.
- For guidance during the planning and performance monitoring review processes within the Department and also as an internal control measure, the chief directorate, with help from the Chief Directorate: Sector Information Management, designed planning and performance monitoring portals to be used to avoid unauthorised changes to plans, especially shifting of quarterly targets during the financial year.
- The chief directorate revised and published, in the Departmental internal communication leaflet, guidelines for Departmental quarterly performance reporting.
- The chief directorate reviewed and updated the existing approved Departmental strategic planning and monitoring policies, framework and tools to guide Departmental and provincial planning and performance monitoring processes. These were distributed within the Department for use by staff.
- The chief directorate conducted and facilitated mid-term strategic planning and quarterly performance review sessions with all branches of the Department.
- The chief directorate developed an action plan to address the 2006/07 audit findings and queries regarding performance information for the Office of the Auditor-General's 2007/08 performance audit process.
- The chief directorate developed and distributed an annual calendar of submission dates for departmental strategic and annual performance plans as well as for departmental performance reports for the rest of the financial year 2008/09. The calendar was submitted to the Chief Directorate: Communication Services for publication.
- The chief directorate compiled and submitted a comprehensive handover report to the new chief of operations, which detailed notable achievements, challenges and issues requiring urgent and ongoing attention, both for the Department as a whole and for the Chief Directorate in particular.

Chief Directorate: Transformation

During the period under review the following were notable achievements of the Chief Directorate:

Transformation.

- Implemented the Employment Equity Plan
- Compiled and submitted the annual Employment Equity Report to the Department of Labour
- Established a new Employment Equity Forum
- Approved terms of reference for the development of service delivery standards and a Service Delivery Charter
- Reviewed Departmental operational plans
- Did presentations to the provinces on the Batho Pele principles at the Call Centre Agents' Conference
- Coordinated and mobilised volunteers to participate in the Women's and Men's Build projects
- Facilitated capacity building in youth development during the Men's Build project
- Participated successfully in government's annual calendar of events
- Coordinated and implemented the Employee Health and Wellness Programme (EHWP) and implemented the HIV/AIDS Strategic Plan.

Chief Directorate: Internal Audit, Risk Management and Special Investigations

During the period under review the following were notable achievements by the Chief Directorate Internal Audit, Risk Management and Special Investigations.

During the Departmental restructuring process the internal audit unit and the special investigations unit were merged to form a chief directorate. A new Directorate for Risk Management was incorporated into this chief directorate to form the Chief Directorate: Internal Audit, Risk Management and Special Investigations.

Directorate: Internal Audit

The Internal Audit Unit's main responsibility is to provide independent consulting and assurance services to management and the audit committee on the efficiency, effectiveness and adequacy of internal controls, risk management and governance processes. The unit adopted a risk-based auditing approach and methodology, an Internal Audit Charter, a three-year internal audit strategic plan and an annual plan that drive the unit's operations, to provide assurance to the Accounting Officer on the adequacy and effectiveness of the control systems that ensure that the Department effectively achieves its strategic objectives.

Striving to improve the quality of its functions, the Internal Audit unit underwent an external quality assurance review/assessment, as required by the Institute of Internal Auditors (IIA). The review was conducted by a qualified, independent external review team appointed by National Treasury. The unit obtained a "partially conformance" rating which means that deficiencies in practice and deviations from standards were noted, but that these deficiencies and deviations did not preclude the unit from performing its responsibilities in an acceptable manner.

The unit facilitated training and awareness workshops on risk management for all section heads in the Department. This was done to enhance management's understanding of their role and responsibilities with regard to risk management and in the development of the risk management framework and plan.

The unit managed to execute over 80 % of its in-house (current staff) planned activities and objectives. The unit managed to migrate from a manual system of preparing working papers to an electronic working paper tool.

The term of the previous audit committee ended in October 2007 and the unit facilitated the process for

the appointment of a new audit committee, which was appointed in fourth quarter of the financial year.

Challenges

The unit faced the following challenges during the year under review:

- Delays in the appointment of a service provider to assist the unit in the execution of the operational internal audit plan, which resulted in plans to outsource non-executed projects.
- Delays in the completion and successful, timeous conclusion of audits owing to critical information and documents (management comments) not being available in time.
- Delays in the approval of the strategic and operational internal audit plan for the year under review.

Directorate: Risk Management

The Directorate: Risk Management was created during the fourth quarter of the year under review. Notable achievements by this unit are listed below.

- * Risk management training and awareness workshops were conducted in the Department.
- * The Director: Risk Management was appointed.
- * The composition of the risk management committee was reviewed.
- * The terms of reference for the risk management committee were reviewed.
- * A risk management policy was developed.
- * A risk management framework was developed.
- * The strategic risk register was updated.

Directorate: Special Investigations

The Special Investigations Unit develops and manages the implementation of special investigation strategies, policies and plans. Its notable achievements during the year under review are listed below.

- **Monitoring housing investigations nationally and submitting reports to the Department**

The Department continued to monitor and drive the investigation of corrupt activities identified in the Auditor-General's Performance Audit Report of 2006. The process was spearheaded by the Joint Steering Committee (JSC) and was intended to encourage the provincial housing departments to embark on the investigation of potentially irregular subsidy transactions identified also identified in report. As a result, 648 case dockets were opened by police in the Eastern Cape alone. Six hundred and nine of these dockets are being investigated by the SAPS in the Eastern Cape. Twelve cases involving government officials were finalised by the courts and 71 cases are ready for arrests and appearance in courts in the Eastern Cape.

- **National Housing Anti-Corruption Forum**

The forum continued to serve as a platform for engagement, coordination and cooperation between the National Department of Housing and provincial housing departments on issues of housing fraud and corruption. Many more provincial housing departments established internal investigative capacity to deal with issues of fraud and corruption.

- **Approved whistle-blowing policy**

The purpose of this policy is to provide a means by which employees are able to raise concerns about persons in the Department if they have reasonable suspicion of fraud and corruption.

- **Corruption and ethical awareness sessions in the Department of Housing**

Corruption and ethical Fraud and awareness sessions remained continue to be a platform for the Department to educate new employees on issues of corruption and ethics. Various sessions were conducted within the Department and in the provinces.

- **General housing-related complaints**

The Department continued to receive an increasing number of complaints (unrelated to fraud and corruption)

from private bond-holders who were evicted from their houses following foreclosure by banking institutions. However, in the majority of cases, the complainants approached the Department after court orders had been issued, at which stage the Department can no longer assist them. These complaints are received via the Office of the Minister, the Office of the Director-General, the office of advisors, Communication Services and walk-ins.

- **Corruption database**

Corruption cases are registered in a database and progress is monitored monthly.

- **Implementation of Proclamation R7 of 2007**

During the year under review, the Department drove the implementation of the Presidential Proclamation on Eradication of Fraud and Corruption through a strategic partnership with the Special Investigating Unit (SIU).

The process prioritised investigation of non-qualifying government officials through an in-depth forensic analysis by comparing the PERSAL database with the Housing Subsidy System. The Department identified 31 259 potentially irregular housing subsidies awarded to government employees nationally. Forty two cases involving public servants who had obtained RDP houses illegally and fraudulently were finalised by courts around the country, and sentences included the repayment of the value of the house(s). Furthermore, 370 acknowledgements of debt were signed, the total value of which was approximately R5 million. Of this amount nearly R1 million has been collected. Approximately 200 cases will be placed on the court roll in the new financial year and many more acknowledgements of debt will be signed. It is anticipated that the prosecution of fraudulent beneficiaries will act as a significant deterrent and promote a culture of legal obedience.

- **Operational case management system**

A case management system was established to keep a record of all the reported cases and how they have been resolved.

- **Fraud prevention strategy and plan**

A fraud prevention plan has been developed and is currently going through the approval process. Owing to the lengthiness of this process, parts of the plan were implemented, including awareness campaigns, the anti-corruption forum and the case management system.

- **Reports on corruption and research analysis**

There are reports in respect of corruption cases at provincial level. The HSS was also analysed and compared with PERSAL to identify gaps that opened the way for corruption. As a result of the analysis, the Department identified a significant number of potentially irregular housing subsidy transactions awarded to civil servants.

- **Challenges**

Capacity constraints continue to be a challenge and resulted in some outputs being achieved only partially. Recruitment processes are underway to address the problem.

Chief Directorate: Housing Institutions and Fund Mobilisation

Business plans for all housing institutions reporting to the Minister of Housing were approved by the Minister. Performance of housing institutions in terms of the approved business plans was monitored on a quarterly basis. Four quarterly reports and an annual performance report were completed.

During the year under review the chief directorate also conducted mid-term review sessions with the chief executives of all the housing institutions. Draft business plans for 2008/09 were presented to the officials of the Department. The approved governance monitoring framework was implemented. The approved shareholders compact is undergoing a legal review by the housing institutions and the Department.

In line with the rationalisation of housing institutions, the Department embarked on the process of closing the People's Housing Partnership Trust (PHPT) and transferred its functions to the Department in line with BNG. Furthermore, the chief directorate engaged with the process of review of development finance

institutions spearheaded by the National Treasury. The process of establishing the Housing Development Agency was initiated with the development of the Business Case and formal consultations with DPSA and Treasury. Upon establishment of the Housing Development Agency, Thubelisha and Servcon will be closed down and their functions moved to the new agency. The Social Housing Foundation will close down as soon as the Social Housing Registration Authority has been established. Some of the functions of the foundation will be transferred to the Department.

The Code of Conduct for the National Home Builders Registration Council and the grading system were approved by the Minister and gazetted.

In its quest to strengthen its oversight of housing institutions, the chief directorate addressed two policy gaps through the development of the monitoring framework and the shareholders compact framework for institutions. Both frameworks were approved by the Minister.

During the year under review, R18 993 333 was transferred to NURCHA, thereby fulfilling the equal share capitalisation agreement between government and the Soros Economic Development Fund (SEDF). In addition, an aggregate amount of R58 171 667 was transferred to both Thubelisha Homes and the Social Housing Foundation for the purpose of overhead recovery.

An investigation was conducted into the state of employer-assisted housing schemes and the final report presented to and approved by strategic management on 31 March 2008. The findings of the report will be used as a basis to inform public policy on how to effectively enhance the flow of funds from the private sector towards low-income housing and hence promote employer-assisted housing as a delivery channel for affordable housing.

The chief directorate was intimately involved in a workgroup tasked with developing the concept of a low-income housing tax credit (LIHTC).

In addition, a presentation/discussion on the development of a strategy on secondary (resale) markets was organised and presented.

Chief Directorate: Communication Services

The service delivery objectives and indicators of the Chief Directorate for the year under review included innovative and pro-active media relations and research, production and public information, internal communications and stakeholder relations strategies aimed at achieving the following:

- Educating and creating awareness among all relevant target audiences, including beneficiaries, on access to housing and instruments available. Several sessions and interventions were targeted at the public and all partners in the housing delivery chain. Transformational policies in the housing market were promoted during the sessions and interventions.
- Enhancing the Department's branding through a revitalised employee awareness programme. Communication stakeholders were engaged towards an integrated programme of communication on housing.

The Minister and the Department received overall positive media profiling owing to the enhanced efforts of the communication programme. In line with its deliverables, the chief directorate participated in all programmes and events aimed at creating awareness of the mandate, deliverables and achievements of the Department during the year under review.

The Directorate: Public Information and Marketing's effectiveness levels continued to increase despite the capacity gaps caused by low staff numbers and the deployment of the Deputy Director: Public Information to the N2 Gateway Project. This deployment enhanced the impact of the directorate and came about as a result of the deliberate strategy of focusing on specific core functions, such as consumer awareness, to broaden access to

information by the primary target audiences nationally.

The ability to focus on the core functions of public information awareness was promoted by the removal of the internal communication functions from the unit at the end of the second quarter and creating a separate Directorate: Corporate Communication.

The primary responsibilities of the sub-directorates include the development of strategies for optimal communication to beneficiaries, the general public and internal audiences through a programme of planned communication messages, vehicles and events specifically designed to service these target audiences.

Directorate: Public Information and Marketing

The strategies and activities of this directorate enhanced awareness of housing issues among the general public and beneficiaries through various campaigns undertaken during the year under review.

Among the notable achievements for the year 2007/8 was the A re ageng Mzansi campaign that was rolled out to millions of South Africans on 29 national and community radio stations across the country. This media campaign has now been enhanced and extended into industrial theatre and a supporting publication. To date, the industrial theatre has reached more than 20 000 people at live performance in four provinces: Eastern Cape, Free State, Limpopo and Mpumalanga. Roll-out to the other five provinces will commence during 2008/9 financial year. The success of the campaign thus far led the unit to adopt the concept as the basic platform for all public information and marketing campaigns in the short to medium term.

The directorate also participated in all national imbizo events attended by the President and Minister, as well as NCOP people's parliaments. These activities will continue in the financial year 2008/9.

The housing brand and products were showcased at a number of sector and general public events, including the annual Pretoria and Rand Easter Shows where the Department was partnered by housing institutions such as the NHBRC and NHFC. During these exhibitions the primary intent was to interact with all sectors of the public interested in state-provided housing via interactive displays of housing products, the on-site ability to verify waiting list status on the HSS and dramatisation of housing issues.

To this end the housing pavilion at the Rand Show contained life-size housing typology models of the 40 square metre BNG unit, the 75 square metre affordable unit, and the 35 sq social housing unit. Both the product target market and those who fall outside the qualification criteria showed great enthusiasm for and interest in the pavilion.

In addition, the staging of the A re ageng Mzansi industrial theatre at the show helped spread awareness of housing issues to audiences beyond the primary target market.

During Departmental stakeholder relations events such as the Rural Housing Indaba and the Minister's Build in the Eastern Cape, the unit was instrumental in leading the national public information and marketing activities in conjunction with the province.

Publications and advertorials to promote housing issues were developed and updated to enhance awareness among all stakeholders. Some of these are available in all 11 languages, which surpasses the national language framework requirement of six languages. Among the external publications that featured housing, are Umsobomvu, Achiever, SA Alive with Possibility, Pan African Parliament, Delivery and Stokvel Times.

Television advertising of the 2,3 million houses completed continued during the period under review and elicited very positive feedback.

The unit also project-managed a sponsored Celebrity Youth Build in association with a number of local personalities at Olievenhoutbosch, which attracted a lot of attention from a very different audience to the cause of housing.

The reach of housing messages was maximised through a multi-pronged distribution strategy that included own distribution at exhibitions, indabas and imbizos, as well as at provincial information centres of the

government communication information system's (GCIS) Thabong Centre, by making available profiles published in various publications aimed at targeted beneficiary groups.

Internal Communication formed part of the directorate until the creation of the new Directorate: Corporate Communication at the end of the second quarter. During this time the unit achieved its specified targets, including the production of the internal newsletter aimed at creating sector knowledgeable officials, promoting the appropriate use of the corporate brand internally, and interaction between the Office of the Director-General and staff via quarterly staff meetings. The unit's desk-top publishing facility added great value by providing in-house design and layout services that lead to substantial savings in production costs.

Internal Communication

At the beginning of November 2007, when the Departmental structure was finalised, the former Sub-Directorate: Internal Communication was upgraded to become the Directorate: Corporate Communication. It consists of three sub-directorates: Internal Communication, Corporate Event Management and Production. Before restructuring, the unit formed part of the Directorate: Public Information and Production.

The biggest challenge faced by the Directorate: Corporate Communication comes from the Sub-directorate: Event Management whose functions were incorporated into the directorate without an accompanying budget allocation. Event Management uses most of the directorate's budget and has capacity constraints. The lateral move of the Deputy Director: Event Management to the Ministry created a gap in capacity in the sub-directorate. The sub-directorates Production and Internal Communication also have capacity constraints, but these will be resolved when advertised positions are filled.

Improved delivery is reflected in the increased number of coordinated and integrated departmental activities and objectives achieved by all sub-directorates.

The internal bi-monthly newsletter continued to add value by keeping employees informed of current developments in the NDoH.

The directorate enhanced its poster campaigns and was responsible for the publication of an occasional two-page *News Flash* that keeps employees abreast of important organisational developments.

The directorate is in the process of appointing staff according to the approved departmental structure. Current posts will be filled to close the capacity gaps.

The budget used for the directorate came from the former Directorate: Public Information and Production, and was insufficient to cater for the whole directorate. Most of the budget was consumed by the Sub-directorate: Event Management.

Within the former structure, the Sub-directorate: Internal Communication's DTP unit produced the *Housing Complaints Procedure Manual* for the Office of Disclosure, the Areageng Mzansi promotional and marketing posters, as well as roll-ups and banners that were used in various provinces during roadshows. The Production Unit is a support unit servicing the whole Department and the Ministry. It produced numerous publications (e.g. Annual Report, Strategic Departmental Plan, brochures, pamphlets, monthly newsletter), billboards, banners, roll-ups, posters, newspaper and magazine advertisements, website look and design, annual calendars (wall and desk top), stationary (letterheads, business cards, fax forms, etc.), invitation and sympathy cards, programmes and menus. The unit also managed and maintained the photo library.

As a support function, efforts were made to highlight issues of fraud and corruption and the impact these have on the housing demand database. A similar activity was initiated for internal staff.

Ongoing quarterly staff meetings and interaction with top management was improved and sustained. These included ongoing internal communication with the Director-General on issues affecting members of staff and progress on departmental performance for the quarter ahead.

Corporate identity and employee understanding of the utilisation of the departmental corporate ID in the

broader governmental branding was enhanced.

The impact of the client information desk continued to grow as walk-in beneficiary enquiries were referred appropriately to the provinces and/or local government. The referrals were based on a database developed by the officers in charge.

The call centre continued to source information and publications from other departments, especially within the Social and Economic Cluster, whose activities have an impact on housing matters.

The following communication tools were developed to enhance internal communication vehicles used to spread housing information to the entire staff:

- corporate diary
- monthly upcoming activities/events schedule
- daily displays of housing activities and programmes to create awareness among staff.

Directorate: Media Services

The main responsibility of the Directorate: Media Services is to provide a comprehensive media service to the Department and its implementation partners and stakeholders. The directorate facilitates communication between the Department and its stakeholders through the mass media. The directorate plays a central role in managing perceptions and facilitating dialogue between the Department and all stakeholders. During the year under review the directorate continued to build a relationship with all media houses to ensure a positive environment for the dissemination of information.

Key programmes launched during the year under review included the BNG media campaign in which the Department launched a television show aimed at sharing with all the stakeholders the successes of the Department, the challenges it faces, and plans to address the challenges.

The Directorate: Media Services continued to support departmental and ministerial events and projects. In line with departmental policy on emergency housing the directorate provided continued support and coordination during the relocation of residents as a result of the fire that broke out at N2 Gateway, and during the Rural Housing Indaba, the launch of the Eric Molobi Innovation Hub, and the budget vote.

The core theme in communication exercises was priority projects, such as the Youth Build and Women's Build, aimed at public/private partnerships and highlighting housing delivery in addressing settlements patterns and delivery.

Relations and partnerships with media houses were built and sustained with a view to accelerate housing delivery. Media houses were encouraged to participate in media builds. The Star newspaper and other sponsors participated in building a house for a disabled beneficiary.

The directorate partnered with the SABC through GCIS and a private company nominated to produce the show, BNG, on SABC TV and Soweto TV. The show aims to inform and educate the public on housing initiatives and how these address challenges. It also aims to showcase the public's role in improving asset value. The second arm of the three-pronged show focuses on the print media and third arm on radio and community radio stations to ensure maximum reach of the targeted audience.

The directorate succeeded in building a better working relationship with the provinces, housing institutions and municipalities through the Housing Communicators Forum and the first Annual Housing Communicators Conference. A number of provinces were visited to review their communication programmes. Some of the projects in which the directorate was involved, are listed below. In all these instances, the directorate was responsible for developing the media plan and for coordinating communication stakeholders from the sector to participate.

- Visit to Alfred Nzo District
- Rural Housing Indaba

- Celebrity Youth Build
- N2 Gateway Pilot Project (support implementation of the media strategy)
- Budget vote 2007
- Tree Planting Greening Challenge, Alexandra EXT 7
- Women's Build, N2 Gateway, August 2007
- Men's Build, Cape Town, October 2007
- Unveiling of three KZN social housing projects
- Preparations for Imbizo, 8–9 April 2007
- Human Rights 7th Session, Geneva
- Launch of housing pavilion at Rand Show
- Ministerial imbizos and events
- Ministerial pilot projects

The Department and the Minister continued to receive balanced media coverage with public discussions focusing on how to eradicate informal settlements by 2014.

Protests against the slow pace of service delivery, especially with regard to housing at municipal level across the country, decreased. The court battle around the movement of residents of the Joe Slovo informal settlement in Cape Town to make way for the second phase of the N2 Gateway project received huge, balanced coverage.

Advertorials to promote housing issues were developed and updated continuously to enhance awareness among all stakeholders. The unit aimed to make significant progress in ensuring widened awareness, understanding and appreciation of housing issues by utilising alternative communication vehicles to reach a wider stakeholder base.

Measures employed to bring about Departmental coherence and strengthen relations with the provinces included the four quarterly communication forums and the National Communicators conference. Bi-weekly teleconferences are held with the provinces and housing institutions to synergise activities.

Targets not achieved

A number of planned annual deliverables were impacted by the lack of funds and capacity, including the publication of an external newsletter, magazine and review book. However, the inability to deliver these documents did not have particularly negative impact since the roll-out of *A re ageng Mzansi* on 11 SABC and 17 community radio stations as well as in industrial theatre format addressed the issue of enhanced awareness of housing access and responsibilities.

Production of Housing Communiqué continued to be possible only on a bi-monthly basis owing to capacity gaps but, any negative impact was overcome by the implementation of an informative poster and e-mail based in-house information sharing campaign.

Chief Directorate: Management Information Services

Notable achievements by the Chief Directorate: Management Information Services during the year under review are discussed below.

The Housing Subsidy System (HSS) and related systems in the operational environment were enhanced in response to recommendations contained in the Performance Audit Report published by the Office of the Auditor-General. Enhancements included the creation of an interface between the operational system (HSS) and the basic accounting system, as well as a digital planning template to help provincial housing departments plan and populate their business plans. The budget, reports and online modules were enhanced and maintained in response to policy changes, new policies and user requests. All of the above were effectively deployed to provincial housing departments.

In order to build capacity, monthly training sessions were conducted in the various systems. A computer-based

training system was also developed in support of this initiative. In maintaining these systems, the National Housing Department provided user support services to provincial housing departments, which included reconciliation of expenditure between the HSS and BAS, as well as updating of project progress information.

Awareness of the National Housing Demand Database project was firmly established in all the provinces. The greatest challenge with regard to the database was still resources, both financial and human, in all the provinces.

The development of a comprehensive national informal settlement atlas was given a major boost with the completion of the study of the second set of 24 municipalities. Information on the location of informal settlements is now available for 45 of the largest municipalities.

At the request of the chief of operations, a GIS-driven housing scoreboard was developed to serve as a medium of communication medium for the Department's work. In addition, a GIS support service was provided to map land parcels that would potentially form the basis of the Department's land acquisition initiative. A web-based map server application was developed and is available for viewing information on housing projects. The CD-based NDOH spatial viewer was enhanced.

Updated estimates of the housing backlog were developed and made available to senior management and the Ministry for planning and monitoring purposes. Housing fact sheets and information reports were compiled on an ongoing basis. The Information Handbook was maintained and updated.

Quarterly National Performance Reporting Coordination meetings were held to ensure alignment of delivery information and improve the accuracy and credibility of housing information.

The availability of data for information and reporting purposes was ensured through the provision of integrated data services. Business information was consistently made available through the Department's web-based Huims application. A database of military veterans was acquired from the SANDF, and analysed information was provided to inform reports to MInMEC. A database of TRC (Truth and Reconciliation Commission) beneficiaries was acquired from the commission.

During the year under review, the chief directorate maintained accessibility to information, and provided an effective library and resource centre and knowledge management services to the Department. The Department's internet website was enhanced in consultation with the chief of operations. Information on the organisational structure of the Department, and the "look and feel" of the website was enhanced. The departmental intranet collaboration platform was maintained.

A comprehensive report on the programme's notable achievements and challenges faced is given below.

Operational environment

The HSS and sub-systems were enhanced in response to approved change requests received from various role players. The following enhancements formed part of the September 2007 release:

HSS Online – web-based

The following new functionalities were added:

Search module

The existing search module was enhanced to make provision for searches against the PERSAL, UIF and government pension fund databases. This functionality enables provincial housing departments to verify the income declared by applicants.

Second level search override approval

This new functionality was added to enable a staff member nominated by a provincial housing department

to approve or reject a search override requested. The request for the approval or rejection is mailed to the nominated staff member to inform the person of the request. The nominated staff member accesses HSS Online with a username and password to view the request and obtain access to the relevant information to make a decision regarding the search override request.

Capture Wizard

This new functionality was added to enable accredited municipalities to capture housing subsidy application forms online. When the capturing of the applications forms is completed a message is sent to the relevant provincial staff member informing the person that applications have been captured and are ready for unloading to the provincial HSS database.

Offline search module

This was developed to support the requirements of the Financial Linked Individual Subsidy programme. The module enables developers and financial institutions to submit applications for searches against the various databases and to view the outcome of the searches.

Subscription management

This functionality enables a fully online registration process that replaced the paper-based registration process. The user administration process was decentralised to provincial housing departments to ensure a more efficient and effective process.

Reporting

Various new reports were developed in response to requests received from provincial users. Existing reports were maintained.

HSS

The following new functionalities were added:

Applicant module

- Age calculation was enhanced to include birth date and month
- Birth date field is calculated from identity number
- Spouse birth date is a required field and is calculated from identity number
- Status of applications is managed on the basis of system processes and cannot be changed by a system administrator
- Validation of spouse details if status is captured as married
- Validation of identity numbers of dependants to check duplicate identity numbers of applicants, spouses and dependents. A note is added when a duplicate dependant warning is ignored
- Verification summary screen added that list critical application information to be ticked to indicate that all applicant information was verified
- Search summary screen indicates whether an application has passed or failed the search process against the various databases

Claims and payments module

- A drop-down option was added to enable provincial housing departments to classify claims, for example trench, slab, window level, wall plate, completion and retention

- A tranche redemption functionality was added to capture claims against sub-milestones related to a specific tranche milestone as proof of work submitted by municipalities

Contract management module

- Reviews and consolidates statuses that can be assigned to a project
- Adds additional project progress (delivery) milestones
- Classification functionality allows the classification of projects, based on the grouping of housing programmes, as financial intervention, social and rental housing, rural housing, blocked projects, etc.
- Added functionality enables capture of project contract addendums and the viewing of previous contract information

HSS computer-based training module

Developed and implemented a CBT module that addresses all HSS functionalities. Provincial HSS users are able to select the relevant HSS process and the CBT module will display all the steps required to execute that process on the HSS.

BAS-HSS Interface

The development of the interface was completed and testing was conducted at the Free State Housing Department. The interface was deployed in the Free State, KwaZulu-Natal and Northern Cape. Discussions are in progress with Gauteng, Mpumalanga, Western Cape and Eastern Cape with a view to implementation of the interface.

National Housing Demand Database (NHDDDB) project

The NHDDDB project was established and the Department completed this initiative in the Western Cape. A total number of 151 000 potential beneficiaries currently living in backyards and overcrowded homes were captured and the information was made available to the provincial housing department to use in the allocation of potential beneficiaries of housing projects.

The Department is a member of the N2 allocation committee that is responsible for the locating and selecting people who should be receiving houses. Working documents, such as the terms of reference for the committee, standard operational procedures and allocation guidelines, were developed to that assist in the activities. A service provider was appointed to monitor the work done by the allocation committee.

The NHDDDB project was extended to Limpopo province. Both the national and the provincial departments allocated funds for the project. An advertisement for a suitable service provider was published on 14 December 2007.

The NHDDDB project was also implemented in Mpumalanga, and training on the use of the database was given to all the local municipalities. Over 25 compact discs containing software were given to the trained municipalities and the province for capturing data on potential housing beneficiaries.

The Eastern Cape's Nelson Mandela metropolitan municipality had designed its own capture module, but its data was migrated to the NHDDDB. The metro now uses the capture module designed by the Department.

Data and Information Management Services

GIS and mapping services and spatial products

Informal settlement study

The second set of 24 municipalities in the Department's informal settlement study was completed, with information on the location of informal settlements now available in respect of 45 municipalities. The location maps of informal settlements were compiled and printed, and an informal settlement viewer (spatial product) was developed for distribution.

Housing Scoreboard

Much of the spatial information gathered was incorporated into the housing scoreboard, a spatially based visual representation of the Department's work. The scoreboard was commissioned by the chief of operations for use at the Housing MinMEC and possibly as a backdrop to the Minister's budget speech.

Spatial Information Products

Several processes were initiated to ensure the availability of spatial and non-spatial information products. Extensive enhancements were made to the Department's map server application and the service is functional and accessible. A newly created spatial housing projects database was developed and enhanced with information from the HUIS warehouse as well as with data from the housing verification project.

Extensive mapping of land parcels that could form the basis of the Department's planned land acquisition initiative, was undertaken and supported with the NDOH spatial viewer.

The Department's spatial viewer was enhanced with additional functionality and updated using information from our GIS warehouse. It was made available on request to support planning processes in municipalities and provinces.

An initiative to spatially map the location of housing projects was planned and is in process of implementation. The first phase of this project was completed in respect of the Eastern Cape, and detailed cadastre and project information was developed and is available to the Department.

An investigation to inform the Department's understanding of the current housing backlog was conducted during the year under review. The results, together with data from Statistics South Africa's Community Census (2007), were used to develop estimates of the housing need per district municipality. The estimates were disseminated to senior management and the Ministry. This information was subsequently mapped in the Department's provincial spatial layer.

Fact sheets and information reports

Various housing fact sheets were developed and the information therein was used to support requests for information by senior management. In addition, information on cement was gathered and incorporated to support the Ministerial visit to France.

A report on homelessness was compiled and is being enhanced with information gathered from a current HSRC study.

Integrated Data Services

The data management framework to improve data quality and achieve data alignment was implemented, and culminated in the convening of a National Performance Reporting Coordination Meeting to ensure alignment of the annual delivery statistics for the 2007/08 financial year. Progress was made in identifying and taking into

account critical gaps in provincial housing departments' business processes and their interactions with the operational system (HSS). These and related initiatives are intended to increase the accuracy and credibility of national housing statistics.

The availability of data for information and reporting purposes was ensured through the provision of integrated data services. The information data warehouse environment was updated with data (monthly backups) from the operational and control systems (housing subsidy system).

Awareness of Huims (Housing and Urbanisation Management Information System, at <http://huims/>) as a source for business information increased during the year with requests for access from new users. The portal was enhanced and rolled out in the Department. New users were provided with training and access to the portal. The content team continued to upload updated data and reports into the system. Business information categories were added and the content updated. Comprehensive information for Presidential imbizos was acquired and made available. The Information Handbook was made available electronically on HUIMS. The MEIA module was developed and a set of indicator reports added to support monitoring and evaluation.

A database of military veterans was acquired from the SANDF, and analysed information was provided to inform baseline and progress reports to MinMEC. The veterans database was maintained on a quarterly basis and reports were developed to indicate the progress made by veterans in accessing housing subsidies. A database of TRC (Truth and Reconciliation Commission) beneficiaries was acquired from the office of the commission.

Knowledge Services

Websites

The Departmental website was successfully migrated to a newly installed server.

Taking into consideration inputs gathered during consultations with the chief of operations, new elements were added to enhance the content as well as the structure of the Departmental website. Substantial additions were made to reflect the organisational structure of the Department. In collaboration with the Chief Directorate: Communication, the "look and feel" of the website were enhanced.

The media desk was updated with speeches and media releases. Information on new bids and tenders was published. Websites were developed for the Housing Awards and the Community Residential Programme. The InfoHub (intranet) was maintained. The Parliamentary Questions website was re-developed and updated with the latest available parliamentary questions.

Library and resource centre

The library and resource centre assisted officials with more than 20 000 requests during the year under review. The Library also administered 1 230 newspapers. In addition, 55 new books were procured and made available for use in the library and resource centre.

PAIA centre

The PAIA (Promotion of Access to Information Act) centre received and processed two requests for information.

Action list tracking application

The need was identified to develop a mechanism that can track the progress of tasks originating mainly from management and MinMEC meetings. The action list tracking application (ALTA) was developed to facilitate the process of tracking such tasks and ensuring that the accountable officials are aware of and finalise the tasks.

Chief Directorate: International and Intergovernmental Relations

Notable achievements by the Chief Directorate: International and Intergovernmental Relations during the year under review are discussed below.

The Department has successful international co-operation agreements with several donor countries and institutions. The European Union's €20 million Support Programme for Social Housing, which ran out in mid-2007, provided valuable assistance in terms of capacity building and institutional development in an area that is relatively new in South Africa. Similarly, our relationship with Rooftops Canada and the Canadian International Development Agency (CIDA) allowed for Canadian technical advisors to provide much needed support to social housing institutions through the Social Housing Foundation. The six-year Social Housing Development in South Africa programme concluded in March 2008. Our co-operation programme with the Netherlands is ongoing, also in the field of social housing, and allows us to adapt best practice to South Africa's domestic reality when developing and refining our social housing policy and regulatory framework.

In support of our continuing research into energy-efficient alternatives for housing, the Danish International Development Agency (DANIDA) is providing grant funding for a project to investigate the application of appropriate energy efficiency technology to low-income housing projects. This project was refocused to look at the installation of solar water heaters, their cost-effectiveness, suitability and acceptance by the community, and will be tested in parts of the N2 Gateway project.

In 2005 South Africa became a member of the Cities Alliance, an organisation co-chaired by UN Habitat and the World Bank. Our proposal for grant funding towards the National Upgrading Support Programme was approved at the end of 2007 and work is now commencing on evaluating the pilot projects in informal settlement upgrading with a view to incorporating lessons learnt into a national strategy for informal settlement upgrading.

The Department also continues to engage in strong partnerships with Cuba, India and Brazil. The Memorandum of Understanding on the Employment of Cuban Technical Advisors in relevant provincial departments of housing was extended for a further two years with a view to sharpening the focus of co-operation on skills transfer and capacity development of provincial housing officials with assistance from Cuban engineers and architects employed by the various provinces for this purpose. In order to share valuable experience and seek common solutions to human settlement challenges the Department entered into partnership with India and Brazil, two countries with which South Africa has a lot in common in terms of approaches to housing and the provision of adequate shelter and services. In 2007 the three countries established a Working Group on Human Settlements under the India Brazil South Africa Dialogue Forum (IBSA).

As part of the South African government's support to the post-conflict reconstruction of the Democratic Republic of Congo, the Department held intensive discussions with its DRC counterparts on operationalising the Memorandum of Understanding signed in 2005. We agreed on an action plan to assist the DRC in building its housing institutions and capacity and also in undertaking measures to re-establish a functioning real estate market in that country. Through sharing of views and experiences, the two countries are learning from each other in terms of innovative ways to overcome challenges in housing provision for the poor.

The Directorate: Inter-sphere Liaison supported housing delivery capacity enhancements in the accreditation priority municipalities and in the provincial housing departments. Through the support provided by the unit, priority municipalities established functional housing units with dedicated housing personnel. Furthermore, provincial housing departments acquired the necessary capacity in terms of systems, human resources, infrastructure and office space to provide technical support to accreditation municipalities in order to fast-track the implementation of the accreditation programme.

In most of the priority municipalities, work is underway to consolidate level one accreditation by finalising the implementation of the accreditation business plans. Audits were completed in seven of the eighteen accreditation municipalities. In six of these municipalities, audit reports confirmed compliance with the requirements for the municipality to perform housing functions as specified in the accreditation framework. For a municipality to receive full accreditation status, the housing MEC in the province will formally delegate functions by way of a written communication to the municipality. Capacity and compliance audits to determine municipalities' capacity to perform the housing functions are underway in eleven municipalities.

The directorate facilitated two housing orientation workshops where 82 newly appointed housing officials from the accreditation priority municipalities and provincial housing departments received training on housing policy development and management. A further 50 officials are currently enrolled in a Housing Certificate programme offered by the University of the Witwatersrand. The training provided will ensure that these housing officials receive the skills, knowledge, competencies and qualifications necessary to discharge their housing-related functions.

The directorate also participated in the municipal IDP assessment process, which sought to ensure that priority municipalities and provincial housing departments plan for the totality of the housing programme as specified in the housing code. It also sought to ensure consistency with the accreditation framework.

Service delivery achievements

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Executive Support to the DG (Parliamentary and Cabinet liaison)	Cabinet reports	Number of Cabinet decisions communicated	All Cabinet decisions	Decisions communicated
	Coordinate Parliamentary questions	Number of Parliamentary questions coordinated	All Parliamentary questions	Responses to Parliamentary questions
	Coordinate Cabinet memoranda comments	Number of Cabinet memoranda comments made	All Cabinet memoranda comments	All Cabinet memoranda comments
Administrative and Logistical Support to the Office of the DG	Process submissions	Number of submissions tracked	Processed submissions	Submissions processed
	Secretariat support	Number of Mintop/Topman meetings organised	Mintop/Topman meetings organised	26 Mintop/Topman meetings
	Make travel arrangements	Number of travel arrangements made	All travel arrangements made	All travel arrangements made
	Coordination of diary	Number of meetings or presentations coordinated	All meetings or presentations coordinated	All meetings or presentations coordinated
	Participation of Department at cluster meetings	Number of cluster meetings coordinated	Cluster meetings coordinated	All cluster meetings attended

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Housing and Corporate Secretariat	Record of proceedings	Record of proceedings	Record of proceedings	Record of one hundred and twelve meetings
	Meeting packs	Circulation of meeting packs	Availability of meeting packs	Meeting packs circulated
	Dissemination of minutes	Dissemination of minutes	Minutes disseminated fourteen working days after a meeting	Minutes disseminated fourteen days after meetings
	Comprehensive database of policy decisions and members of various committees/structures of policy development	Comprehensive database of policy decisions and members of various committees/structures of policy development	Comprehensive database of policy decisions and members of various committees/structures of policy development	Comprehensive database of policy decisions and members of various committees/structures of policy development
	Updated action list of various committees/structures	Updated action list of various committees/structures	Updated action list of various committees/structures	Action lists of various committees/structures updated
	Schedule of meetings	Schedule of meetings	Comprehensive schedule of meetings	Comprehensive schedule of meetings
	Organisational Planning	Approved Departmental strategic and performance plans	Approved Departmental strategic and performance plans	Approved Departmental strategic and performance plans
	Analysis report on Departmental strategic and performance plans	One analysis report on Departmental strategic and performance plans	Analysis report on Departmental strategic and performance plans	Departmental Strategic and performance plans analysed and analysis report submitted to the Office of the DG for action
Organisational Performance Monitoring	Approved Departmental annual report	Approved Departmental annual report	Approved Departmental annual report	Departmental Annual Report for 2006/07 financial year timeously developed and tabled in Parliament
	Departmental quarterly performance reports	Number of Departmental quarterly performance reports	Four Departmental quarterly performance reports	Consolidated Departmental quarterly performance reports and submitted to accounting officer
	Departmental performance evaluation reports	Number of Departmental performance evaluation reports	Five Departmental performance evaluation reports	Compiled and submitted four quarterly reports and one annual performance evaluation report to the accounting officer

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Transformation	Developed and implemented service delivery improvement programme for the Department	Approved service delivery improvement programme Implemented service delivery improvement programme	Service delivery improvement programme reviewed and implemented	Approved terms of reference for the development of service delivery standards and Service Delivery Charter Operational plans reviewed Conducted presentation to provinces on Batho Pele principles at Call Centre Agents' Conference.
	Developed and implemented EE plan and change management programme	Approved and implemented EE plan and change management programme	EE plan and change management programme reviewed and implemented	Five EE forum meetings held. One workshop conducted for the EE forum. Annual EE report submitted to Department of Labour
	Developed and implemented gender and disability programmes	Approved gender and disability programmes	Gender and disability programmes implemented	<ul style="list-style-type: none"> • Gender forum established • Volunteers coordinated and mobilised to participate in Women's and Men's Build projects • Participation during 16 days of no violence to women and children • Terms of reference for disability policy developed
	Facilitated and coordinated youth empowerment programme	Approved sport and recreational programme	Sport and recreational programme implemented	<ul style="list-style-type: none"> • Youth involved during Africa Public Service Day celebrations • Departmental choir participated during APSD • Facilitated capacity building in youth development through the Men's Build project (90 % of training targeted youth)
	Developed and implemented employee health and wellness policy and strategy	Approved and implemented employee health and wellness policy and strategy	Employee health and wellness policy and strategy implemented	Coordinated implementation of employee health and wellness policy and strategy

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Transformation	Developed and implemented service delivery improvement programme for the Department	Approved service delivery improvement programme Implemented service delivery improvement programme	Service delivery improvement programme reviewed and implemented	Approved terms of reference for the development of service delivery standards and Service Delivery Charter Operational plans reviewed Conducted presentation to provinces on Batho Pele principles at Call Centre Agents' Conference.
	Developed and implemented the HIV/ AIDS workplace programme	Approved and implemented HIV/ AIDS workplace programme	HIV/ AIDS workplace programme implemented	Coordinated implementation of HIV/ Aids workplace programme
Internal Audit	Three-year strategic and operational internal audit plan	Approved operational internal audit plan	Approved three-year strategic and operational internal plan	Three-year strategic and operational internal audit plan developed and approved
	Reports on adequacy and effectiveness of internal controls	Internal audit reports on adequacy and effectiveness of internal controls	Quarterly reports on adequacy and effectiveness of internal controls	Internal audit results issued on completion of reviews
	Reports on effectiveness of risk management processes	Internal audit reports on risk management process	Internal audit report on risk management process	Facilitated risk management process and issued quarterly reports to audit committee
	Reports on governance processes	Internal audit reports on governance processes	Annual audit reports on governance processes	Not completed owing to delays in appointment of service provider
	Reports on monitoring of conditional grant	Internal audit reports on monitoring of conditional grant	Quarterly reports on monitoring of conditional grant	Internal audit reports issued on monitoring of conditional grant
	Reports on visits to provinces	Internal audit reports on visits to provinces	Quarterly reports on visits to provinces	Owing to staff capacity constraints only one provincial visit was conducted and therefore only one report was issued
	Reports on follow-up audits	Reports on follow-up audits	Bi-annual reports on follow-up audits	Reports on follow-up audits issued to management and audit committee
	Reports to audit committee and minutes of meetings	Audit committee reports and minutes of meetings	Quarterly audit committee reports and minutes of meetings	<ul style="list-style-type: none"> Five audit committee meetings held Reports issued to audit committee

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Special Investigations	Reports on special investigations	Special investigation reports on housing investigations	Monthly and quarterly Reports	Monthly and quarterly Reports including convictions at courts submitted to the audit committee, Director-General and Minister
	Regular Housing Anti-Corruption Forum meetings	Functioning Housing Anti-Corruption Forum	Three Housing Anti-Corruption Forum meetings	Three Housing Anti-Corruption Forum meetings held
	Approved whistle-blowing policy	Implemented anti-corruption prescripts	Approved whistle-blowing policy	Policy submitted to STRATMAN for approval
	Three fraud and ethical awareness sessions	Completed awareness sessions	Three fraud and ethical awareness sessions	Three fraud and ethical awareness sessions conducted
	Reports on consulting services	Reports on consulting services	100% of reports issued	100% of reports issued to Minister and DG
	Functional corruption data system	Established corruption data system	Functional corruption data system	Output not achieved.
	Signed Presidential Proclamation	Implemented Presidential Proclamation	Reports on investigation, civil recovery and criminal cases emanating from implementation of Presidential Proclamation	<ul style="list-style-type: none"> • Proclamation signed by President • Reports on investigation, civil recovery and criminal cases compiled for DG and Minister
	Operational case management system	Established case management system	Operational case management system	Case management system established
	Fraud prevention strategy and plan	Developed fraud prevention strategy and plan	Fraud prevention strategy and plan	Fraud prevention strategy and plan developed
	Reports on corruption and research analysis	Submitted reports on corruption and research analysis	6 bi-monthly reports on corruption and research analysis	Output not achieved
Housing Institutions and Fund Mobilisation	Monitor and evaluate institutions reporting to Minister in terms of their mandates and in compliance with set targets	Approved business plans, budgets and corporate governance issues of housing institutions	Letters of corporate plans and budgets	Letters of corporate plans and budgets
		Number of performance monitoring reports produced	4 quarterly reports	4 quarterly reports
		Mid-term performance monitoring report produced	1 mid-term review report	1 mid-term review report

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
		Percentage of transfer of funds approved	100% of funds/refunds approved	100% of funds/refunds approved
		Approved governance monitoring framework	Implemented governance monitoring framework	Ongoing implementation of approved governance monitoring framework
		Approved shareholder compact	Signed shareholder's compact	Signed shareholder's compact not achieved due to legal review process
		Number of reports on compliance of housing institutions with King's Code	2 reports on compliance with King's Code	2 reports on compliance with King's Code
		Approved staff migration framework for institutions being rationalised	Implemented staff migration plan for institutions being rationalised	Ongoing implementation of staff migration plan for institutions being rationalised
		Percentage of institutions rationalised	100% of institutions rationalised	100% of institutions rationalised
Fund Mobilisation	Report on trends in and impact of donor funding on housing delivery	Report on trends in and impact of donor funding on housing delivery	1 report	1 report
	Report on savings-linked products	Number of reports on savings-linked products and their impact on housing delivery	2 reports	2 reports
	Report on fixed interest rates	Number of reports on fixed interest and how these can be used to leverage housing delivery	2 reports	2 reports
	Report on tax incentives	Number of reports on tax incentives as means of encouraging investor's participation and their impact on housing delivery	4 reports	4 reports
	Report on financial risk factors on the provision of housing delivery	Number of reports on the financial risk factors on the provision of housing delivery	2 reports	2 reports
	Report on impact of micro-lending industry on housing delivery	Number of reports on funds invested by micro-lending industry for housing purposes	4 reports	4 reports

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Report on employer-assisted housing	Number of reports on types and impact of employer-assisted housing on housing delivery	2 reports	2 reports
	Report on impact of new finance instruments	Report on impact of new finance instruments	1 report	1 report
	Report on loss limit insurance	Number of reports on securitisation and its impact as a means of encouraging housing finance	2 reports	2 reports
	Report on PPP finance for rental, social and mid-density housing	Number of reports on PPP finance for rental, social and mid-density housing and its impact on housing delivery	4 reports	4 reports
Communication Services: Production & Public Information (up to end Quarter 2, 2007/8) Public Information and Marketing (end Quarter 2 to current)	Provide integrated communication and marketing support to internal and external clients	Approved internal communication strategy and plan	Internal communication strategy approved and implemented	Internal communication strategy approved and implemented for the year 2007/8
		Position Department of Housing as a brand	100% awareness of NDoH brand internally and externally	<ul style="list-style-type: none"> • 100% internal awareness through development and distribution of corporate ID guidelines • Various corporate and external materials designed and distributed to popularise mandate and brand
		Facilitate application of Departmental corporate identity to relevant projects and processes within Department	100% demonstrable enhancement of NDoH corporate ID internally and externally	+100% heightened internal utilisation of the Desk-top Publishing Unit in terms of development of branded material and consultations to check accuracy
		Manage corporate identity through provision of DTP	100% service provision to all internal clients	+100% achieved with production of approximately 400 jobs
		Consolidate and communicate corporate events calendar to all stakeholders	100% enhanced organisational information sharing to promote synergies	100% of daily calendar updates maintained

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
		Plan for corporate events/ activities developed and managed	100% facilitation of annual calendar events planned	5 NDoH/Ministry events coordinated
		Coordinate and manage database	100% availability of correct level of service providers required	100% of database developed and updated regularly
		Review and enhance internal communication vehicles	100% enhanced vehicles for communication	Varied strategies for enhancement implemented and strengthened
		Customer relationship management interventions	100% service to walk-in clients and call centre callers	100% of clients who call or walk-in attended to and referred to relevant provinces and municipalities where necessary
		Call centre training programme	Commence dialogue with provinces towards creation of call centres and training of agents	1 national workshop held
		Public information and management strategy and plan	Approved public information and management strategy and plan	Public information and management strategy and plan reviewed and approved for implementation
		Identify external publications vehicles	12 profiles/ advertorials in various external publications	100% of target achieved
		Conceptualise new public information materials and formats	100% of information materials reviewed and updates and new formats added	100% of information materials reviewed and updates and new formats added
		Website management of NDoH public information content	100% of public information and management content updated and placed	100% of public information and management content updated and placed
		Review marketing and advertising strategy and plan.	Approved marketing strategy and plan	Marketing strategy approved and implemented by Public Information staff owing to non-appointment of Marketing Deputy Director until Quarter 4
			Develop and implement corporate image building advertising campaign	Concluded and broadcast 2,3 million houses campaign

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
		Annual exhibitions schedule	Participate in government and sector exhibitions	100% participation in scheduled exhibitions, plus participation in new events
		Updating and review imbizo	100% participation	100% participation at all GCIS, Presidential and NCOP people's parliaments
Develop environment conducive to implementation of Ministry's programme of action and Department's strategic plan	Provide integrated communication and marketing support to internal and external clients	Approved internal communication strategy and plan	Update internal communication strategy in line with review of previous financial year	100% implementation of internal communication strategy and plan
		Desk-top produced departmental publications	Design and layout of departmental publications	100% of departmental publications designed and laid out
		Manage and execute corporate events	Managed and executed corporate events	100% of corporate events managed and executed
		Customer relationship management strategy developed and adopted	Evaluated current customer relationship management interventions	Customer relationship management strategy developed and adopted
		Media relations programme developed, implemented and evaluated	Media research and analysis	240 daily, weekly and monthly media surveillance reports produced and submitted
Media Services	Develop an environment conducive to implementation of Ministry's programme of action and Department's strategic plan		Management of media relations and events (media conferences, queries)	Target met
		Approved stakeholder relations and mobilisation strategy	Monthly provincial and local government liaison, and developed and implemented mobilisation programme	Liaison with provinces effected through one-on-one visits, teleconferences and quarterly meetings
			Housing communicators' forum convened and implementation of decisions facilitated	4 communicators' forums convened; provincial communication programmes implemented with support from Department

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
			Housing communicators webpage maintained and updated	Webpage maintained but improvement incomplete
			Provincial and local government communication programmes monitored and evaluated	Achieved through media surveillance, bi-weekly teleconference and reports
			Special communications projects convened	Celebrity, women's, men's and media builds convened and completed; Green challenge in Alexandra Ext 7 launched
		Communications environmental analysis and impact assessment programme developed	Quarterly communication environmental analysis conducted	Four analysis forums convened and report produced on housing communications
			Annual communication impact assessment survey conducted	Communication analysis report produced
			Stakeholder database developed and maintained	Database developed; awaiting compatible software
Information Management	Develop, manage and maintain operational, control, and decision-making support system and information dissemination service	Reports on accessible infrastructure at provincial housing departments and accredited municipalities	Reports on development and maintenance of an accessible infrastructure at provincial housing departments and accredited municipalities	Various reports compiled and available
	Develop and maintain integrated business information systems to support approved policy and guidelines	Reports on integrated business information systems	Reports and updated documents on integrated business information systems	Various reports compiled and available
	Develop and maintain information and knowledge services	Reports on information and knowledge services	Reports on managed and maintained information and knowledge services	Various reports compiled and available
	Provide aligned and verified data for reporting	Reports on accessible, aligned and verified data for reporting	Reports on accessible and verified data for reporting	Various reports compiled and available
	Manage and maintain data for analysis	Reports on accessibility of analysed information	Various reports on accessibility of analysed information	Various reports compiled and available

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
International Relations	A vocal and consistent message spread throughout the international community about South Africa's position with regard to sustainable human settlements	Number of position papers produced in coordination with various sub-programmes of Department of Housing and Department of Foreign Affairs	100% of position papers developed per event	Minister Sisulu gave keynote address at the International Habitat Day Conference in the Hague, Netherlands UN Special Rapporteur on Adequate Housing's report on South Africa: the Department provided a detailed response to his report with inputs from other government departments and made Statement at 7th Session of the United Nations Human Rights Council
	A body of work outlining international comparisons and best practice with regard to policy, delivery models, etc	Number of desk-top research reports and travel reports in co-ordination with various relevant sub-programmes of the Department	100% of reports per visit/study tour undertaken	Technical visits to India, China and Cuba
	Establish and maintain relationships with strategic partners as donors and providers of technical assistance, in line with requirements of the Department	Number of initiatives (e.g. formalised agreements, agreed minutes, joint work plans) with strategic partners	100% of initiatives concretised	Approval by Cities Alliance for grant funding for support to National Upgrading Support Programme Project document for energy-efficiency in low-income housing project funded by DANIDA re-written to update and refocus it towards testing impact of introducing solar water heaters to certain houses at N2 Gateway project
	Establish and maintain relationships with like-minded developing countries for purposes of strategic cooperation in consultation with other stakeholders (housing sub-programmes, other departments, housing institutions)	Number of initiatives (e.g. formalised agreements, agreed minutes, joint work plans) with strategic partners	100% of initiatives concretised	Establishment of Working Group on Human Settlements under India Brazil South Africa Dialogue Forum (IBSA) Extension of agreement between South Africa and Cuba on employment of Cuban technical advisors by relevant provincial departments of housing

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Establish and maintain relationships with key countries in Africa, in line with Department's strategic international objectives, guided by South African foreign policy	Number of initiatives (e.g. formalised agreements, agreed minutes, joint work plans) with strategic partners	100% of initiatives concretised	Received delegations from the Gambia and Sierra Leone to learn about South Africa's experiences, policies and programmes in housing Agreed report on way forward in implementing MoU between South Africa and the DRC to support housing policy implementation in DRC
	Coordinate implementation of agreed initiatives and agreements	Audit of existing initiatives and agreements, regularly updated; quarterly reports, consolidated annual report	Completed audit, updated quarterly and annually	Completed audit
Inter-sphere Liaison	Capacity to manage accreditation process in place in all provincial housing departments	% of provincial housing departments supported in acquiring capacity necessary to manage accreditation process	100% of provincial housing departments supported to acquire capacity for purposes of managing municipal accreditation programme	100% achieved; 9 provincial housing departments acquired capacity (systems, human resources, infrastructure, etc.) to manage accreditation process
	Housing units in place, enhanced and maintained in all accreditation priority municipalities	% of municipalities supported to establish, maintain and enhance housing units	100% of priority municipalities supported to establish, enhance and maintain housing units	Housing units established in 8 accreditation priority municipalities Technical support provided to assist 9 priority municipalities in enhancing and maintaining housing units and in acquiring capacity required to perform housing functions
	Approved reporting template	Approved reporting template	Implementation of financial and non-financial reporting template	100% achieved
	Support implementation of business plans	Number of business plans implemented	100% ongoing capacity support to priority municipalities towards implementation of business plans	100% ongoing support to provinces and municipalities

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Systems and procedures in place (management tools)	Number of systems and procedures developed and implemented	100% of systems and procedures developed and implemented	100% systems and procedures developed and implemented
	Assignment of housing functions	Assigned housing functions	Prepare metros for assignment of housing functions	Target revised owing to policy shift.

2.8.2 Programme 2: Policy Planning 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

Adequate housing for all South Africans through policy and research that enables housing delivery in sustainable human settlements. Improve housing policy and programmes based on the analysis of accurate, strategic and statistically sound information and data from operational and other systems.

Service delivery objectives and indicators

Recent outputs

Revision of the National Housing Code

The new Housing Code, revised to align housing policy and programmes with the Comprehensive Plan for the Creation of Sustainable Human Settlement (“Breaking New Ground”), was widely work-shopped, extensively edited and finalised, and is ready for submission to the Minister for final approval and launching. The code is now much more flexible and provides guidelines to cater for locally specific development conditions. In particular the Integrated Residential Development Programme promotes integrated development and sustainable human settlement and will facilitate the implementation of inclusionary housing requirements. The programme on informal settlement upgrading provides guidelines for upgrading settlements in pursuance of government’s targets in this regard.

Revised Farm Worker/ Occupier Housing Assistance Programme

At the request of the Minister, the draft policy was presented to a National Rural Housing Indaba for further consultation.

Based on the feedback received the draft Farm Worker/Occupier Housing Assistance Programme was comprehensively revised during February 2008. In order to simplify policy the programme will now also include assistance to beneficiaries of the Department of Land Affairs’ Labour Tenants Strategy, which was previously envisaged as a separate intervention. The revised programme will be prioritised, submitted to the Housing Policy Task Team and thereafter through the policy decision making structures for final approval and inclusion in the Housing Code.

Environmental efficiency in the housing sector

Guidelines for environmental efficiency in the housing sector were completed and included in the Housing Code. The chief directorate is also actively participating in a task team with the Department of Trade and Industry which is working on regulations to promote energy efficiency in the housing sector. The Department of Trade and Industry will incorporate these into national regulations after a stakeholder consultation process.

Policy and programme for housing assistance to struggle veterans

An ad hoc request to give attention to a programme in this regard led to the approval of a policy by MINMEC to prioritise housing veterans. The Department is working closely with the SANDF on the establishment of a database of veterans and procedural and system arrangements for the effective implementation of the programme. The SANDF and provincial housing departments will assume primary responsibility for the implementation of the programme which forms part of a broader government programme for socio-economic assistance to military veterans.

Housing programme for persons with special housing needs

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

Research on this programme was completed and discussed in the various policy forums. It will be taken forward through the work of the Chief Directorate Rental Housing's work based on the institutional housing policy and various models currently being tested at the provincial level to provide housing for vulnerable members of society.

Backyard rental programme

This initiative now forms part of a wider investigation into the rental housing market in South Africa commissioned by the Chief Directorate: Research. Once the research is available further consideration will be given to the need for a national policy in this regard. In the meantime various provincial projects are being taken in line with provincial community rental programmes. These could serve to inform future policy in this regard.

Manual for the variation of the housing subsidy quantum

The manual was completed, approved and incorporated into the National Housing Code. It is supported by a computer programme that will assist housing practitioners in calculating the various subsidy variation amounts.

Insurance cover for subsidy financed housing

The project was outsourced and will be taken forward once the consultant's report is received.

Revision of the rural housing subsidies: informal land rights programme

The programme was revised in line with the relevant legislation of the Department of Land Affairs, approved and incorporated into the National Housing Code.

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

National housing norms and standards applicable to a minimum sized 40 square metre subsidy house, providing improved space, facilities and privacy were approved and incorporated in the National Housing Code.

Skills audit study

The study on skills required for the implementation of the comprehensive plan was completed and the final draft report disseminated to the respective stakeholders for their input and comments after a seminar hosted on 17 October 2007. The project was completed successfully.

Women's rights and housing

A paper on women's rights and housing was completed and a seminar held with the affected groups.

Seminar on managing risks in housing delivery

A successful seminar was held at Wits University on 7 and 8 February 2008. The seminar focused essentially on identifying the risks inherent in accelerated housing delivery, the risks as experienced by practitioners, and strategies aimed at managing these risks. Delegates included municipal and provincial housing research managers, as well representatives from some housing institutions. A number of risks were hotly debated, most notably the those around planning, procurement, allocations and intergovernmental relations.

Study on the state of residential integration

The study on the state of socioeconomic, ethnical, citizenry and racial integration in residential areas in South Africa was completed successfully in the second quarter. The overall objective was to examine a range of existing studies, policies and documents with a view to developing a better understanding of the extent of integration in residential areas.

Research project on integrated planning modelling

Planning is one of the major aspects of the development of sustainable human settlement. A research project on integrated planning modelling was undertaken in collaboration with Department of Science and Technology. The project itself also includes the Department of Transport, CSIR, HSRC and higher education institutions.

Fifteen-year review

The report is a contribution to a 15-year review of Government programmes that is a follow-up on the 10-year review. The inputs focused on achievements since the 10-year review, challenges experienced and plans for housing delivery.

Contribution of housing and sustainable human settlement development to job creation

The Sub-Directorate: Market and Industry collected and analysed information from Statistics South Africa (StatsSA) and National Department of Housing preliminary statistics to see how the development of sustainable development contributes to job creation. The section used a 23 man-day's model to calculate job opportunities created.

Information was collected from BER/BMI and the Concrete and Cement Institute to determine building costs and cement sales and their impact on housing delivery. Building plans passed and completed are also monitored to check activities in the building industry.

Changes in economic performance, inflation, interest rates and other important variables have an influence on housing delivery.

Investigation and analysis of the property market

The Sub-directorate: Market and Industry collected information from ABSA and newspapers to analyse the residential property market. To do this analysis, house prices according to size and economic factors affecting the residential property market were looked at to establish the affordability of housing.

During this term data was collected on township residential markets, interest rates and the housing market, and cement news and a draft report was presented. Trends in the growth of house prices were established.

Men's Build in Cape Town

The case study report on the context, processes and activities related to the men's build initiative in New Rest, Cape Town, was completed. The research project provided a better understanding of the processes involved in the Men's Build initiative, as well as the views and attitudes of residents towards the product delivered by the Department.

Monitoring and Evaluation and Impact Assessment (MEIA) Policy and Implementation Framework for the Housing Sector

The Monitoring and Evaluation and Impact Assessment (MEIA) Policy and Implementation Framework for the Housing Sector was approved by the Committee of Technical MINMEC on 22 February 2008.

MEIA Information Management System

The MEIA Information Management System was developed and tested for implementation on 1 April 2008 with the first release of indicators. Training of national and provincial officials was scheduled to commence during April 2008.

Impact evaluation studies

Draft reports on the findings with regard to the Impact Assessment Studies on the Upgrading of Informal Settlements Programme (UISP) Pilot Projects and the People's Housing Process were developed. Field work on the social housing study was started.

Monitoring reports

Draft monitoring reports on the performance of the national and provincial pilot project in terms of the UISP, blocked projects and the performance of provincial housing departments in respect of their individual business plans were developed. In addition, draft frameworks for the monitoring reports targeted for the first quarter of the 2008/09 financial year were also developed.

Generic reporting format

A generic reporting format to align reporting of housing performance information was developed.

Policy on the Inclusionary Housing Programme

The Draft Framework for the Inclusionary Housing Policy was approved as work in progress on 31 May 2007. After extensive further consultation with the relevant stakeholders, the drafting of the implementation guidelines for the National Housing Programme: Inclusionary Housing commenced and was workshopped with the Top Management of the Department on 19 March 2008.

Finance-linked Individual Subsidy Programme (FLISP)

The enhanced Policy and Implementation Guidelines for the Finance Linked Individual Subsidy Programme was approved by the Committee of Technical MINMEC with a request for the upper income bracket to be escalated.

Housing audit

The first phase of the housing audit was completed and a report on the findings submitted to STRATMAN on 18 February 2008. Further work is in progress.

World Bank Study

Official approval was received for the Department to participate in a study with the World Bank to determine the impact of planned upgrading of UISP projects compared to those projects where no upgrading was planned.

Project management of the Zanemvula housing project

Monthly updated project management progress reports were developed and submitted.

Planning Support Programme

While the Department considers the aspect of Human Settlement Planning a critical one, little has been done to firmly establish a unit whose core business it is to co-ordinate housing planning functions. The restructuring of the Department of Housing, however, has presented an opportunity to establish such a unit; its core functions being, among others, to:

- a) Render support to Provincial Housing Departments (PHDs) on multi-year housing development planning;
- b) Render support to Municipalities in the Housing Chapters of Municipal IDPs;
- c) Review the multi-year housing development plans of PHDs; and
- d) Promote the alignment of national sectoral planning.

A crude evaluation of the readiness of the Chief Directorate to undertake the above-mentioned work reveals that, while staff is professionally trained in town and regional planning, they lack in knowledge in:

- a) Housing Development Planning Environment;
- b) Current Housing Planning Frameworks;
- c) Current Housing Programmes; and
- d) M&E and Information Mgt Systems.

As a consequence, staff within the Chief Directorate may not be ready to render adequate support to provinces (& municipalities). Considering this context, the Department has sourced external expertise to guide and support the National- and Provincial Housing Departments in preparing their multi-year housing development plans for the 2008/09 Financial Year, as well as render capacitation services to the National Department of Housing in respect of human settlement development planning.

Progress on this project continues at good pace; indications are that the project should achieve most, if not all of its targets, within set time-frames.

Provincial Multi-year Housing Development Plans and Business Plans

A key deliverable of the Planning Support Programme is the support rendered by the Chief Directorate to PHDs in respect of the formulation of their Multi-year Housing Development Plans and Business Plans. To this end, the Unit has engaged with all PHDs with specifically their Business Plans to the extent that in many cases PHDs were in a position to objectively look at their readiness to honour commitments stated in their Plans.

National Programme for Housing Chapters of Integrated Development Plans (IDPs)

Further to the Programme and roll-out strategy having already been approved, the HSPU is pleased to report that the initial situational analysis – determining the state of readiness to assume planning functions – has already been completed. In addition, the Unit is particularly proud to have launched the Housing Chapter Resource Manual to PHDs and targeted Municipalities. The Resource Manual has also been placed on the Department’s website, with hard-copies also to be distributed to all municipalities across the country.

Service delivery achievements

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Policy Development	New national housing code	Published new code	Publication of new code	Revised code approved by Housing: MINMEC as transitional arrangements in May 2007
	Policy on indigenous building technology	Approved guidelines for application of indigenous building technology	Approval of guidelines	Research report completed
	Policy on insurance cover for subsidy houses	Approved policy and guidelines for insurance cover	Approved policy	Research report completed
	Policy on tenure options for the housing subsidy scheme	Approved policy and guidelines on alternative tenure options	Approved policy and guidelines	Project outsourced and a service provider appointed
	Policy on shared accommodation	Approved policy and guidelines	Approved policy	Project put on hold and may not be pursued
	New white paper on housing	Published white paper	Publication of new white paper	Project put on hold indefinitely and may not be pursued
	Develop environmental implementation and management plans (EIPs/EMPs)	Approval of plans and submission of plans to DEAT for publication in Government Gazette	Departmental inputs incorporated and submitted to DEAT after which EIP will be submitted to Minister	Completed plan submitted to DEAT for approval
	Policy interpretation model	Approved and operationalised model	Provincial visits done and programme implemented	Not finalised
	Policy formulation model for provinces and municipalities	Approved and operationalised model	Provincial visits done and programme implemented	Not finalised

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Research	Initiate and undertake research on identified pertinent issues on housing and human settlement	Number of research reports that contributes to the body of knowledge in support of the development and implementation of housing and human settlement policies	Number of research reports	<ul style="list-style-type: none"> • Research report on the skills audit completed and seminar held in October 2007 • Case study on Men's Build • Fifteen-year report • Study on state of residential integration • Research report on women's rights and housing and consultative seminar • Role of Department of Housing in promotion of alternative sources of energy
	Manage and provide research support	Number of reports completed as requested	100% of research requests completed	Research papers completed: <ul style="list-style-type: none"> • Housing and security • Housing situation in Motherwell • Alternative energy source and interface with housing • Challenges and opportunities in conflict and post-conflict situation: role of women in social and political development
	Manage research to determine trends in broader macro- economic environment and determine impact thereof	Provide constant reports on analysis of key macro- economic variables and their impact	Quarterly reports or when required	Quarterly reports submitted
Monitoring and Evaluation	Approved monitoring and evaluation framework and system	Approved monitoring and evaluation framework and system	Approved monitoring and evaluation framework and system	Achieved: MEIA Policy and Implementation Framework for the Housing Sector approved
		Number of reports produced	4 quarterly reports	Achieved: draft reports submitted on national and provincial pilot project in terms of UISP; blocked projects, performance of provincial housing departments in respect of their individual business plans

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Monitoring and Evaluation	Mechanism to track utilisation of construction methodologies, technologies and designs	Approved mechanism	Approved mechanism	Not achieved owing to capacity constraints
		Number of reports produced	2 bi-annual reports	Not achieved owing to capacity constraints
	Impact assessment framework and system	Approved impact assessment framework and system	Approved impact assessment framework and system	Achieved: MEIA system developed and testing of the first release of indicators commenced
		Number of reports produced	2 bi-annual reports	Achieved: draft reports submitted on UISP pilot projects. people's housing process
	Occupancy audit	% of beneficiaries audited	5 % of approved beneficiaries	Achieved: first phase of audit completed
	Approved indicators based on planning, delivery and implementation processes	Number of reports produced	2 bi-annual reports	Not achieved
Human Settlement Planning	Maintain (approved) National Programme for Housing Chapters of Integrated Development Plans (IDPs)	• Programme approved in line with latest revisions	• Maintain as and when required.	• Given that the Programme was approved recently, no amendments or additions were required for the period under review.
	Maintain Framework for Provincial Multi-year Housing Planning	• Programme approved in line with latest revisions	• Maintain as and when required.	• Framework approved in line with latest revisions
	Overhaul of Municipal Png Control Systems, arising from the recommendations made by Partners for Housing.	• Recommendations paper focused on municipalities providing stepped improvements in their current approvals processes.	• Make recommendations based on report to DLA on the Legal Planning Framework. • Engagements with DPLG to take recommendations forward in Legal Planning Framework.	• Research findings of "Partners for Housing" presented to DLA & DPLG.
	Roll-out of national programme for housing chapters of IDPs	• Housing voice located in the relevant offices, adequately skilled and trained to facilitate compilation of housing chapters of IDPs.	• Ongoing Engagement & support to Provincial Co-ordinators & Provincial support providers.	• Housing Chapter Resource Manual completed and launched to relevant stakeholders. • Final report on Training Needs for provincial co-ordinators and municipalities has been completed.

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Human Settlement Planning	Develop a Framework for Provincial Multi-year Housing Development Plan	<ul style="list-style-type: none"> • Framework for Provincial Multi-Year Housing Development Plan submitted for approval 	<ul style="list-style-type: none"> • Framework for Provincial Multi-year Housing Development Plan approved. 	<ul style="list-style-type: none"> • Framework for Provincial Multi-year Housing Development Plan approved and distributed to all relevant role players.
	Assess provincial multi-year housing development plans and provide information for the compilation of a multi year national housing development plan	<ul style="list-style-type: none"> • 9 Provincial Multi-year Housing Development Plans submitted for approval 	<ul style="list-style-type: none"> • Receive final Provincial Multi-year Plans. • Receive final Provincial Business Plans. 	<ul style="list-style-type: none"> • Owing to prioritisation of completion of Provincial Business Plans, final Provincial Multi-year Plans for the period 2009-2014 have not been completed by PHDs. It is noted that draft Plans have, however, been received from 5 PHDs. • Final Provincial Business Plans received from PHDs and assessed by relevant units within the National Department
	Develop a National Multi-year Housing Development Plan	<ul style="list-style-type: none"> • National Multi-year Housing Development Plan submitted for approval. 	<ul style="list-style-type: none"> • Multi-year National Housing Development Plan submitted for approval. 	<ul style="list-style-type: none"> • Development of a National Multi-year Housing Development Plan is dependent on having received final Provincial Plans of the same. To this end, see comment above.
	Render advisory services and assistance to requests & instructions in respect of human settlement planning.	<ul style="list-style-type: none"> • Incidental requests responded to timeously based on, inter-alia, the nature & priority of the request, and current obligations to be honoured within the Chief Directorate. 	<ul style="list-style-type: none"> • As and when requested. • Number of requests timeously responded & successfully attended to. • Accurate record of all requests kept on file. 	<ul style="list-style-type: none"> • Responded to 34 applications for township establishment. • Responded to various telephonic queries from the Public on Human Settlements.

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Promote the alignment of national sectoral planning with, among others, Treasury, DPLG & DLA.	<ul style="list-style-type: none"> • Participation on the Social Cluster Human Settlements Task Team. • Participate in DPLG Planning Coordination and Integration working group. 	<ul style="list-style-type: none"> • Participate in the committee and coordinate execution of forthcoming tasks. 	<ul style="list-style-type: none"> • Attended & participated in Social Cluster Human Settlements Task Team meetings & DPLG's Planning Forum, & provided inputs where required. • Provided inputs to DPLGs Consolidated Infrastructure Plan. • Participated at National Treasury's CFO Forum, and made specific recommendations around the format for Annual Performance Plans/MHDPs. • Participated at DPLGs National Disaster Management Advisory Forum.

2.8.3 Programme 3: Delivery Support

Purpose

To provide implementation and delivery support, build capacity, liaise and communicate with stakeholders for the purpose of furthering 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.

Service delivery objectives and indicators

Recent outputs

The primary purpose of the chief directorate is to provide housing sector capacity development interventions that will contribute to the achievement of the Department's strategic objective of the effective implementation of BNG through a balance among individual, institutional and environment capacity needs. To achieve this goal, it is necessary to provide a more targeted focus on organisational capacity, while maintaining skills development interventions.

The chief directorate comprises three directorates, namely Training and Skills Development, Institutional Capabilities Development and Sector Professional Development.

The Training and Skills Development Directorate is responsible for the following programmes:

- Development of training programmes on housing policy and legislation;
- Development of frameworks and strategies for beneficiary empowerment programmes;
- Development and implementation of beneficiary empowerment training programmes;
- Implementation of the sanitation, health and hygiene training programme; and
- Implementation of the councillor training programme.

The Institutional Capabilities Development Directorate is responsible for the following functions:

- Management and development of policies and strategy for mobilising and securing capacity in the housing sector;
- Management and support of provincial capacity development business plans; and
- Management of the Cuban technical support programme.

The Sector Professional Development Directorate is responsible for the following functions:

- Professionalisation of the housing sector;
- Development of housing qualifications; and
- Implementation of the housing scholarship project.

Councillor training programme

The councillor training programme was implemented successfully during the year under review. A councillor handbook was developed and is aimed at capacitating councillors with knowledge on housing programmes and their role in housing delivery. Training sessions were conducted in all provinces except Gauteng, owing to delays. Training was conducted in accordance with municipalities and SALGA was a key partner in programme implementation. To date 704 councillors have been trained in eight provinces.

The Chief Directorate: Capacity Development engaged with the Local Government SETA and WITS to request that the councillor handbook be incorporated into other local government qualifications.

Beneficiary empowerment programmes

The housing consumer education programme was implemented in all provinces except Gauteng and Free State who had already rolled out their own programmes. To date, 19 000 beneficiaries have been trained on the different tenure options available to them and their rights and responsibilities with regard to housing. The highest number beneficiaries who received training came from KwaZulu-Natal and the lowest number from Northern Cape. The housing consumer education framework was approved by the Director-General and provinces are using it as a guiding document for implementing the programme.

The sanitation, health and hygiene training programme was implemented successfully. Thirty field trainers were trained in addition to the sixty field trainers who had undergone training in the previous year. The chief directorate participated in workshops organised by the National Sanitation Task Team during 2007 to benchmark but also to form partnerships in the implementation of the programme.

Programme on sustainable development (Stellenbosch)

The Chief Directorate: Capacity Development facilitated the process of entering into a partnership with the Sustainability Institute to develop a training programme on sustainable community development. The programme seeks to respond to the capacity needs of communities while empowering officials with skills and knowledge to respond positively to housing delivery.

Professionalisation of the housing sector

The generation of the housing qualification and unit standards was coordinated successfully. The South African Qualifications Authority approved the housing qualification in October 2007.

Housing scholarship implementation programme

The sub-programme was responsible for the successful coordination of the following:

- Payment of outstanding fees;
- Establishing and strengthening constant communication between the Department and students;
- Placement of three students in employment;
- Placement of students in vacation employment;
- Involvement of students in housing activities, namely the Youth Indaba in Bela Bela (Limpopo), 2007 Housing Scholarship Retreat, Take a girl child to work, Youth Build, Women's build and the 16 days of Activism against Women and Child Abuse; and
- Visits to institutions to establish good working relationships.

Challenges

The following challenges were experienced

Certain outputs could not be fully achieved owing to a lack of capacity to perform all functions, which came about as a result of the restructuring process in which the Department was engaged during the financial year under review.

- The sanitation, health and hygiene training programme could not be fully achieved as some provinces and municipalities did not provide the numbers of officials required for training, The national office had to wait for six months for nominations for training.
- Although the beneficiary empowerment framework was developed, the beneficiary empowerment strategy could not be finalised during the year under review owing to a lack of human resources.

Chief Directorate: Social/Rental Housing and Community Driven Housing Initiative (CoDHI)

The Directorate: Social/Rental Housing and CoDHI is relatively young since it was created only in August 2006. Hence the set-up of the chief directorate and the finalisation of policies, programmes and strategies have been a priority. In the year ahead, the focus will shift to implementation support and the turnover of projects in order to meet the objectives of the programmes and strategies outlined above.

During the period under review, the Chief Directorate achieved the following in the area of social rental housing:

- Approval of a National Rental housing strategy
- Institutional arrangements in place in all 9 provinces to support the Social Housing & Community Residential Units (CRU) programmes
- Tools and templates developed for CRU programme
- Support to the Social Housing Bill parliamentary process
- Quarterly meetings with Rental Housing Tribunals to consider the Rental Housing Amendments Bill and proposed regulations to the Bill

- Interim Social Housing Programme (ISHP) phase 2 approved and in process. Capital funding for social housing projects has been provided through SHF to build up to 1200 social rental housing units
- Close-out of European Union Support Programme for Social Housing (SPSH) programme
- Realignments of the SA/Netherlands social housing support programme
- Close-out of Rooftops Canada programme
- Turnaround strategy for SHIs/projects in distress approved and being implemented

During the period under review, the Chief Directorate achieved the following in the area of Community Driven Housing Initiatives (CoDHI):

- CoDHI policy reviewed and ready for approval
- Consultation workshops with all 9 provinces and sector support agencies on revised policy
- Proposed CoDHI growth strategy developed to facilitate implementation of the policy
- Institutional arrangements in place in all 9 provinces to support CoDHI implementation
- Sector tools and templates for PHP being consolidated to align with CoDHI programme
- Case studies of distressed/blocked/problematic PHP projects developed to inform turnaround intervention
- Case studies of best practice PHP projects developed to inform CoDHI policy
- Sector reference groups to advise on CoDHI in place

Chief Directorate: Priority Projects

During the period under review, the Chief Directorate: Priority Projects was deployed to the following ministerial projects:

- N2 Gateway, Western Cape
- Zanemvula, Eastern Cape
- Duncan Village Redevelopment Initiative, Eastern Cape
- Mount Moriah, KwaZulu-Natal
- Emnambithi/Ladysmith, KwaZulu-Natal
- Chief Albert Luthuli, Gauteng
- Grassland, Free State
- Khutsong Redevelopment, North West
- Lerato Park, Northern Cape
- Ouboks, Northern Cape
- Klarinet, Mpumalanga
- Mokopane Ext. 20, Limpopo.

Achievements

The activities of the Priority Projects Unit for the year under review were focused on providing implementation support to implementing agents (provincial housing departments and municipalities) to ensure that the provision of housing and human settlements is realised.

The oversight and facilitating role played by the unit helped identify blockages in some priority projects, which necessitated high levels of intervention and liaison with other stakeholders.

The unit engaged National Treasury to avail funding required for the completion of various housing projects. The Department of Provincial and Local Government was also engaged for the provision of additional MIG funding that will allow the installation of adequate bulk connectivity, infrastructure and services.

In order to augment the capacity of some of the implementing agents, the Department entered into agreements with the World Bank's Cities Alliance Network and the Siyenza Manje Programme of the Development Bank of Southern Africa. These partnerships will assist in the documentation of current challenges and in developing best practice models that will inform the implementation processes of future housing projects.

N2 Gateway (Western Cape)

The Priority Projects unit emphasised the engagement of stakeholders and focused on outlining the deliverables of the N2 Gateway housing project. This saw heightened coordination of private stakeholder participation in the project roll-out. To date, the project has yielded over 8 000 units, comprising permanent houses, flats and temporary or transitional housing. The appointment of Thubelisha as project manager assisted in speeding up the rate of delivery. The project is now well managed and there is coordination among the various levels of government who are stakeholders in the project. The unit continues to oversee the project.

Zanemvula (Eastern Cape)

The installation of services and the construction of units commenced during the year under review, but the project experienced difficulties with overall management and implementation. In 2007, an external service provider was contracted to provide project management services while the Priority Projects unit oversees the implementation of the project and liaises with all relevant stakeholders. A greater level of intervention may be required for the project to yield the desired number of units each financial year until completion.

The service provider has had to resolve various challenges before the project could start delivering optimally. These challenges are still in the process of being overcome and should be resolved during the 2008/2009 financial year.

Duncan Village Redevelopment Initiative (Eastern Cape)

Duncan Village involves the complete establishment of a new township and relocation of beneficiaries from their old settlements that are mostly unsafe and flood prone. To date, more than 2 000 houses have been constructed at Duncan Village and more than 3 000 stands have been serviced and are ready to accommodate top structures (houses).

The major shortcoming of the project is insufficient bulk infrastructure and services. The project has a R1 billion infrastructure funding requirement, but to date MIG allocations have been totally inadequate, which seriously hampered progress. As a result Buffalo City had to consider alternative funding in an attempt to mitigate the negative effect of escalating inflation – and the exponentially escalating prices of building materials – on project costs.

The Department is engaging with the various departments instrumental in the delivery of sustainable human settlements (National Treasury and the Department of Provincial and Local Government) to ensure that the required resources are secured.

The Priority Projects unit forms part of the Duncan Village Redevelopment Initiative project task team (technical) and the steering committee (political). Through its direct participation, it is able to render assistance to all stakeholders and implementers of the project. However, since the unit is currently under-staffed the extent of its involvement in and contribution to the steering committee was limited.

Mount Moriah (Kwa Zulu Natal)

The project is progressing fairly well. In March 2008 the status report summarised progress as follows: "1 900 housing units have been completed, with 1 300 households ready to be relocated into the completed houses. One hundred additional foundations have been constructed."

Emnambithi/Ladysmith (KwaZulu-Natal)

The project did not progress as envisaged and is faced with several challenges, mostly institutional and some operational. The relationship between the provincial department of housing and the local municipality is critical to the success of the project, but these two key stakeholders differ fundamentally with regard to their approach to and the actual implementation of the project. One of the operational challenges involves the responsibility for provisioning of water within a 200 meter radius.

The Emnambithi/Ladysmith Municipality will be engaged in an attempt to resolve the water problem so that the project can continue. The establishment of a project task team will be proposed in the coming financial year so as to facilitate discussion around pertinent issues that could derail the project.

Chief Albert Luthuli (Gauteng)

Commencement of the project was delayed by the clearing and preparation of the site. Upon completion of site clearance an implementing agent was appointed. The installation of services was completed.

The construction of top structures was scheduled to commence in June 2008, pending the confirmation of the availability of two portions of land that the implementing agent requires in order to build credit-linked units. Ekurhuleni Metropolitan Municipality will be engaged by NDoH to fast-track the process so that the implementing agent can commence construction of top structures.

Grassland, Free State

The project does not have bulk services. All the sites have been given temporary services. Construction of houses began during the year under review. Bulk services will be installed once funding has been secured. All units have been electrified.

The Free State Provincial Housing Department needs assistance in securing funding for the installation of bulk services. The Priority Projects Unit will assist by engaging the relevant government departments.

Khutsong Redevelopment, North West

The redevelopment of Khutsong is a national emergency because residents are currently living in a very dangerous dolomite-prone area. The Department therefore prioritised the completion of houses for immediate relocation of people living in precarious conditions. In September 2007, R105 million was received in terms of the adjusted budget and this money is being used to install bulk connectivity and internal reticulation and to construct houses.

Lerato Park, Northern Cape

Commencement of the project was delayed owing to a delay in the appointment of the implementing agent. Sol Plaatje Municipality also sought to secure additional funding from National Treasury that would enable it to invest in the upgrading of its municipal infrastructure while implementing the Lerato Park project. National Treasury recommended that Sol Plaatje Municipality review the terms of its legal agreement with the chosen implementing agent and narrow the scope of its mandate. Project implementation will commence in the 2008/09 financial year. The Priority Projects Unit will assist the municipality in defining the terms of its agreement with the implementing agent and engage other government departments and institutions that may be able to assist with funding for the installation of bulk infrastructure. The unit will also provide ongoing facilitation and oversight.

Ouboks, Northern Cape

The planning process is in its final stages and the installation of bulk services was started. The MIG funding allocated to the project was insufficient and this had a negative effect on the rate of delivery. Bulk water supply remains a challenge. Negotiations with the Department of Water Affairs and Forestry had a positive outcome in that the department agreed to assist with the registration of the bulk water supply scheme under the Regional Grant Scheme.

Klarinet Housing Project, Mpumalanga

A memorandum of agreement is being concluded among the key role players, namely ABSA Bank, ABSA Devco, the Mpumalanga Provincial Department of Local Government and Housing and the National Department of Housing. The memorandum of agreement was circulated to the abovementioned parties. Once the document has been signed by all parties, the implementation of the project will proceed.

Mokopane Ext. 20, Limpopo

Good progress was made with the construction of houses in that 767 BNG houses were completed. The construction of 997 credit-linked houses has commenced.

Engagement of the government departments who will provide social amenities to the settlement will be intensified since amenities will be required once beneficiaries take occupation.

Chief Directorate: Service Delivery Support/ Programme implementation Support

Human Settlement Redevelopment Programme (HSRP)

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

Because various elements supported through the HSRP pilot programme is being rolled-out as part of the Comprehensive Plan for the Development of Sustainable Human Settlements and therefore funded through

the Integrated Housing and Human Settlement Grant, the decision was made to phase out the Human Settlement Redevelopment Programme. The last Division of Revenue Act allocations and transfers were made in the 2005/06 financial year and the Human Settlement Redevelopment Programme therefore did not receive additional funding in the 2006/07 financial year.

Unspent funding of the HSRP amounted to R36,5 million and was used to fund the remaining 46 active projects that consisted of 21 engineering infrastructure projects aimed at improving physical conditions in the urban environment, 9 planning or re-planning projects aimed at facilitating positive spatial re-ordering, 10 economic or local economic development projects aimed at encouraging participation in economic activity, and 6 social facility projects aimed at stimulating the development of wholesome and balanced living environments. Seventeen of the active projects were completed successfully in the 2007/08 financial year.

Several of the remaining 29 projects are on the verge of completion with only final claims and/or wrap-up reports to be finalised. Provinces were requested to finalise all remaining projects urgently so that the phasing out of the programme can be completed.

Informal Settlement Upgrading

In order for the government to meet its 2014 targets, the National Department of Housing (NDoH) is in the process of implementing a National Upgrading Support Programme (NUSP). This programme will refine the national informal settlements upgrading strategy and will focus on learning from successful developments/projects developed thus far. Fifteen informal settlement pilot projects were identified for this purpose.

It is envisaged that the learning achieved in this manner will lend substance to policy and practice with regard to the approach to informal settlement upgrading and how to turn informal settlements into sustainable human settlements.

The main objective of this initiative is to help strengthen the NUSP by providing crucial support in the first years of the programme. This intervention will be led by full-time, highly skilled and experienced upgrading experts.

The programme is supported by the Cities Alliance. In the course of the year under review, a memorandum of understanding was signed with the World Bank and terms of reference were completed for the appointment of national and international experts.

Provision of programme implementation support

During the period under review, a strategy for unblocking stalled projects was approved and implemented. The database on blocked projects was verified with the provinces and progress monitored. Three provinces succeeded in unblocking and finalising previously blocked projects, which yielded 47 569 units at a cost of R459 144 455. The chief directorate also identified 305 projects that indicated limited financial activity, but were not yet blocked, as priority projects that might require additional support.

Following the chief directorate's analysis of service delivery country-wide, and owing to its limited capacity and resources, the chief directorate concluded a memorandum of agreement with the Development Bank of Southern Africa (DBSA). In terms of the memorandum, the DBSA will make resources available through the Siyenza Manje Programme to support provinces and municipalities in the implementation of their housing programmes. The support will include financial and human resources.

Chief Directorate: Stakeholder Management

During the period under review, the Chief Directorate: Stakeholder Management successfully coordinated a Rural Housing Indaba.

- Plenary sessions with stakeholders in the social and rural contract
- Newsletter developed to update sector stakeholders developed
- Draft guidelines drawn up for the engagement of stakeholders in consultation phase
- Ministerial awards framework developed through extensive consultations with provinces and housing institutions
- Intersite signed for the release of land for housing development
- Memorandum of agreement developed between Development Bank of Southern Africa and ABSA DevCo
- Draft framework for the development of house build developed
- Youth in Housing Indaba successfully coordinated
- Policy and implementation guidelines on youth service in housing developed
- Memoranda of understanding for implementation of Youth in Housing Programme reviewed
- Youth in Housing Forum established in KwaZulu-Natal, North West, Gauteng, Northern Cape, Eastern Cape and Limpopo
- Stakeholder implementers workshop for the Youth in Housing programme conducted in KwaZulu-Natal, North West and Free State jointly with NYSU
- Support rendered to Presidency with regard to Zimbabwean Women Affairs Ministry visit to Women's Build project in Orange Farm
- Support rendered to Department of Local Government in preparation for the Youth Summit
- National Women in Housing Forum hosted in Gauteng, North West, KwaZulu-Natal, Free State and Western Cape
- Framework for the engagement and participation of women in housing delivery developed
- Women's Build successfully coordinated in the Western Cape

Service Delivery Achievements

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Capacity Development	Develop a capacity building framework and strategy	Approved capacity building framework and strategy	Developed capacity building framework and strategy	Strategy and framework developed and approved
	Facilitate development of capacity building plan	Approved strategies, policies and plans	Conduct workshops in consultation with provinces and stakeholders	Achieved
	Develop training programmes on housing policies and legislation	Developed training programme on housing legislation, policies and guidelines	Implementation of the accredited training programmes	Achieved
	Co-ordinate Cuban technical programme	Approved Cuban technical support programme	Implemented Cuban technical support programme	Programme approved and implemented

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Capacity Development	Develop framework and strategies for beneficiary empowerment programmes	Approved guidelines, framework and strategies for beneficiary empowerment programmes	Implemented beneficiary empowerment strategies	Framework for beneficiary education approved.
	Develop and implement beneficiary empowerment training programmes	Approved beneficiary empowerment training programmes	Implemented training programme	Achieved
	Facilitate the implementation of the sanitation, health and hygiene training programme	Number of trained officials and beneficiaries	Implemented programme	Achieved
	Implementation of councillor training programme	Number of trained councillors	Development of terms of reference and submission to access funding Appointment of the service provider/s	Achieved
	Establishment of Professional Housing Body (PHB)	Approved Strategy for professionalisation of the housing body	Facilitate drafting of Bill to establish PHB	Not achieved
	Facilitate generation of housing qualification and registered unit standards	Unit standards approved by SAQA	Coordinate and monitor generation of unit standards and qualification by the Housing SGB	Achieved
	Manage housing scholarship	Approved housing scholarship policy	Implementation housing scholarship programme	Achieved
Develop and maintain multi year housing programme implementation planning instruments	Maintain (approved) national programme for housing chapters of integrated development plans (IDPs)	<ul style="list-style-type: none"> • Programme approved in line with latest revisions 	<ul style="list-style-type: none"> • Maintain as and when required. 	<ul style="list-style-type: none"> • Given that programme was approved recently, no amendments or additions were required for the period under review.
	Maintain Framework for provincial multi-year housing planning	<ul style="list-style-type: none"> • Programme approved in line with latest revisions 	<ul style="list-style-type: none"> • Maintain as and when required. 	<ul style="list-style-type: none"> • Framework approved in line with latest revisions
	Overhaul municipal planning and control systems, arising from the recommendations of Partners for Housing.	<ul style="list-style-type: none"> • Recommendations paper focused on municipalities providing stepped improvements in current approvals processes. 	<ul style="list-style-type: none"> • Make recommendations based on report to DLA on the Legal Planning Framework. Engagements with DPLG to take recommendations forward in Legal Planning Framework. 	<ul style="list-style-type: none"> • Research findings of Partners for Housing presented to DLA & DPLG.

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Roll-out of national programme for housing chapters of IDPs	<ul style="list-style-type: none"> Housing voice located in the relevant offices, adequately skilled and trained to facilitate compilation of housing chapters of IDPs. 	<ul style="list-style-type: none"> Ongoing Engagement & support to provincial co-ordinators and provincial support providers. 	<ul style="list-style-type: none"> Housing Chapter Resource Manual completed and launched to relevant stakeholders. Final report on training needs for provincial co-ordinators and municipalities completed
	Develop a framework for provincial multi-year housing development plan	<ul style="list-style-type: none"> Framework for provincial multi-year housing development plan submitted for approval 	<ul style="list-style-type: none"> Framework for provincial multi-year housing development plan approved. 	<ul style="list-style-type: none"> Framework for provincial multi-year housing development plan approved and distributed to all relevant role players.
	Assess provincial multi-year housing development plans and provide information for the compilation of a multi-year national housing development plan	<ul style="list-style-type: none"> 9 provincial multi-year housing development plans submitted for approval 	<ul style="list-style-type: none"> Receive final provincial multi-year plans Receive final provincial business plans 	<ul style="list-style-type: none"> Owing to prioritisation of completion of provincial business plans, final provincial multi-year plans for 2009–2014 were not completed by PHDs. Draft plans were received from 5 PHDs Final provincial business plans received from PHDs and assessed by relevant units within National Department
	Develop a National Multi-year Housing Development Plan	<ul style="list-style-type: none"> National multi-year housing development plan submitted for approval 	<ul style="list-style-type: none"> Multi-year national housing development plan submitted for approval 	<ul style="list-style-type: none"> Development of a national multi-year housing development plan is dependent on having received final provincial plans of the same. To this end, see comment above
Manage, assist and provide advice and interpretation on human settlement planning.	Render advisory services and assistance to requests & instructions in respect of human settlement planning.	<ul style="list-style-type: none"> Incidental requests responded to timeously, based on inter alia nature and priority of request and current obligations to be honoured within chief directorate 	<ul style="list-style-type: none"> As and when requested Number of requests timeously responded & successfully attended to Accurate record of all requests kept on file 	<ul style="list-style-type: none"> Responded to 34 applications for township establishment Responded to various telephonic queries from public on human settlements

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Promote the alignment of national sectoral planning with, among others, Treasury, DPLG & DLA.	<ul style="list-style-type: none"> • Participation on the Social Cluster Human Settlements Task Team. • Participate in DPLG Planning Coordination and Integration Working Group 	<ul style="list-style-type: none"> • Participate in the committee and coordinate execution of forthcoming tasks 	<ul style="list-style-type: none"> • Attended and participated in Social Cluster Human Settlements Task Team meetings and DPLG's Planning Forum, and provided inputs, where required • Provided inputs into DPLGs Consolidated Infrastructure Plan • Participated at National Treasury's CFO Forum, and made specific recommendations re format for annual performance plans/MHDPs • Participated at DPLGs National Disaster Management Advisory Forum
Service Delivery Support	Finalised Human Settlement Redevelopment Programme	Compilation of monthly DORA expenditure reports	Monthly reports submitted by the 20th of each following month	All monthly reports submitted on or before 20th of the month
		Compiled quarterly non-financial reports	Quarterly performance reports submitted within five weeks of end of quarter	Last quarterly report for 2006/07 as well as reports for first three quarters of 2007/08 financial year submitted within five weeks of end of quarters
		Monitor the implementation and finalisation of projects through evaluation of close down reports	Monitor submission and evaluation of 100% of close-down reports submitted	23 wrap-up reports evaluated
	Established communication network with provinces in respect of projects initiated re housing subsidy scheme, supplementary housing programmes and stalled projects	Agreements with provincial housing departments.	Agreements in place for providing service delivery support.	Chief Directorate established at end of September 2007. Subsequent to establishment and despite severe capacity constraints, officials participated in the following initiatives towards fostering communication network with provinces:

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Service Delivery Support				<ul style="list-style-type: none"> • Quarterly performance review visits with CD: Grant Management • Provincial business plan hearings • Provincial verification visits to Mpumalanga, Western Cape, Eastern Cape, North-West Province generated reports of problem areas and challenges experienced. Provinces requested to qualify their support needs to Department as this serves as basis for agreements
	Lists of projects to receive service delivery support	Project list	List of projects to receive service delivery support	<i>Project lists for 577 blocked projects compiled per province. Project lists for 305 projects with limited financial activity compiled per province</i>
	Information database of identified priority housing projects	Database of identified priority housing projects	Database of identified priority housing projects	<i>Finalised list of 305 projects that may require additional support</i>
	Status quo report on problem areas in housing development and stalled housing projects	Status quo report	Status quo report	Representatives of the chief directorate attended provincial business plan evaluation hearings. Subsequently members of CD participated in provincial verification visits to Mpumalanga, Western Cape, Eastern Cape and North-West Province. Reports generated as a result of these visits highlighted problem areas and challenges experienced in provinces.

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Service Delivery Support	Recovery strategies to address problem areas in respect of stalled projects and projects initiated in terms of housing subsidy scheme and supplementary housing programmes	Recovery strategies	Development of recovery strategies where needed	Broad strategy for the unblocking of stalled projects developed and approved. Owing to capacity and resource constraints project-specific strategies were not completed. Terms of reference to outsource additional project management finalised. Tenders received and evaluated decision made to re-call tenders because of resource constraints. Memorandum of agreement concluded with DBSA for provision of targeted support to provinces and municipalities
	Ongoing implementation support on housing projects and stalled housing projects	Recovery strategy progress reports in respect of identified priority housing projects	Recovery strategy progress report	Not completed owing to capacity and resource constraints
	Refined national strategy for upgrading informal settlements	Enhanced informal settlement upgrading strategy approved	Enhanced informal settlement upgrading strategy (NUSP report)	Report/strategy not completed. Awaiting finalisation of appointment of international informal settlement upgrading experts by World Bank under National Upgrading Support Programme (NUSP)
	Revised informal settlement policy on the basis of what has been learnt in pilots projects	Revised Informal settlement policy developed	Informal settlement upgrading policy (NUSP report)	Policy not completed. Awaiting finalisation of appointment of international informal settlement upgrading experts by World Bank under National Upgrading Support Programme (NUSP)

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Service Delivery Support	Investigating, analysing, abstracting and disseminating key lessons learnt in implementation of pilot projects	Best practice case study documented	Best practice case study report documented (NUSP Report)	Report not completed. Awaiting finalisation of appointment of international informal settlement upgrading experts by World Bank under National Upgrading Support Programme (NUSP)
	Designing appropriate institutional frameworks for implementation of the ISU with systems for funding flows, reporting, and performance management	Institutional frameworks for informal settlements developed	Report produced, with appropriate institutional frameworks for implementation of informal settlement upgrading	Report not completed. Awaiting finalisation of appointment of international informal settlement upgrading experts by World Bank under National Upgrading Support Programme (NUSP)
	Finalised human settlement redevelopment programme	Compiled monthly DORA expenditure reports	Monthly reports submitted by 20th of each month	All monthly reports submitted on or before 20th of each month
Special Programme Support/ Priority projects	Facilitate and provide support in implementation of Ministerial Priority Projects	Agreements with provincial housing departments	Agreements in place for providing service delivery support	MOUs entered into with Provincial Housing Department of Eastern Cape for Zanemvula, and of Western Cape for N2 Gateway. Multi-stakeholder agreement pending for Mpumalanga's Klarinet project. In other provinces, NDOH was allowed to participate in implementation of projects without formal agreements
		List of pilot projects to receive service delivery support	List of pilot projects to receive support	Participated in steering committees of N2 Gateway, Western Cape; Zanemvula, Eastern Cape; Duncan Village Redevelopment Initiative, Eastern Cape; Khutsong Redevelopment, North-West; Lerato Park, Northern Cape; Ouboks, Northern Cape; Klarinet, Mpumalanga

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Project status quo reports on special ministerial programmes and projects and ministerial pilot projects	Project status assessments in respect of the pilot projects	Project status reports on all pilot projects	N2 Gateway and Zanemvula were standing report items at MINMEC and STRATMAN. Consolidated status report on all priority projects prepared quarterly
	Recovery strategies to address problem areas in special ministerial programmes and projects and ministerial pilot projects	Recovery strategies	Development of recovery strategies for pilot projects, where needed	Not achieved owing to capacity constraints
Social / Rental Housing & People's Housing Process	Rental units for low income households that want rental housing and security of tenure for People's Housing Process beneficiaries	Number of beneficiaries benefiting from People's Housing Process Number of rental units	2000 beneficiaries 1100 rental units	2205 beneficiaries 1200 rental units funded

2.8.4 Programme 4: Housing Development Finance

Purpose

Fund national housing and human settlement development programmes in terms of the Housing Act (1997), provide financial, grant and housing institutions management, and manage all matters provided for by the Home Loan and Mortgage Disclosure Act (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 to relevant legislation.

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

Service delivery objectives and indicators

Recent output

Due to inadequate resources the Branch is not able to fill all its vacant posts. The filling of vacancies is done on a prioritised basis and will be undertaken gradually as funding becomes available such that the new structure will be fully implemented by 2010/11 financial year.

The following gives a summary of progress made in the recent past regarding the business activities of the branch:

- Steps were taken to improve compliance to the Supply Chain Management Framework.
- An internal control unit was established to enhance efforts to constantly improve internal controls in the Department.
- Monthly reconciliation was done between BAS and LOGIS fixed asset register.
- More work was done to ensure compliance with financial prescripts. This included amending financial management policies.
- The Department's budget and adjustment budget were approved and published.
- Monthly expenditure reports to National Treasury on monthly expenditure of the Department and conditional grant were submitted timeously.
- Provinces were visited as part of the monitoring function.
- Increased number of visits to provinces and meetings with provinces for hands-on assistance.
- Home Loan and Mortgage Disclosure Act Regulations were developed and gazetted for implementation and enforcement of the Act, simultaneously with the Presidential proclamation on 13 July 2007.
- A uniform reporting format was developed and financial institutions briefed in terms of section 5(2) (b) the Act. The reporting format is a guiding tool for information disclosure by financial institutions on content, format and timing of disclosure 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 the 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 2005/06 to R8,3 billion (inclusive of roll-overs) in 2007/08.

The amount of R193 million non-transfer of grant funding relates to the Eastern Cape and Free State and the details are as follows:

- Punitive measures had to be taken against non-spending provinces and consequently grant funding of R500 million and R100 million respectively of the Eastern Cape and Free State, in terms of Section 26 of DORA.
- R150 million of the R600 million was not reallocated during the 2007/08 financial year. (In terms of Section 27 of DORA R450 million out of the stopped funds of R350 million was reallocated to Gauteng and R100 million to Northern Cape.)
- In respect of the Eastern Cape, National Treasury did not approve roll-over funds from 2006/07 to 2007/08 and R43,077 million was retained to address that aspect.

In respect of the amount transferred plus the roll-over approved, the provinces managed to spend R8,2 billion. The amount unspent at the provinces totals R482 million which will form part of a roll-over application, for consideration to National Treasury.

Service Delivery Achievements

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
Financial Services	Completed Annual Financial statements.	Timely completion of Annual Financial Statements and a successful audit process.	Annual Financial Statements	2007/08 Financial Statements were completed and submitted to the National Treasury and the office of Auditor- General
	Number of monthly reconciliations completed	Monthly preparation of reconciliations	12 reconciliations: payroll, creditors, debtors, ledger accounts, bank accounts	Bank, payroll and debtors reconciliations were done. Creditors' reconciliations could not be done on time during the first two quarters owing to capacity shortage
	Reviewed financial administration procedures and policies.	Effective and efficient systems of internal financial control	12 monthly system review reports	Only 9 reports done owing to capacity shortage
		New and reviewed amended policy approved	12-monthly system and document review reports	Developed suspense accounts policy Transferred three prior years' files to repository Four monthly reports

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Number of workshops held	Workshops held	4 workshops held	One workshop was held
	Supply Chain Management Service which complies with Supply Chain Management Framework, the PFMA, PPPFA, and Treasury Regulations	Report on number on stocktaking undertaken	1 stock count report	2 stock counts done
		Number of Reconciliations (LOGIS & BAS) Fixed asset register	12 reconciliation Reports (LOGIS & BAS) Fixed Asset register	12 reconciliation reports (LOGIS & BAS)
		Report on disposals	1 Report	No disposals were done
		Reports on regular spot checks conducted on store items	4 reports to chief director	3 reports completed
		Reports to management on procurement from SMME and HDI	12 reports	12 reports done
		Reports to National Treasury on bids awarded	12 reports to National Treasury	12 reports submitted
		Reports to management on procurement services	4 reports to STRATMAN	4 reports submitted
		Reports to management on travel and accommodation	4 travel and accommodation reports	Travel and accommodation arranged in accordance with approved S&T policy
		Reports to management on the use of Government Garage vehicles	4 Government Garage vehicle usage reports	Government Garage vehicles utilised according to approved Transport Policy
		Workshops Supply Chain	4 workshops	1 workshop held
Chief Directorate: Financial and Grant Management	Management and user support of financial systems	Provide system management services	Closure of books (financial interfaces) for a month by 9th of next month	Books were closed on time
		User support and training	One training session coordinated	Daily support and training were provided as required
	Planning and administration of budget process.	Approved ENE, MTEF, and virements.	2009 budget approved	2009 budget approved

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Approved departmental adjustment estimate	Approved adjustment estimate.	2008 adjustment estimate approved	2008 adjustment estimate approved
	Report to National Treasury on set dates	Provide National Treasury with EWS report on the 15th of each month	12 reports to National Treasury before the 15th of each month	12 reports were sent on time to National Treasury
	Provided management reports and financial information as required	Produce management reports	12 reports to management and Minister	Submitted 12 reports to management
	Amended DORA	Annual inputs to National Treasury, as required by DORA	Approved DORA amendments	Inputs for amendments of DORA submitted
	Annual business plan guidelines developed	Develop business plans guidelines	Guidelines issued	Guidelines done in consultation with provinces
	Amended grant framework	Grant framework amended with inputs received from provinces and submit for approval	Grant framework approved	Amended grant framework submitted
	Transferred funds according to payment schedule, on a monthly basis	Expenditure reports indicating transfer of funds to provinces	Monthly funds transferred according to payment schedule	Transfers made according to the payment schedules approved by National Treasury
	Analyzed provincial cash flow projections and annual budget for the conditional grant	Report on analysed provincial cash flow projections and annual budget for conditional grant to management	Management report issued	Management report on analysis of business plans issued
	Approved national business plan	Business plan reviewed and submitted to National Treasury	National business plan approved	Approval obtained and submitted on due dates
	Provincial monthly financial reports reviewed	Report to management on reviews of monthly financial reports reviewed	12 financial review reports	12 financial review reports issued.
	Provincial quarterly financial reports reviewed	Report to management on reviews of quarterly financial reports reviewed	4 financial review reports	4 financial review reports issued
	Provincial annual financial statements analyzed	Report on review of annual financial statements	9 annual financial statements reviewed	8 annual financial statements reviewed (Limpopo not done)

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Provision of efficient debtors system to provinces	Finalise 80% of system change notices registered	80% of system notices completed	98% of system notices completed
		Reports to management on the debtor system	4 Reports to management	4 reports done
		Reconciliations of Post Office receipts between Post Office and Debtor system	12 reconciliations in respect of provinces	12 reconciliations done
		Monitor, follow up and guide on data clean-up, devolution and transfer of properties	12 meetings /visits held with provinces	12 meetings /visits held with provinces
		Submission of service provider invoices	12 payments	12 payments made
Chief Directorate: Office of Disclosure	Home Loans and Mortgage Disclosure Act Regulations	Regulations implemented	Regulations implemented	Regulations implemented
	Provide secretariat function in terms of the Home Loans and Mortgage Disclosure Act	Report to management on secretariat function	100% reports	100% reports produced
	Information received from financial institutions	Report to management on the information received and analysed	1 annual report	Not achieved
	Monitored Charter processes, promoted housing finance equity and compliance of the financial institutions in terms of Charter	Report to management on the Charter process and compliance of financial institutions	100% reports	100% reports produced
	Investigated public complaints received on home loans and mortgages	Report to management on investigations conducted.	100% reports	100% of public complaints received resolved and reports produced
	Compliance manual for Home Loans and Mortgage Disclosure Act	Compliance Manual finalised and implemented	Compliance manual finalised and implemented	Compliance manual reviewed and implemented
	Members of Office of Disclosure appointed	Members of Office of Disclosure appointed	Members of Office of Disclosure appointed First draft of annual received Decisions made	Not achieved
	Profile Office of Disclosure	Profile Office of Disclosure completed.	Updated Profile of Office of Disclosure and disseminated	Not achieved

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual achievement
	Launching of Office of Disclosure	Information prepared for dissemination.	Information disseminated	Information disseminated
	Annual report prepared for Minister	Annual report prepared and submitted	Draft annual report produced/prepared	Not achieved
	Municipalities' help desks facilitated	Facilitation of help desks in metros and district municipalities	20 help desks facilitated & functional in metros & district municipalities	20 help desks facilitated and functional in metros and District municipalities

3. REPORT OF THE AUDIT COMMITTEE

NATIONAL DEPARTMENT OF HOUSING – 27

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2008.

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 5 meetings were held.

Name of Member	Number of Meetings Attended
Ms S Hari (Acting Chairperson)	5
Mr T Ntuli	3
Mr A Ferreira (contract ended 30/11/2007)	2
Ms T Mnqeta (contract ended 30/11/2007)	3
Ms T Njozela (contract ended 30/11/2007)	2
Ms M Nyathi (appointed 05/02/2008-Chairperson)	1
Mr K Buthelezi (appointed 05/02/2008)	1
Mr C Weapond (appointed 05/02/2008)	1
Ms M Moja (appointed 05/02/2008)	1
Ms Y Reilly (appointed 05/02/2008)	1

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 has 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 (Select the appropriate paragraph below.)

The Audit Committee is not 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. The area of concern for the Audit Committee relates to management and reporting on performance information.

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.



Ms. M Nyathi

Chairperson of the Audit Committee

Date: 29/07/2008

4. Annual Financial Statements National Department of Housing for the year ended 31 March 2008

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

I. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The year under review has seen further progress in the implementation of the Comprehensive Plan for the creation of Sustainable Human Settlements (Breaking New Ground Plan). Most importantly in this regard has been the completion of the process of restructuring that resulted in the establishment of a new organizational structure that is aligned to the requirement of the new plan. This structure will ensure that the department is able to provide the necessary assistance to provinces required to reduce the risk of further project blockages, the interventions necessary when such blockages occur, the monitoring of progress in implementation of the various housing programmes and the more responsive policy development and maintenance to deal with any gaps identified in the housing development processes. The new organogram is planned to be phased in over the next two years in tandem with the availability of resources necessary to implement it including space and financial resources. The Human Resources Plan has accordingly been developed after taking into account the requirements during the process of developing this organizational structure.

The year saw further enhancements being implemented to the Housing Subsidy System and the National Housing Subsidy Database to enhance the controls and capability of reducing risks identified during the performance audits that were undertaken by the office of the Auditor-General around the abuse of the government housing policy. The necessary interfaces to verify information contained in beneficiary applications with other databases such as the population register database of Home Affairs department, the Unemployment Insurance Fund, the Pension Fund, the Deeds registry database and PERSAL have been developed. Further engagements with SALGA and Social Development are currently underway to determine the most feasible and economic ways of accessing information from various Local Government systems across the country regarding potential beneficiary applications from that sector and accessing information from social pension database.

The security around the system user control environment has also been enhanced. Appropriate capacity and training initiatives have also been implemented across the country covering the various user and control levels.

In moving with the new developments the enhancements also

- enable the accredited municipalities to capture application forms for new beneficiaries,
- mean that provinces have much stringent measures in place around management of system control overrides, and
- accommodate the Financial Linked Subsidy programme.

During the financial year the Department provided eighteen priority municipalities and eight Provincial Housing Departments with capacity enhancement and support for accreditation related purposes. All eighteen municipalities had previously applied for level one accreditation. Capacity and compliance audits to determine compliance with the criteria required for level one accreditation as specified in the Municipal Accreditation Framework are underway in five municipalities.

Our oversight role in respect of Housing Institutions was enhanced this year when the Department completed and approved a Monitoring Framework as well as a Shareholders Compact Framework for institutions. Efforts commenced this year to close off the People's Housing Process Trust with the intention

of migrating its functions to the department. The process to establish the Housing Development Agency was undertaken which will culminate into the external winding-up of the Thubelisha and Servcon. Further progress on the following issues is reported on;

- the National Home Builder's Registration Council's (NHBRC) builders Code of Conduct as well as the Builders grading System were finalised and approved.
- A business case and bill for the Housing Development Agency (HDA) were developed. The bill was tabled before the Parliamentary Portfolio Committee.
- The National Housing Finance Corporation (NHFC) commenced with the implementation of the pilot retail project which is aimed at enabling low income housing accessing funding directly rather than through wholesale lenders.

Despite challenges on the N2 pilot project there has been progress achieved in finalising the Land Availability Agreement between City and Province and subsequently with Thubelisha, as well as finalizing precinct-specific development agreements between Province and Thubelisha.

The role played by the private sector in contributing to housing delivery was confirmed this year through a study done on employer-assisted housing schemes. There is indeed a need to ensure that the housing programme responds and complements the existing willingness of the private sector to contribute addressing the housing backlog.

The year also saw the realignment of our monitoring and evaluation function thus giving birth to a much focused unit. This unit will be guided by a Monitoring and Evaluation Policy and Implementation Framework for the Housing Sector which was completed and approved during the year. This policy will also enable Government to measure the results of the Comprehensive Plan for the Development of Sustainable Human Settlements.

Revision of the National Housing Code, which was aimed at creating a manual for the implementation of the Comprehensive Plan and to provide for a more flexible approach and greater discretion at project implementation level was finalised.

In order to expedite delivery and ensure better quality of the final product, this year saw critical decisions taken which include:

- de-linking of the Housing Subsidy from the beneficiary administration and linking it to the project
- more closer corporation between government and public entities particularly around financing the developers, registration of projects with the NHBRC.
- Moving the available limited funds when the situation warrants, from areas which are experiencing bottlenecks to areas where delivery will be achieved thereby addressing under-expenditure by the sector.

The Department has, during the year under review, driven the process of implementation of the Presidential Proclamation on eradication of fraud and corruption. Out of that process, 42 cases involving public servants, who illegally and fraudulently obtained RDP houses, were finalised by the courts around the country with sentences including the repayment of the value of the houses acquired in a fraudulent manner. Furthermore, the Department has signed 370 acknowledgements of debt with the people who have been found guilty by the courts, worth R4,9 million. The amount already collected in terms of the signed acknowledgments of debt is in excess of R900 000.

While we are still in process of appointing the members of the Office of Disclosure much was done this

year towards enforcing the Home loans and Mortgage Disclosure Act. As a result the Home loans and Mortgage Disclosure regulations were implemented. The reporting format for receiving of information from financial institutions was this year finalised.

Some of the issues raised by the Auditor-General in the prior year audits were addressed during this year. These include:

- Developing a Disaster Recovery Plan for the department.
- Developing a Human Resource Plan for the department.
- Developing a policy for the transversal debtors system for implementation by the provinces.
- Establishing an inclusive Service Level Agreement committee with SITA.
- Creating a development database for the transversal debtors system. With SITA's assistance new software was installed after year end to facilitate transfer of programmes from the development database to testing and production databases.
- Developing a Service Level Agreement between the NDOH and provinces for the support services on the Debtors System.
- Ensuring that issues around Fixed Assets Management are addressed. At year end we were still in progress having amended the asset management policy, developed procedures manual, ensuring that where there is a need assets are recorded at fair value, reviewed the asset register to ensure proper classification of assets is achieved.
- The Change Control Directive that guides change control procedures for the operational systems managed and maintained by the department. The Change Control Directive is further supported by standard operating procedures (SOP) that guides each step of the change control process, including required inputs and outputs as well as responsibility.

The Department's allocation over the coming MTEF period is expected to increase from R 10,6 billion in 2008/09 to R15,3 billion in 2010/11 an average growth rate of 44% between 2008/09 and 2010/11. Although this is encouraging the current economic conditions characterised by inter-alia constant increases in the inflation rate will adversely affect the impact of this growth in budget allocation.

1.1. General budget overview

The Department's adjusted budget amounts to R 8,982 billion for the year under review and represents a 22.47% increase over the R 7,334 billion adjusted budget appropriated during the previous financial year. Overall, 95.8% or R 8,602 billion was budgeted for transfers and subsidies. This amount (R 8,602 billion) was budgeted for as follows:

Provinces	R 8.343 billion (96.9%)
Departmental agencies (as described in paragraph 5)	R 257.166 million (2.98%)
Foreign governments	R 1 million (0.01%)
Households	R 0.875 million (0.01%)

The remaining 4.2% was budgeted for various programmes as shown below (as a percentage of the total 4.2%).

- Programme 1 – Administration -R 122.238 million (32.1%)
- Programme 2 – Policy Planning and Research -R 76.979 million (20.2%)
- Programme 3 – Housing Implementation Support -R 143.232 million (37.7%)
- Programme 4 – Housing Development Finance -R 37.922 million (10%)

I.2. Spending analysis

The Department spent R 8,586,910 billion of the R 8,982, 358 billion. This represents 95, 6% of the vote and amounts to 4.4% (2.3% in 2006/7) under-spending on the vote.

This 4.4% under-spending, which amounts to R 396,086 million (R 165, 898 million in 2006/7), is due to the following:

A. Compensation to employees

Under-spending on this item amounts to R 0,555 million and is mainly due to vacant positions some of which were filled during the year under review.

B. Goods and services

The combined under-spending on this item amounts to R 16, 307 million.

The most affected programmes are:

Programme 1: Administration	38%
Programme 2: Policy Planning and Research	20%
Programme 3: Housing Implementation Support	14.2%
Programme 4: Housing Development Funding	27. 7%

This combined under-spending is mainly due to the following:

- Personnel related expenditure.
- Outstanding portions relating to completion of the following projects:
- Outsourcing execution of some portions of the Internal Audit plan;
- Investigation on the development of alternative tenure options;
- Evaluation and reporting on the advance tranche payments made to municipalities to implement approved projects;
- Savings on the transversal contract to manage the debtors system implemented at various provinces; and
- Investigation into a possible insurance cover for subsidy houses against vis major.
- The nature of some of the projects is that they were planned to be completed at due dates that are beyond 31 March 2008 and therefore those projects straddle over two financial years, i.e. 2007/08 and 2008/09, while the commitment can only be created in one year.

C. Provinces and municipalities

The combined under-spending on this item amounts to R 193, 077 million. This is due to the fact that respectively R 500 million and R 100 million were stopped in terms of Section 26 of the Division of Revenue Act in respect of the Eastern Cape and Free State. These amounts were subsequently reallocated in terms of section 27 as follows:

- R 350 million was re-allocated to Gauteng and
- R 100 million to Northern Cape.

R 150m was not re-allocated during 2007/08. National Treasury did not approve roll-over funds from 2006/07 and R 43 077 was retained to address that aspect.

D Departmental Agencies

Under-spending on this item amounts to R 180, 001 million. This is due to the fact that the Social Housing Regulatory Authority (SHRA) had not as yet been established at year end as the Social Housing Bill has not been enacted.

A request was forwarded to National Treasury for approval of a virement of this amount to the Social Housing Foundation as that institution is responsible for the social housing interim programme. National Treasury did not however approve the request.

E. Machinery and equipment

The combined under-spending on this item is R5,504 million and is partly due to delays in the process of filling vacant positions. The contributing programmes are:

Programme 1: Administration	38%
Programme 2: Policy Planning and Research	25.7%
Programme 3: Housing Implementation Support	18.3%
Programme 4: Housing Sector Performance and Equity	18%

I.3. Virements

I.3.1 The following virements were part of the adjustment estimate:

A. Programme 1: Administration

The net effect of virements is an increase on the programme allocation of R6 million as a result of the following:

- (a) R2 million was shifted from compensation of employees in Programmes 2, 3 and 4 respectively and was used for pensionable service costs in the Government Employees Pension Fund (GEPF) for the former members of non-statutory forces.
- (b) Within the programme funds were shifted from capital assets to goods and services due to savings on capital assets. This savings was in respect of funds originally provided for replacement of ministerial vehicles which had to be purchased during the 2005/06 financial year using savings in that year and funds received for the sale of vehicles.

B. Programme 2: Housing Policy Research and Planning

The net effect of virements is a decrease on the programme allocation of R12 million emanating from the following:

- R2 million was shifted from compensation of employees to Programme 1 and was used for pensionable service costs in the Government Employees Pension Fund (GEPF) for the former members of non-statutory forces. It was a requirement that this contribution is funded from savings within the department.
- R10 million was shifted to Programme 4 from goods and services for Thubelisha Homes to cover its operational expenditure.
- Within the programme the R 921 000 was reprioritized to fund the increase in the UNHABITAT contribution in line with the new scale for contributions as per the resolution passed at a conference held with the United Nations during March 2007.

C. Programme 3: Housing Implementation Support

The net effect of virements is a decrease on the programme allocation of R 3,750,000.

- The R2 million was shifted from compensation of employees to Programme 1 and was used for pensionable service costs in the Government Employees Pension Fund (GEPF) for the former members

of non-statutory forces and it was a requirement that this contribution is funded from savings within the department.

- Savings to an amount of R 5, 250, 000 arose because the process of winding up the People's Housing Partnership Trust commenced during the year under review with an intention that its functions be migrated to the department. The funds were shifted to compensation of employees and goods and services in programme 3 in order to fund the absorbed functions.
- R7 million was shifted from goods and services to Programme 4 for Thubelisha Homes to cover its operational expenditure.

D. Programme 4: Housing Development Finance

The net effect of virements is a decrease on the programme allocation of R9, 750,000.

- The R2 million was shifted from compensation of employees to Programme 1 and was used for pensionable service costs in the Government Employees Pension Fund (GEPF) for the former members of non-statutory forces and it was a requirement that this contribution is funded from savings within the department.
- R6 million was shifted to Departmental Agencies: Thubelisha Homes to cover its operational expenditure.
- R23 million was reprioritised and shifted to this programme for Thubelisha Homes to fund the operational expenditure of the public entity. R10 million from Programme 2; R7 million from Programme 3 and R6 million from Programme 4.
- Savings to an amount of R 5, 250, 000 arose because the process of winding up the People's Housing Partnership Trust commenced during the year under review with the functions being absorbed by the department. The funds have been shifted to compensation of employees and goods and services in Programme 3.

1.3.2 The following virements was approved after the adjustment estimate

Virements approved after the Adjustment Estimate

A virement was during the year under review approved by National Treasury wherein funds amounting to R3, 006, 667 were shifted from NURCHA and R 5, 041,250 from the Social Housing Foundation to Thubelisha Homes for costs born by that entity in relation to the eviction of illegal occupants at Delft Symphony in the Western Cape.



2. SERVICES RENDERED BY THE DEPARTMENT

2.1. The main purpose, task and mandate of the National Department of Housing are that of co-ordinating, communicating, 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

Category	Amount	Costing method
Stationery	R 131, 698.55	Average cost

3. CAPACITY CONSTRAINTS

At the beginning of the financial year, the Department had a total of 406 (345+61 additional posts) positions of which 79 were vacant. This translates to a 19% vacancy rate. The majority of these vacancies were in respect of highly skilled staff and senior management, while the rest was in respect of skilled and lower-skilled staff.

At the end of the financial year, the Department had a total of 480 (457+23 additional posts) posts, of which 140 were vacant. This translates into a 31 % vacancy rate. This situation has adversely affected the Department's operations and its ability to respond to the various challenges it faces. The Department was compelled to outsource some work to various service providers and use personnel provided by employment agents.

4. UTILISATION OF DONOR FUNDS

A total amount of R7, 595 million was received from the European Union and Danida during the financial year. These funds were transferred to the Social Housing Foundation for the Social Housing Programme and Thubelisha for the energy efficiency project as follows:

Social Housing Foundation	R 5,462 million
Thubelisha Homes	R 0,670 million

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 anticipation of its disestablishment, no funds were transferred to the provinces from the fund during the current year. The legislative process to conclude this is underway and it is anticipated that it will reach finality during the coming financial year.

5.2. SERVCON

The purpose of SERVCON was to provide exclusive management services in respect of the designated or ring-fenced portfolio comprising properties in Possession (PIP's) and Non-Performing Loans (NPL's) in terms of the normalization programme agreed to by government through the Department of Housing and Banking Council, which represents the participating banks. A small number of properties remain non-disposed, as a result of uncooperative clients. Various strategies are being considered by Servcon to finalize the remaining portfolio. In addition, Servcon continues to provide services to provinces in terms of the normalization programme.

5.3. Social Housing Foundation

The purpose of the Social Housing Foundation is 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 has been appointed as an implantation agent for the Interim Social Housing Programme during the year under review.

The Social Housing Foundation submitted a business plan to the Department for approval. The Foundation then submitted claims based on requirements and expenditure reports and evaluated by the Department. Quarterly performance reports were also received by the Department and are compared to targets set.

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 by agreement between Government and the Open Society Foundation of New York. Its primary function is to help release finance for low-cost housing from financial institutions. NURCHA's main activity is to offer bridging finance loans directly or indirectly to established and emerging contractors for building low and moderate income housing and related community facilities and infrastructure.

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) with the mandate to protect potential housing consumers from unfair homebuilders. It strives to regulate and provide better services to the consumers through the registration of homebuilders and enrollment of homes. The main activities of the institution include the enrolment of new housing units, the registration of building contractors and inspections.

5.6. National Housing Finance Corporation (NHFC)

The purpose for the establishment of NHFC is to ensure that low and moderate income households are able to access housing finance. NHFC primary activities are to channel finance to low and moderate income

households directly and indirectly and to support the development of new, low cost and social housing stock through its involvement in project finance. NHFC provided the Department with a business plan, which set out activities, key performance indicators and budget, including an expected cash flow. The Department received quarterly progress reports, including statements of actual and expected expenditure for each respective quarter.

5.7. People's Housing Process Trust (PHPT)

The purpose for the establishment of PHPT is to build capacity in national, provincial and local government and civil society, in order to meaningfully participate in and support the People's Housing Process. Its operations are funded by the National Department of Housing and the United States Agency for International Development (USAID) and the trust raises revenue through grants from provinces for PHP projects. The primary activity of PHPT is to create capacity for PHP. PHPT provided the Department with a business plan, which set out activities, key performance indicators and budget. PHPT is in the process of being dissolved although the PHP function will continue to be facilitated by the Department.

5.8. Thubelisha Homes

Thubelisha was established to facilitate the "right-sizing" of households residing in residential properties captured in the "ring-fenced" portfolio, managed by Servcon Housing Solutions. Thubelisha Homes provided alternative housing options, where necessary, for households captured in the portfolio. During 2004, a management decision was taken in favour of the implementation of an "in situ" strategy, which entailed the "right sizing" of households whilst remaining in their respective housing units.

Following this decision and the implementation of the new Comprehensive Plan on the Development of Sustainable Human Settlements, a new purpose for Thubelisha Homes was found. The institution is now required to provide project management services in respect of mega projects, the upgrading of informal settlements, the provision of emergency housing, and the resuscitation of blocked projects. Thubelisha Homes provided the Department with a business plan, which set out activities, key performance indicators and a budget. The Department received quarterly progress reports, including statements of actual and expected expenditure for each respective quarter.

As part of the continuing restructuring of public entities it is anticipated that Thubelisha will soon be wound up. It is not anticipated that government will be issuing any guarantees for the entity. The extent of the exposure of the department in relation to the processes of wounding up the company had not been established at the time of concluding this report. It is however anticipated that all such costs will be covered by the normal budgetary process.

An analysis of the creditors of the entity revealed that the majority of the liabilities are government related, mainly consisting of project funding advanced by provinces and interest accrued. Provincial accounting authorities were subsequent to the year end approached to give consent to the writing off of these interest accruals so as to cover the working capital requirements of Thubelisha until it is wound up/down. In addition funding short falls are planned to be sourced from the National Revenue fund through a Treasury Committee request during the adjustment budget process.

5.9. Rural Housing Loan Fund (RHLF)

The purpose for the establishment of RHLF is to contribute in the housing and living conditions of poor families in predominantly rural areas. RHLF is funded by the German agency, Kreditanstalt für Wiederaufbau (KfW). RHLF's main activity is to enable poor families to obtain developmental credit from financial intermediaries supported by RHLF. RHLF provided the Department with a business plan, which set out activities, key performance indicators and budget, including an expected cash flow. The Department received quarterly progress reports, including statements of actual and expected expenditure for each respective quarter.

5.10. South African Housing Trust (SAHT)

The South African Housing Trust was established in January 1987, as a joint venture between government and private sector. The joint venture was to promote and facilitate affordable shelter and security of tenure for lower income communities in South Africa, given the severe housing shortages, with the secondary purpose of creating employment opportunities. The SAHT established two wholly owned subsidiaries, Nu-Way Housing Developments (Pty) Ltd in 1993, and Khayaletu Home Loans (Pty) Ltd in 1998, through which it conducted all its business whilst the SAHT remained the holding company operating as the group's finance vehicle, through which government and private sector funding was raised.

By 1998, the SAHT and its subsidiaries were in financial difficulty and were no longer viable entities and in March 1998, cabinet finally resolved to disestablish the SAHT. The SIU was mandated by Proclamation R49, 12 October 2004 to investigate whether there was any corruption and maladministration in the process of disestablishing the South African Housing Trust (SAHT). The mandate was to focus on:

- The manner in which the SAHT was disestablished and its wholly owned subsidiaries were sold
- The alleged non-disclosure of information and possible conflict of interest, relating to the directors of SAHT and its wholly owned subsidiaries.

In order to achieve this, the SIU investigated:

- Whether the process of disestablishment of SAHT and the sale of its subsidiaries were irregular and/or unlawful, thereby giving rise to a potential civil claim
- Whether any criminal conduct took place during the process of disestablishment of SAHT and the sale of its subsidiaries
- Whether any government officials involved in the process of disestablishment of SAHT and the sale of its subsidiaries committed acts which could be regarded as irregular, if assessed against accepted processes.

The key finding of the investigation was that there was no evidence of irregularities in respect of either the disestablishment of SAHT or the conclusion of the sales of the SAHT more particularly, it was found that:

- There were no irregularities in the disestablishment process of SAHT
- There were no irregularities in the sale of Nu-Way
- There were no irregularities in the sale of Khayaletu
- There was sufficient government oversight over the whole process
- There was no material non-disclosure by directors or potential conflict of interest involving such directors
- The fact that only one valuation was done in respect of Nu-Way did not render the process irregular or unlawful
- The fact that the sale process took place relatively speedily, did not render the sales of the subsidiaries irregular or unlawful
- The valuation of Nu-Way was not done in a manner which rendered the sale of Nu-Way irregular or unlawful
- The procurement process followed was not in conflict with the Constitution
- The State Tender Board Act did not need to be complied with
- The transfer of the liabilities of the subsidiary companies to the government did not render the sales irregular or unlawful.

In addition, it was established that even if there had been any conduct that could have given rise to civil liability, all potential claims have prescribed and consequently no civil legal action would be possible.

6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

The Department transferred funds to the following organisations:

6.1. Provinces: Integrated Housing and Human Settlement Development Grant

This grant is transferred to the provincial departments to finance national and provincial housing programmes.

Funds were transferred to the provinces in terms of the annual Division of Revenue Act, 2007 as conditional grants. The provincial allocations are determined according to an allocation formula which is based on a number of factors and is approved, by Housing MINMEC. Out of an allocation of R8,238 billion a total amount of R 8,150 billion was transferred to the provinces during the year under review. Provinces submitted monthly reports in terms of the Division of Revenue Act, 2007 and reports by the department on their performance were tabled before the inter-governmental structures.

6.2. Habitat Foundation

The department budgets annually for a contribution to this international Cooperation Forum. A total amount of R 606,355 was this year transferred to the Habitat Foundation as the department's contribution to that body.

6.3. Cities Alliance

This is an international city-network organisation in support of the urban sector development worldwide. It is promoting a global campaign known under the motto "Cities without slums" in support of the fulfilment of the MDG Goal 7 Target 11. In recognition of the key role South Africa will be playing in localising and pursuing the fulfilment of the above mentioned MDG, an invitation was last year extended to South Africa (represented by the National Department of Housing) to join the Cities Alliance and participate in its activities. The department's contribution to this forum this year was R 355,919.

6.4. Social Housing Foundation

A total of R 15, 124 million was transferred during the year under review.

6.5. National Urban Reconstruction and Housing Agency (NURCHA)

A total of R 18, 993 million was transferred during the year under review.

6.6. Thubelisha Homes

A total of R 43, 048 million was transferred during the year under review.

7. PUBLIC-PRIVATE PARTNERSHIP

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

8. CORPORATE GOVERNANCE ARRANGEMENTS

The department has fully functional Audit, Risk Management, Bid adjudication, Strategic Management Committees. A high-level risk profile has been developed as a platform and foundation to be used by the department in identifying, managing and controlling the business risks confronting the department. The department's fraud prevention plan, various financial management policies and financial delegations were

reviewed during the financial year. A fraud prevention policy and a whistle blowing policy were approved. The department also has an Internal Audit function which operates on a risk-based annual plan.

All staff has to comply with public service regulations. In effect 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

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

The legislative process is underway to:

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

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

The Department commenced with the closure of the People's Housing Process Trust (PHPT).

10. NEW/PROPOSED ACTIVITIES

The following activities were introduced during the year under review:

10.1. Priority Projects Facilitation

This function has been introduced at Chief Directorate level to manage and facilitate support in the implementation of priority human settlements projects of national significance. This effectively means that the department is now much involved in the coal face of service delivery as it plays a role in the implementation of these projects.

The total budget for this activity for the year under review was R 3,2 million.

10.2. Housing Development Agency

The Housing Development Agency's primary function will be to identify, acquire, hold (for a limited period) and develop land and landed properties for residential development purposes in order to achieve the objectives of Government's Comprehensive Plan for the Creation of Sustainable Human Settlements. This is particularly critical in respect of the current and continuing shortage of strategic and accessible land for affordable housing developments in the various parts of the country, especially in the urban areas. In the light of the fact that a number of public, private and parastatal institutions are disposing of their non-core assets (especially land and landed properties) to potential investors in the property industry, there is no state mechanism of securing such strategic / well located housing land for future mixed-used developments.

In order to deal effectively with the challenges of human settlements, it is important that land acquisition be accelerated through a dedicated Housing Development Agency.

11. ASSET MANAGEMENT

Although the asset register meets the minimum requirements by National Treasury the Asset Acquisition Plan, Approved Asset Strategy, Approved Maintenance and disposal plans have not been achieved due to capacity constraints. It is hoped that these will be in place by the end of the financial year.

12. EVENTS AFTER THE REPORTING DATE

There are no events for reporting.

13. PERFORMANCE INFORMATION

The Department has a Performance Monitoring Unit 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 Managers of the abovementioned programmes (Chief Directors) 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.

Performance reports by provinces are tabled and discussed by the intergovernmental structures in housing namely, the Technical MINMEC committee and the MINMEC committee, on a quarterly basis.

Housing institutions report on their performance to the Department on a quarterly basis.

14. SCOPA RESOLUTIONS

1.4.1 As reported in the previous financial year, on its report number 76 dated 6

September 2006 the Committee resolved as shown below. Progress is hereby reported in line with the applicable resolution.

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	<p>(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.</p> <p>(b) The department establishes an ID verification mechanism that is linked to data on the Home Affairs database.</p> <p>(c) The department must ensure that policy guidelines with respect to the administration and awarding of subsidies are enforced.</p> <p>(d) The department must report to Parliament on disciplinary action taken against employees who engaged in fraudulent and corrupt activities.</p>	<p>(a) SEPARATION OF DUTIES This was addressed and reported in the previous year's annual report.</p> <p>(b) ID VERIFICATION MECHANISM This was addressed and reported in the previous year's annual report.</p> <p>(c) POLICY GUIDELINES The Department revised the national housing code during the previous financial year. The new document was approved by Housing: MINMEC on 31 May 2007 as transitional guideline document pending the requirement for a comprehensive further consultations with the nine provincial housing departments and municipalities. Feedback received during the consultation process was subsequently effected to the new Code which is now ready for approval by MINMEC.</p> <p>(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 SIU's assistance for the provinces on the known cases has helped to speed up the action that can be taken against the perpetrators. The process of investigations has culminated into prosecutions, convictions and recoveries. Since the prosecutions started (on the 1/04/08), 39 Public Servants have been convicted and sentenced. The SIU has recovered more than R1m value of subsidies and has acquired AOD's to the value of about R5m</p>

Reference to previous audit report and SCOPA resolutions	Subject	Resolution	Progress
		<p>(e) All missing applications are presented for audit purposes and that henceforth the archiving system is in line with best practice.</p> <p>(f) The National Department of Housing institutes a comprehensive strategy of co-operation and integration with Provincial departments.</p> <p>(g) The department submits a progress report to Parliament on the status of implementation of instructions from the Minister.</p>	<p>(e) RECORDS MANAGEMENT The provinces that request assistance with filing of application forms are being assisted.</p> <p>(f) STRATEGY OF COOPERATION AND INTEGRATION WITH PROVINCIAL DEPARTMENTS This was addressed and reported in the previous year's annual report.</p> <p>(g) STATUS OF IMPLEMENTATION OF STATEMENTS BY THE MINISTER Other statements by the Minister were addressed and reported in the previous annual report</p> <p>STATEMENT NO.4 Undertake risk assessments of the entire HSS.</p> <p>Progress: The department conducted a technical evaluation of the HSS system so that among other things we may identify and address risks associated with the use of the system. A report on the outcomes of the assessment is currently being used as part of the process of implementing the recommendations.</p> <p>STATEMENT NO.10 Ensure an access control system in each province.</p> <p>Progress: All system servers are located in dedicated server rooms with controlled access within the SITA buildings for added security and maintenance. Improved line speed enables provinces to work in a more efficient manner.</p>

Approval

The Annual Financial statements starting from pages 126 to 168 have been approved by the Accounting Officer.



Mr I.W. Kotsone
DIRECTOR-GENERAL
31 MAY 2008

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 27: NATIONAL DEPARTMENT OF HOUSING FOR THE YEAR ENDED 31 MARCH 2008

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, statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 126 to 168.

Responsibility of the accounting officer 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 I.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

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 and *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 on 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.

6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury as set out in accounting policy note 1.1 to the financial statements.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the national Department of Housing as at 31 March 2008 and its financial performance and 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.

OTHER MATTERS

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

Matters of governance

10. 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 certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The department had an audit committee in operation throughout the financial year	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10/27.1.8.	✓	
Internal audit		
• The department had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2/27.2	✓	

Matter of governance	Yes	No
Other matters of governance		
The annual financial statements were submitted for audit as per the legislated deadlines (section 40 of the PFMA for departments and constitutional institutions).	✓	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		✓
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		✓
The prior year's external audit recommendations have been substantially implemented.	✓	
SCOPA resolutions have been substantially implemented.	✓	

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

11. I have reviewed the performance information as set out on pages 34 to 101.

Responsibility of the accounting officer for the performance information

12. 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.

Responsibility of the Auditor-General

13. 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*.

14. 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.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Objectives reported in annual report, but not predetermined as per strategic plan

16. I draw attention to the fact that the following output/performance measures of the subprogramme are reported in the annual report of the national Department of Housing, although they were not included as predetermined objectives in the strategic plan:

Programme 3: Housing implementation support	
Subprogramme: Social / Rental Housing and People's Housing Process	
Subprogramme	Output/Performance measure
Social / Rental Housing & People's Housing Process	Rental units for low-income households that want rental housing and security of tenure for People's Housing Process beneficiaries

Lack of appropriate audit evidence

Lack of access to records

17. The following actual achievements for the subprogramme could not be substantiated by adequate evidence/ source documentation:

Programme 3: Housing implementation support		
Subprogramme: Social / Rental Housing and People's Housing Process		
Output	Target	Actual achievement
Rental units for low-income households that want rental housing and security of tenure for People's Housing Process beneficiaries	2 000 beneficiaries 1 100 rental units	2 205 beneficiaries 1 200 rental units funded

Performance information not received in time

18. Supporting information to verify the actual achievements, for the following sub-programmes, was not received in time for audit purposes and consequently the actual achievements could not be verified:

Programme 3: Housing implementation support
Subprogramme: Special Programme Support / Priority projects
To facilitate and provide support for the implementation of Ministerial Priority Projects
Subprogramme: Social / Rental Housing & People's Housing Process
Rental units for low-income households that want rental housing and security of tenure for People's Housing Process beneficiaries
Programme 4: Housing Development Finance
Subprogramme: Chief Directorate: Office of Disclosure
To provide the Secretariat function in terms of the Home Loans and Mortgage Disclosure Act
Monitored charter processes, promoted housing finance equity and compliance of the financial institutions in terms of the charter
Compliance manual for Home Loans and Mortgage Disclosure Act
Launching of Office of Disclosure
Municipalities' help desks facilitated

Actual achievements against predetermined targets for the following subprogramme were not received in time for audit purposes and consequently the accuracy, completeness and validity of the actual achievements for these measurable objectives could not be verified for audit purposes:

Programme 3: Housing implementation support
Subprogramme: Social / Rental Housing & People's Housing Process
Develop, maintain and implement a departmental sector liaison support and management strategy
Manage, facilitate and support partnership initiatives with sector stakeholder
Manage and provide liaison support to regular meetings of the department with the sector stakeholder community
Develop, maintain and implement a departmental sector liaison support and management strategy
Provide support and advisory services to sector priority focus groups
Manage the development of guidelines and implementation strategy for Women in Housing
Manage the development and implementation of programmes for Youth in Housing
Provide sector support and represent the department in economic forums
Organise special projects that promote integrated human settlement participation and recognise excellence
Develop and manage effective stakeholder database analyses

OTHER REPORTS

Performance audits

20. A performance audit was conducted during the year under review with regard to housing subsidies for municipal employees and the administration of low-cost housing projects by certain provincial housing departments. The period covered was January 1995 to November 2005 and the report was tabled on 7 May 2008.

Special audits

21. N2 Gateway Project

As requested by the national Department of Housing, a special audit was conducted during the year under review 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 will be tabled in Parliament in due course.

APPRECIATION

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

Auditor-General

Pretoria

31 July 2008



DETAIL PROGRAMME APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

Appropriation per programme									
2007/08								2006/07	
	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	121,722	(5072)	-	116,650	110,407	6,243	94.6%	77,552	73,914
Transfers and subsidies	-	181	-	181	180	1	99.4%	425	260
Payment for capital assets	697	4,891	-	5,588	3,463	2,125	62%	3,495	2,773
2. Housing Policy Research and Planning									
Current payment	74,896	(233)	-	74,663	71,229	3,434	95.4%	75,549	66,440
Transfers and subsidies	1,000	-	-	1,000	606	394	60.6%	215	158
Payment for capital assets	2,083	233	-	2,316	909	1,407	39.2%	1,523	533
3. Housing Implementation Support									
Current payment	143,501	(2,013)	-	141,488	139,169	2,319	98.4%	92,400	89,493
Transfers and subsidies	-	694	-	694	520	174	74.9%	35	18
Payment for capital assets	425	1,319	-	1,744	722	1,022	41.4%	1,365	679
4. Housing Development Finance									
Current payment	37,056	(508)	-	36,548	31,682	4,866	86.7%	28,458	24,221
Transfers and subsidies	8,600,112	-	-	8,600,112	8,227,034	373,078	95.7%	7,051,643	6,907,253
Payment for capital assets	866	508	-	1,374	351	1,023	25.5%	1,066	220
TOTAL	8,982,358	-	-	8,982,358	8,586,272	396,086	95.6%	7,333,726	7,165,96
Reconciliation with Statement of Financial Performance Add:									
Prior year unauthorised expenditure approved with funding	195								
Departmental revenue	675								1,870
Local and foreign aid assistance received	7,595								26,075
Actual amounts per Statements of Financial Performance (Total revenue) Add:	8,990,823								7,361,671
Local and foreign aid assistance					6,132				28,796
Prior year unauthorised expenditure approved					642				-
Actual amounts per Statements of Financial Performance (Total expenditure)					8,593,046				7,194,758

DETAIL ECONOMIC CLASSIFICATION APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

Appropriation per economic classification									
2007/08								2006/07	
	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	108,973	(11,177)	-	97,796	97,241	555	99.4%	80,408	76,475
Compensation of employees									
Goods and services	268,202	3,351	-	271,553	255,246	16,307	94%	193,508	177,550
Interest and rent on land									
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	43	43
Transfers and subsidies									
Provinces and municipalities	8,342,946	-	-	8,342,946	8,149,869	193,077	97.7%	6,822,367	6,677,860
Departmental agencies and accounts	257,166	-	-	257,166	77,165	180,001	30%	229,439	229,437
Foreign governments and international organisations	1,000	-	-	1,000	606	394	60.6%	73	73
Non-profit institutions	-	-	-	-	-	-	-	80	74
Households	-	875	-	875	700	175	80%	359	245
Payments for capital assets									
Machinery and equipment	3,958	6,867	-	10,825	5,343	5,482	49.4%	7,194	3,952
Software and other intangible assets	113	84	-	197	102	95	51.8%	255	253
Total	8,982,358	-	-	8,982,358	8,586,272	396,086	95.6%	7,333,726	7,165,962

Statutory Appropriation									
2007/08								2006/07	
Details of direct changes against the National/ Provincial Revenue Fund	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
List all direct charges against the National/ Provincial Revenue Fund President and Deputy President salaries Member of executive committee /parliamentary officers/legislature Judges and magistrates salaries Sector education and training authorities (SETA) National Skills Fund									
Total									

DETAIL PROGRAMME I: ADMINISTRATION FOR THE YEAR ENDED 31 MARCH 2008

2007/08								2006/07	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	938	4,000	-	4,938	4,749	189	96.2%	4,016	3,752
Transfers and subsidies	-	90	-	90	90	-	100%	24	21
Payment for capital assets	-	50	-	50	14	36	28%	1,263	1,257
1.2 Management									
Current payment	37,419	(3,533)	-	33,886	31,398	2,488	92.7%	31,904	30,59
Transfers and subsidies	-	-	-	-	-	-	-	286	153
Payment for capital assets	318	500	-	818	678	140	82.9%	625	411
1.3 Corporate Services									
Current payment	75,332	(5,539)	-	69,793	66,289	3,504	95%	35,677	33,616
Transfers and subsidies	-	91	-	91	90	1	98.9%	115	86
Payment for capital assets	379	4,341	-	4,720	2,771	1,949	58.7%	1,607	1,105
1.4 Property Management									
Current payments	8,033	-	-	8,033	7,971	62	99.2%	5,955	5,955
Transfers and Subsidies Payment for capital assets									
TOTAL	122,419	-	-	122,419	114,050	8,369	93.2%	81,472	76,947
2007/08								2006/07	
Economic Classification	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 payment									
Compensation of employees	51,039	(4,041)	-	46,998	46,919	79	99.8%	33,530	33,119
Goods and services	70,683	(1,031)	-	69,652	63,488	6,164	91.2%	43,979	40,752
Financial transactions in assets and liabilities								43	43
Transfers and subsidies to:									
Provinces and municipalities								69	18
Households	-	181	-	181	180	1	99.4%	356	242
Payment for capital assets									
Buildings and other fixed structures									
Machinery and equipment	697	4,847	-	5,544	3,449	2,095	62.2%	3,392	2,669
Software and other intangible assets		44	-	44	14	30	31.8%	103	104
Land and subsoil assets									
Total	122,419	-	-	122,419	114,050	8,369	93.2%	81,472	76,947

DETAIL PROGRAMME 2: HOUSING POLICY RESEARCH AND PLANNING FOR THE YEAR ENDED 31 MARCH 2008

Programme per subprogramme	2007/08							2006/07	
	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	2,719	(777)	-	1,942	1,860	82	95.8%	1,093	1,041
Transfers and subsidies	-	-	-	-	-	-	-	2	-
Payment for capital assets	30	107	-	137	93	44	67.9%	61	46
2.2 Policy Development									
Current payment	10,845	(395)	-	10,450	9,554	896	91.4	16,193	10,039
Transfers and subsidies	-	-	-	-	-	-	-	166	151
Payment for capital assets	216	(1)	-	215	141	74	65.6%	531	104
2.3 Research, Industry, Market Analysis and Best Practise									
Current payment	7,150	(1,102)	-	6,048	5,520	528	91.3%	7,113	5,370
Transfers and subsidies			-					13	2
Payment for capital assets	130	45	-	175	61	114	34.9%	414	210
2.4 Policy and Programme Monitoring									
Current payments	5,809	1,357	-	7,166	6,784	382	94.7%	6,445	6,111
Transfers and Subsidies	-	-	-	-	-	-	-	14	2
Payment for capital assets	119	50	-	169	38	131	22.5%	105	73
2.5 Information Management									
Current payments	48,373	684	-	49,057	47,511	1,546	96.8%	44,705	43,879
Transfers and Subsidies	-	-	-	-	-	-	-	20	3
Payment for capital assets	1,588	32	-	1,620	576	1,044	35.6%	412	100
2.6 Contributions									
Current payments									
Transfers and Subsidies	1,000	-	-	1,000	606	394	60.6%	-	-
Payment for capital assets									
TOTAL	77,979	-	-	77,979	72,744	5,235	93.3%	77,287	67,131

DETAIL PROGRAMME 2: HOUSING POLICY RESEARCH AND PLANNING FOR THE YEAR ENDED 31 MARCH 2008

Economic Classification	2007/08							2006/07	
	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 payment									
Compensation of employees	26,069	(7,616)	-	18,453	18,329	124	99.3%	16,401	15,467
Goods and services	48,827	7,383	-	56,210	52,900	3,310	94.1%	59,148	50,973
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:									
Provinces and municipalities								62	11
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations	1,000	-	-	1,000	606	394	60.6%	73	73
Public corporations and private enterprises									
Non-profit institutions							-	80	74
Households									
Payment for capital assets									
Buildings and other fixed structures									
Machinery and equipment	2,083	128	-	2,211	821	1,390	37.1%	1,435	445
Biological or cultivated assets									
Software and other intangible assets	-	105	-	105	88	17	83.8%	88	88
Land and subsoil assets									
Total	77,979	-	-	77,979	72,744	5,235	93.3%	77,287	67,131

DETAIL PROGRAMME 3: HOUSING IMPLEMENTATION SUPPORT FOR THE YEAR ENDED 31 MARCH 2008

Program per sub programme	2007/08							2006/07	
	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	1,931	73	-	2,004	2,003	1	100%	1,927	1,874
Transfers and subsidies	-	-	-	-	-	-	-	6	6
Payment for capital assets	69	14	-	83	7	76	8.4%	73	57
3.2 Service Delivery Support									
Current payment	1,932	554	-	2,486	2,459	27	98.9%	-	-
Transfers and subsidies	-	-	-	-	-	-	-		
Payment for capital assets	68	-	-	68	-	68	0.0%	-	-
3.3 Rental and Peoples Housing Process									
Current payment	11,987	(8,713)	-	3,274	3,217	57	98.3%	4,411	3,611
Transfers and subsidies								5	3
Payment for capital assets	-	205	-	205	129	76	62.9%	154	17
3.4 Sector Support Liaison and Stakeholder Management									
Current payments	1,932	197	-	2,129	2,122	7	99.7%	-	-
Transfers and Subsidies									
Payment for capital assets	68	20	-	88	-	88	0.0%	-	-
3.5 Inter-governmental Relations and Accreditation									
Current payments	55,379	(1,041)	-	54,338	54,262	76	99.9%	40,384	40,307
Transfers and Subsidies								1	1
Payment for capital assets	-	308	-	308	133	175	43.2%	99	76
3.6 Capacity Building									
Current payments	26,757	(14,783)	-	11,974	10,225	1,749	85.4%	20,541	20,572
Transfers and Subsidies	-	646	-	646	472	174	73.1%	13	2
Payment for capital assets	10	194	-	204	124	80	60.8%	167	57
3.7 Special Programme Support									
Current payments	3,256	1004	-	4,260	4,260	-	100%	5,517	4,202
Transfers and Subsidies								2	2

DETAIL PROGRAMME 3: HOUSING IMPLEMENTATION SUPPORT FOR THE YEAR ENDED 31 MARCH 2008

2007/08								2006/07	
Program per sub programme	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
Payment for capital assets	-	52	-	52	52	-	100%	97	49
3.8 Phasing out of Subsidy Programmes									
Current payments									
Transfers and Subsidies									
Payment for capital assets									
3.9 Communication									
Current payments	40,327	20,696	-	61,023	60,621	402	99.3%	19,620	18,927
Transfers and Subsidies	-	48	-	48	48	-	100%	8	4
Payment for capital assets	210	526	-	736	277	459	37.6%	775	423
Total	143,926	-	-	143,926	140,411	3,515	97.6%	93,800	90,190
Current payment	16,569	291	-	16,860	16,859	1	100%	15,201	14,417
Compensation of employees									
Goods and services	126,932	(2,304)	-	124,628	122,310	2,318	98.1%	77,199	75,076
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:									
Provinces and municipalities								33	16
Departmental agencies and accounts Universities and technikons Foreign governments and international organisations Public corporations and private enterprises									
Non-profit institutions Households	-	694	-	694	520	174	74.9%	2	2
Payment for capital assets									
Buildings and other fixed structures Machinery and equipment	425	1,304	-	1,729	722	1,007	41.8%	1,346	663
Biological or cultivated assets									
Software and other intangible assets	-	15	-	15	-	15	0%	19	16
Land and subsoil assets									
Total	143,926	-	-	143,926	140,411	3,515	97.6%	93,800	90,190

DETAIL PROGRAMME 4: HOUSING DEVELOPMENT FINANCE FOR THE YEAR ENDED 31 MARCH 2008

Program per sub programme	2007/08							2006/07	
	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	2,719	(236)	-	2,483	2,378	105	95.8%	1,849	1,759
Transfers and subsidies								1	1
Payment for capital assets	30	-	-	30	12	18	40%	38	15
4.2 Financial and Grant Management									
Current payment	20,267	676	-	20,943	19,299	1,644	92.2%	18,603	16,484
Transfers and subsidies	-	-	-	-	-	-	-	6,822,183	6,677,812
Payment for capital assets	262	136	-	398	190	208	47.7%	453	105
4.3 Housing Institutions, Housing Equity and Development Finance									
Current payment	14,070	(948)	-	13,122	10,005	3,117	76.2%	8,006	5,978
Transfers and subsidies								229,459	229,440
Payment for capital assets	574	372	-	946	149	797	15.8%	575	100
4.4 Integrated Housing and Human Settlement Development Grant									
Current payments									
Transfers and Subsidies	8,342,946	-	-	8,342,946	8,149,869	193,077	97.7%	-	-
Payment for capital assets									
4.5 Contributions									
Current payments									
Transfers and Subsidies	257,166	-	-	257,166	77,165	180,001	30%	-	-
Payment for capital assets									
Total	8,638,034	-	-	8,638,034	8,259,067	378,967	95.6%	7,081,167	6,931,694

DETAIL PROGRAMME 4: HOUSING DEVELOPMENT FINANCE FOR THE YEAR ENDED 31 MARCH 2008

Economic Classification	2007/08							2006/07	
	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 payment									
Compensation of employees	15,296	189	-	15,485	15,134	351	97,7%	15,276	13,472
Goods and services	21,760	(697)	-	21,063	16,548	4,515	78,6%	13,182	10,749
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:									
Provinces and municipalities	8,342,946	-	-	8,342,946	8,149,869	193,077	97,7%	6,822,203	6,677,815
Departmental agencies and accounts	257,166	-	-	257,166	77,165	180,001	30%	229,439	229,437
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households									
Payment for capital assets									
Buildings and other fixed structures									
Machinery and equipment	753	588	-	1,341	351	990	26,2%	1,021	175
Biological or cultivated assets									
Software and other intangible assets	113	(80)	-	33	-	33	0%	45	45
Land and subsoil assets									
Total	8,638,034	-	-	8,638,034	8,259,067	378,967	95,6%	7,081,167	6,931,694

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

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure I (A-K) 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 I (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 6 (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	Voted funds after virement	Actual Expenditure	Variance	Expenditure as a % of Final Appropriation
	R`000	R`000	R`000	
Administration	122,419	114,050	8,369	7%
Housing Policy Research and Planning	77,979	72,744	5,235	7%
Housing Implementation Support	143,926	140,411	3,515	2%
Housing Development Finance	8,638,034	8,259,067	378,967	4%
Total	8,982,358	8,586,272	396,086	4%

4.2 Per Economic classification:	Voted funds after virement	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R`000	R`000	R`000	%
Current payments				
Compensation to employees	97,796	97,241	555	1%
Goods and services	271,553	255,246	16,307	6%
Interest and rent on land	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-
Transfers & subsidies			-	
Provinces & municipalities	8,342,946	8,149,869	193,077	2%
Departmental agencies & accounts	257,166	77,165	180,001	70%
Universities & technikons	-	-	-	-
Foreign governments & international organizations	1,000	606	394	39%
Public corporations & private enterprises	-	-	-	-
Non-profit institutions	-	-	-	-
Households	875	700	175	20%
Gifts and donations	-	-	-	-

NOTES TO THE APPROPRIATION STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

Payment on capital assets				
Buildings & other fixed structures	-	-	-	
Machinery & equipment	10,825	5,343	5,482	51%
Biological or cultivated assets	-	-	-	
Software & other intangible assets	197	102	95	48%
Land & subsoil assets	-	-	-	
Total	8,982,358	8,586,272	396,086	95.6%

Programme	Voted funds after virement R`000	Actual Expenditure R`000	Variance	
			R`000	%
Administration	122,419	114,050	8,369	7%
Current payment	116,650	110,407	6,243	7%
Transfers and subsidies	181	180	1	5%
Expenditure for capital assets	5,588	3,463	2,125	38%
Housing Policy Research and Planning	77,979	72,744	5,235	7%
Current payment	74,663	71,229	3,434	5%
Transfers and subsidies	1,000	606	394	39%
Expenditure for capital assets	2,316	909	1,407	61%
Housing Implementation Support	143,926	140,411	3,515	2%
Current payment	141,488	139,169	2,319	2%
Transfers and subsidies	694	520	174	25%
Expenditure for capital assets	1,744	722	1,022	59%
Housing Development Finance	8,638,034	8,259,067	378,967	4%
Current payment	36,548	31,682	4,866	13%
Transfers and subsidies	8,600,112	8,227,034	373,078	4%
Expenditure for capital assets	1,374	351	1,023	25.5%
Total	8,982,358	8,586,272	396,086	95.6%

Administration

Under spending on Goods and Services and Capital Assets is mainly due to the fact that furniture and audio visual equipment was purchased for the Cape Town office, but was only delivered after the end of March 2008 due to problems experienced by the supplier. The department purchased a back up generator for the head office in Pretoria, the supplier ran out of stock, as the generator had to be imported it was not delivered before the end of March 2008.

Housing Policy Research and Planning

The under spending can be attributed to the delayed filling of posts earlier in the financial year which resulted in funded vacant posts being filled in the later part of the financial year resulting in under spending on personnel and personnel related costs.

Housing Implementation Support

The under spending can be attributed to a payment of R7,5 million to Hlaniki/Wits Business School for the implementation of the Councillor training programme was rejected on Safety Net on 28 March 2008. Because limitation on BAS, payments above R5 million automatically changed to Credit Transfer (CT) payments, the Department was not able to process the R7,5m but only R4,9m leaving a balance of R2,5m to be paid in April 2008.

Housing Development Finance

The under spending can be attributed to the moratorium on the filling of posts earlier in the financial year which resulted in that funded vacant posts were only filled in the later part of the financial year resulting in under spending on personnel and personnel related costs.

On Public Entities, R180 million allocated to the Social Housing Regulator was not Transferred. The Social Housing Bill has not been enacted, thus preventing the establishment of the Social Housing Regulatory Authority (SHRA).

On the Integrated Housing and Human Settlement Development Grant R600 million was retained from under performing provinces, R500 million from the Eastern Cape and R100 million from the Free State provincial governments. Of the retained funds R350 million was reallocated to Gauteng and R100 million to Northern Cape provincial governments.

Per economic classification:	Voted funds after virement R`000	Actual Expenditure R`000	Variance	
			R`000	%
Current payments				
Compensation to employees	97,796	97,241	555	0,56%
Goods and services	271,553	255,246	16,307	6,00%
Transfers & subsidies				
Provinces & municipalities	8,342,946	8,149,869	193,077	2,31%
Departmental agencies & accounts	257,166	77,165	180,001	30,0%
Universities & technikons	-	-	-	-
Foreign governments & international organisations	1,000	606	394	39,4%
Households	875	700	175	20%
Gifts and donations	-	-	-	-
Payment on capital assets				
Machinery & equipment	10,825	5,343	5,482	50,6%
Biological or cultivated assets	-	-	-	-
Software & other intangible assets	197	102	95	48,2%
Land & subsoil assets	-	-	-	-
Total	8,982,358	8,586,272	396,086	4,4%

NOTES TO THE APPROPRIATION STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

Compensation to employees

The under spending can be attributed to the delayed filling of posts earlier in the financial year which resulted in that funded vacant posts were only filled in the later part of the financial year resulting in under spending on personnel and personnel related costs.

Goods and services

Under spending is mainly due to a payment for the implementation of the Councilor training programme which was rejected on Safety Net on 28 March 2008. As a result of a limitation on BAS, payments above R5 million are automatically changed to Credit Transfers.

Transfers & subsidies

On Public Entities, R180 million allocated to the Social Housing Regulator was not transferred. The Social Housing Bill has not been enacted, thus preventing the establishment of the Social Housing Regulatory Authority (SHRA). On the Integrated Housing and Human Settlement Development Grant R600 million was retained from under performing provinces, R500 million from the Eastern Cape and R100 million from the Free State provincial governments. Of the retained funds R350 million was reallocated to Gauteng and R100 million to Northern Cape provincial governments.

Machinery & equipment

Under spending on Goods and Services and Capital Assets is mainly due to the fact that furniture and audio visual equipment was purchased for the Cape Town office, but was only delivered after the end of March 2008 due to problems experienced by the supplier. The department purchased a back up generator for the head office in Pretoria, the supplier ran out of stock, as the generator had to be imported it was not delivered before the end of March 2008.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2008

	Note	2007/08 R'000	2006/07 R'000
REVENUE			
Annual appropriation	1	8,982,358	7,333,726
Appropriation for unauthorised expenditure approved	9	195	-
Departmental revenue	2	675	1,870
Local and foreign aid assistance	3	7,595	26,075
TOTAL REVENUE		8,990,823	7,361,671
EXPENDITURE			
Current expenditure			
Compensation of employees	4	97,241	76,475
Goods and services	5	255,246	177,550
Financial transactions in assets and liabilities	6	-	43
Local and foreign aid assistance	3	6,132	28,796
Unauthorised expenditure approved	9	642	-
Total current expenditure		359,261	282,864
Transfers and subsidies	7	8,228,340	6,907,689
Expenditure for capital assets			
Machinery and equipment	8	5,343	3,952
Software and other intangible assets	8	102	253
Total expenditure for capital assets		5,445	4,205
TOTAL EXPENDITURE		8,593,046	7,194,758
SURPLUS/(DEFICIT) FOR THE YEAR		397,777	166,913
Reconciliation of Surplus/(Deficit) for the year			
Voted Funds	14	395,639	167,764
Departmental Revenue	15	675	1,870
Local and foreign aid assistance	3	1,463	(2,721)
SURPLUS/(DEFICIT) FOR THE YEAR		397,777	166,913

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2008

	Note	2007/08	2006/07
		R'000	R'000
ASSETS			
Current assets			
		281,331	168,114
Unauthorised expenditure	9	-	642
Cash and cash equivalents	10	268,616	165,745
Prepayments and advances	11	106	197
Receivables	12	12,609	1,530
Non-current assets			
Investments	13	880,604	880,604
TOTAL ASSETS		1,161,935	1,048,718
LIABILITIES			
Current liabilities			
		281,135	167,927
Voted funds to be surrendered to the Revenue Fund	14	279,639	167,764
Departmental revenue to be surrendered to the Revenue Fund	15	19	1
Payables	16	14	162
Local and foreign aid assistance unutilised	3	1,463	-
TOTAL LIABILITIES		281,135	167,927
NET ASSETS		880,800	880,791
Represented by:			
Capitalisation reserve		880,604	880,604
Recoverable revenue (Staff and other debts recovered)		196	187
TOTAL		880,800	880,791

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2008

	Note	2007/08	2006/07
		R'000	R'000
Capitalisation Reserves			
Opening balance		880,604	880,00
Movement in Equity		-	604
Closing balance		-	880,604
Recoverable revenue			
Opening balance		187	31
Transfers:		9	156
Irrecoverable amounts written off		-	(43)
Debts raised		9	199
Closing balance		196	187
TOTAL		880,800	880,791

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2007/08	2006/07
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		8,874,610	7,360,983
Annual appropriated funds received	1	8,866,358	7,333,726
Appropriation for unauthorised expenditure received	9	195	-
Departmental revenue received	2	462	1,182
Local and foreign aid assistance received	3	7,595	26,075
Net (increase)/decrease in working capital		(10,494)	(394)
Surrendered to Revenue Fund		(168,421)	(25,668)
Current payments		(359,261)	(282,864)
Unauthorised expenditure – current payment		-	-
Transfers and subsidies paid		(8,228,340)	(6,907,689)
Net cash flow available from operating activities	17	108,094	144,368
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(5,445)	(4,205)
Proceeds from sale of capital assets	2	213	-
(Increase)/decrease in investments		-	(604)
Net cash flows from investing activities		(5,232)	(4,809)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		-	688
Increase/(decrease) in net assets		9	760
Net cash flows from financing activities		9	1,448
Net increase/(decrease) in cash and cash equivalents		102,871	141,007
Cash and cash equivalents at the beginning of the period		165,745	24,738
Cash and cash equivalents at end of period	10	268,616	165,745

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

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

1. Presentation of the Financial Statements

1.1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand which is also the functional currency of the department.

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Comparative figures – Appropriation Statement

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

2. Revenue

2.1 Appropriated funds

Appropriated funds 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.

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

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

2.5 **Local and foreign 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 recognized as a receivable in the statement of financial position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

2.6 **CARA Fund assistance**

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 performance¹.

Any unspent CARA funds are transferred to Retained Funds as these funds do not need to be surrendered to the National Revenue Fund.

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 Performance .

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).

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 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

3.6 Fruitless and wasteful expenditure

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

3.7 Irregular expenditure

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

3.8 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).

3.9 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.

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

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.

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

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 capital asset should be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 37 and 38 reflect the total movement in the asset register for the current financial year.

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

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 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.

5.4 Contingent liabilities

Contingent liabilities are included in the disclosure notes.

5.5 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.

5.6 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

5.7 Employee benefits

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

5.8 Lease commitments

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

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and 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.

I. Annual Appropriation

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

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2006/07
	R'000	R'000	R'000	R'000
Administration	122,419	122,419	-	81,524
Housing Policy Research and Planning	77,979	77,979	-	77,286
Housing Implementation Support	143,926	143,926	-	93,750
Housing Development Finance	8,638,034	8,522,034	116,000	7,081,166
Total	8,982,358	8,866,358	116,000	7,333,726

The funds which were not requested is unallocated funds that was retained from under performing provinces on the conditional grant of the department.

2. Departmental revenue

Description (Specify material amounts separately)

	Note	2007/08	2006/07
		R'000	R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	137	111
Interest, dividends and rent on land	2.2	43	739
Sales of capital assets	2.3	213	-
Financial transactions in assets and liabilities	2.4	282	1,020
Departmental revenue collected		675	1,870

2.1 Sales of goods and services other than capital assets

	2007/08	2006/07
Sales of goods and services produced by the department	137	111
Sales by market establishment	137	111
Total	137	111

2.2 Interest, dividends and rent on land

	2007/08	2006/07
Interest	43	51
Dividends	-	688
Total	43	739

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

2.3 Sale of capital assets

	2007/08	2006/07
Other capital assets	213	-
Total	213	-

2.4 Financial transactions in assets and liabilities

Nature of recovery

	2007/08	2006/07
Stale cheques written back	-	3
Other Receipts including Recoverable Revenue	282	1,017
Total	282	1,020

3. Local and foreign aid assistance

Foreign

Opening Balance	-	2,721
Revenue	7,595	26,075
Expenditure	6,132	28,796
Current	6,132	28,796
Closing Balance	1,463	-

Total assistance

Opening Balance	-	2,721
Revenue	7,595	26,075
Expenditure	6,132	28,796
Current	6,132	28,796
Capital	-	-
Closing Balance	1,463	-

Analysis of balance

Local and foreign aid receivable	-	-
Local and foreign aid unutilised	1,463	-
Local and foreign aid payable to RDP fund/donors	-	-
Closing balance	1,463	-

4. Compensation of employees

4.1 Salaries and Wages

	2007/08	2006/07
Basic salary	55,672	49,900
Performance award	3,340	3,084
Service Based	404	598
Compensative/circumstantial	3,772	1,981
Other non-pensionable allowances	17,010	12,989
Total	80,198	68,552

4.2. Employer contributions

	2007/08	2006/07
Pension	14,620	5,774
Medical	2,413	2,138
UIF	-	1
Bargaining council	10	10
Total	17,043	7,923
Total compensation of employees	97,241	76,475
Average number of employees	317	316

5. Goods and services

	Note	2007/08	2006/07
Advertising		46,526	20,826
Bank charges and card fees		36	51
Bursaries (employees)		342	181
Communication		5,466	5,143
Computer services		39,843	39,920
Consultants, contractors and special services		94,381	61,074
Courier and delivery services		526	361
Drivers' licences and permits		11	14
Entertainment		211	324
External audit fees	5.1	4,320	4,151
Equipment less than R5000		1,478	1,482
Inventory	5.2	7,397	4,850
Legal fees		1,040	597
Maintenance, repairs and running costs		7,349	2,800
Medical Services		3	-
Operating leases		10,226	7,940
Personnel agency fees		-	489
Photographic services		1	147
Plant flowers and other decorations		180	144
Professional bodies and membership fees		3	53
Resettlement costs		198	435
Subscriptions		293	819
System access fees		114	42
Owned and leasehold property expenditure		361	-
Translations and transcriptions		32	21
Travel and subsistence	5.3	28,063	20,607
Venues and facilities		5,464	2,912
Protective, special clothing & uniforms		153	142
Training & staff development		1,229	2,025
Total		255,246	177,550

5.1 External audit fees

	2007/08	2006/07
Regularity audits	4,320	4,151
Total	4,320	4151

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

5.2 Inventory

	2007/08	2006/07
Domestic consumables	123	245
Food and food supplies	1,532	833
Fuel, oil and gas	98	87
Other consumables	16	5
Stationery and printing	5,625	3,674
Medical supplies	3	6
Total	7,397	4,850

5.3 Travel and subsistence

	2007/08	2006/07
Local	23,532	18,377
Foreign	4,531	2,230
Total	28,063	20,607

6. Financial transactions in assets and liabilities

	Note	2007/08	2006/07
Other material losses written off	6.1		43
Total			43

6.1. Other material losses written off

	2007/08	2006/07
Nature of losses		
(Group major categories, but list material items)		
Resettlement – L G Nyathela	-	35
Home owners deduction debt – C P H Potgieter	-	1
Tax debt Late RT Dube	-	7
Total	-	43

7. Transfers and subsidies

	Note	2007/08	2006/07
Provinces and municipalities	Annex IA	8,149,869	6,677,860
Departmental agencies and accounts	Annex IB	77,165	229,437
Foreign governments and international organisations	Annex IC	606	73
Non-profit institutions	Annex ID	-	74
Households	Annex IE	700	245
Total		8,228,340	6,907,689

8. Expenditure for capital assets

	Note	2007/08	2006/07
Machinery and equipment	27	5,343	3,952
Software and other intangible assets		102	253
Computer software	28	102	253
Total		5,445	4,205

9. Unauthorised expenditure

9.1. Reconciliation of unauthorised expenditure

	2007/08	2006/07
Opening balance	642	642
Amounts approved by Parliament/Legislature (with funding)	(195)	
Current expenditure	(195)	
Amounts approved by Parliament/Legislature (without funding)	(447)	
Current expenditure	(447)	
Unauthorised expenditure awaiting authorisation	-	642

10. Cash and cash equivalents

	2007/08	2006/07
Consolidated Paymaster General Account	302,742	190,708
Cash receipts	1	2
Disbursements	(34,141)	(24,980)
Cash on hand	15	15
Cash with commercial banks (Local)	(1)	-
Total	268,616	165,745

11. Prepayments and advances

	2007/08	2006/07
Travel and subsistence	106	197
Total	106	197

12. Receivables

	Note			2007/08	2006/07
		Less than one year	One to three years	Older than three years	Total
Staff debtors	12.1	723			723
Other debtors	12.2	14			14
Intergovernmental receivables	Annex 4	11,872	-	-	11,872
Total		12,609	-	-	12,609
					1,530

12.1 Staff Debtors

	2007/08	2006/07
(Group major categories, but list material items)		
Telephone	44	3
S&T Debt	57	3
Study	127	134
Vehicle	26	62
Home Loan	-	3
Tax	9	26
Salary debt	-	4
Petty Cash	-	2
Damage Vehicles	446	377
Housing Guarantee	14	15
Total	723	629

12.2 Other debtors

	2007/08	2006/07
(Group major categories, but list material items)		
Suspense Account	-	168
Government Account	14	-
Supplier	-	187
Salaries	-	43
Salary reversal	-	5
Total	14	403

13. Investments

	2007/08	2006/07
Non-Current		
Shares and other equity		
(Investments are listed at cost)		
National Housing Finance Corporation (NHFC)	880,000	880,000
SERVCON	604	604
Total	880,604	880,604
Total non-current	880,604	880,604

14. Voted funds to be surrendered to the Revenue Fund

	Note	2007/08	2006/07
Opening balance		167,764	23,756
Transfer from Statement of Financial Performance		395,639	167,764
Voted funds not requested	19.1	(116,000)	-
Paid during the year		(167,764)	(23,756)
Closing balance		279,639	167,764

14.1 Voted funds not requested

		2007/08	2006/07
Funds not requested	(116,000)	-	-
	(116,000)	-	-

15. Departmental revenue to be surrendered to the Revenue Fund

	2007/08	2006/07
Opening balance	1	43
Transfer from Statement of Financial Performance	675	1,870
Paid during the year	(657)	(1,912)
Closing balance	19	1

16. Payables – current

	Note	30 Days	30+ Days	2007/08 Total	2006/07 Total
Description					
Amounts owing to other entities		-	-	-	-
Clearing accounts	16.1	14	-	14	164
Other payables	16.2	-	-	-	(2)
Total		14	-	14	162

16.1. Clearing accounts

	2007/08	2006/07
Description (Identify major categories, but list material amounts)		
Salary Income Tax:CL	13	31
G G Gauteng Transport Control Account	-	119
Sal: Disallowance account: CA	1	14
Total	14	164

16.2. Other payables

	2007/08	2006/07
Description (Identify major categories, but list material amounts)		
Salary: Pension Fund	-	(1)
Salary: Medical	-	(1)
Total	-	(2)

17. Net cash flow available from operating activities

	2007/08	2006/07
Net surplus/(deficit) as per Statement of Financial Performance	397,777	166,913
Add back non cash/cash movements not deemed operating activities	(289,683)	(22,545)
(Increase)/decrease in receivables – current	(11,079)	(532)
(Increase)/decrease in prepayments and advances	91	166
(Increase)/decrease in other current assets	642	-
Increase/(decrease) in payables – current	(148)	(28)
Proceeds from sale of capital assets	(213)	-
Expenditure on capital assets	5,445	4,205
Surrenders to Revenue Fund	(168,421)	(25,668)
Voted funds not requested/not received	(116,000)	-
Other non-cash items	-	(688)
Net cash flow generated by operating activities	108,094	144,368
Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General account	302,742	190,708
Cash receipts	1	2
Disbursements	(34,141)	(24,980)
on hand	15	15
Cash with commercial banks (Local)	(1)	-
Total	268,616	165,745

18. Contingent liabilities

		Note	2007/08	2006/07
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 2A	177	292
Housing loan guarantees	Employees	Annex 2A	293	574
Other guarantees		Annex 2A	-	
Claims against the department		Annex 2B	640	280
Other departments (interdepartmental unconfirmed balances)		Annex 4	159	
Total			1,269	1,146

19. Commitments

	2007/08	2006/07
Current expenditure		
Approved and contracted	19,534	3,792
Approved but not yet contracted	12	
	19,546	3,792
Capital expenditure		
Approved and contracted	5,278	878
Approved but not yet contracted	9	-
	5,287	878
Total Commitments	24,833	4,670

20. Accruals

	30 Days	30+ Days	2007/08 Total	2006/07 Total
Listed by economic classification				
Compensation of employees	10	201	211	51
Goods and services	1,110	10,397	11,507	3,971
Machinery and equipment				50
Total	1,120	10,598	11,718	4,072
Listed by programme level				
Administration			6,049	1,412
Housing Policy Research and Planning			585	380
Housing Implementation Support			3,868	1,352
Housing Development Finance			1,216	928
			11,718	4,072
Confirmed balances with other departments		Annex 4	397	-
Confirmed balances with other government entities		Annex 4		-
			397	-

21. Employee benefit provisions

	2007/08	2006/07
Leave entitlement	3,667	2,234
Thirteenth cheque	2,076	2,112
Performance awards	4,152	927
Capped leave commitments	4,913	4,568
Total	14,808	9,841

22. Lease Commitments

22.1. Finance leases*

	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
Total present value of lease liabilities			1,480	1,480

Analysis

Condoned			1,480	1,480
Total			1,480	1,480

2006/07

	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year			672	672
Later than 1 year and not later than 5 years			146	146
Total present value of lease liabilities			818	818

Analysis

Condoned			818	818
Total			818	818

23 Irregular expenditure

23.1 Reconciliation of irregular expenditure

	2007/08	2006/07
Opening balance	25	3,396
Add: Irregular expenditure – current year	639	25
Less: Amounts condoned	25	3,396
Current expenditure	25	3,396
Transfers and subsidies		
Expenditure for capital assets		
Less: Not condoned		-
Current expenditure		
Transfers and subsidies		
Expenditure for capital assets		
Irregular expenditure awaiting condonement	639	25
Analysis of awaiting condonement per classification		
Current expenditure	639	
Transfers and subsidies		
Expenditure for capital assets		
Analysis of awaiting condonement per age classification		
Current year	639	25
Prior years	-	-

23.2 Irregular expenditure

		2007/08	2006/07
Incident	Disciplinary steps taken/criminal proceedings		
Finance lease on equipment	Condoned, Practice Note 5 2006/2007 from Accountant General – National Treasury		25
No tax clearance certificate obtained from supplier	Submission to Accounting Officer for condonement	639	
		639	25

24. Related party transactions

Public entities established under the auspices of the department as well as provincial Departments of Housing are related parties to the National Department of Housing. Details about these public entities are disclosed on pages 9 to 11 of the Accounting Officer's report.

Transactions which took place during the year are transfer payments and subsidies which are disclosed in detail on annexure 1A and 1B.

25. Key management personnel

	No. of Individuals	2007/08	2006/07
Political office bearers (provide detail below)	1	1,158	1,112
Officials			
Level 15 to 16	9	7,047	5,089
Level 14 (incl CFO if at a lower level)	26	13,312	8,721
Total		21,517	14,922

Minister L Sisulu

26. Provisions

	2007/08	2006/07
Potential irrecoverable debts		
Staff debtors	411	-
Other debtors	-	11
Claims recoverable	17	-
Total	428	11

27. Tangible Capital Assets

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

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	22,795	2,537	5,419	1,433	29,318
Transport assets	1,775	-	-	554	1,221
Specialised military assets	-	-	-	-	-
Computer equipment	8,277	2,793	2,651	552	13,169
Furniture and office equipment	8,851	(517)	1,834	214	9,954
Other machinery and equipment	3,892	261	934	113	4,974
TOTAL TANGIBLE ASSETS	22,795	2,537	5,419	1,433	29,318

The purpose of the adjustment is:

1. to ensure the correctness of the Fixed Asset Register where assets were moved from the incorrect asset category to the correct asset category
2. to ensure that assets are disclosed on the Fixed Asset Register with the correct values, much effort was put into obtaining supporting documents from the Archives, ensuring that the values of the Fixed asset Register are the same as on the supporting documents. This necessitated changes on the values as some assets were not captured at correct values.
3. that a number of assets on the Fixed Asset Register were recorded at R1.00 and as a result of the new National Treasury Guidelines it was necessary that these assets be given fair values.

27.1 Additions To Tangible Capital Assets Per Asset Register For The Year Ended 31 March 2008

	Cash	Non-cash (Capital Work in Progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
	Cost	Fair Value/RI	Cost	Cost
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	5,343	76		5,419
Transport assets				
Specialised military assets				
Computer equipment	2,630	21		2,651
Furniture and office equipment	1,810	24		1,834
Other machinery and equipment	903	31		934
TOTAL	5,343	76		5,419

27.2 Disposals Of Tangible Capital Assets Per Asset Register For The Year Ended 31 March 2008

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	Cost/value price as per AR	Cost/value price as per AR		Cost
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	638	795	1,433	213
Transport assets	554	-	554	213
Computer equipment	46	506	552	
Furniture and office equipment		214	214	
Other machinery and equipment	38	75	113	
TOTAL	638	795	1,433	213

27.3 Movement In 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	19,373	3,952	530	22,795
Transport assets	754	1,221	200	1,775
Computer equipment	7,173	1,357	253	8,277
Furniture and office equipment	8,055	839	43	8,851
Other machinery and equipment	3,391	535	34	3,892
TOTAL TANGIBLE ASSETS	19,373	3,952	530	22,795

Minor assets for 2006/07 Quantity 5964 – R5,873 and for 2007/08 Quantity 6990 – R8,760.

Included in the total for assets are obsolete items: Major quantity 32 – R419 and Minor quantity 42 – R44.

28. Intangible Capital Assets**Movement In Intangible Capital Assets Per Asset Register For The Year Ended 31 March 2008**

	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	839	125	102	100	966
TOTAL INTANGIBLE ASSETS	839	125	102	100	966

The department has the following internally developed systems which was developed before 1 April 2006 and the cost prices of these systems can not be accurately determined:

The Housing Subsidy System (HSS);
The National Housing Audit Database (NHADB);
Huims and
The Housing Data Warehouse environment

28.1 Additions To Intangible Capital Assets Per Asset Register For The Year Ended 31 March 2008

	Cash	Non-Cash	(Develop-ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	Cost	Fair Value/RI	Cost	Cost	Cost
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	102				102
TOTAL	102				102

28.2 Disposals Of Intangible Capital Assets Per Asset Register For The Year Ended 31 March 2008

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	Cost/value price as per AR	Cost/value price as per AR		Cost
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE		100	100	
TOTAL		100	100	

28.3 Movement In Intangible Capital Assets Per Asset Register For The Year Ended 31 March 2007

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	586	253	-	839
TOTAL	586	253	-	839

ANNEXURE IA**STATEMENT OF CONDITIONAL GRANTS PAID TO PROVINCES**

NAME OF PROVINCE/ GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2006/07
	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	1,052,554	-	(543,077)	509,477	509,477	100%	509,477	397,248	78%	761,994
FREE STATE	653,293	215	(100,000)	553,508	553,293	100%	553,293	473,160	85.5%	522,601
GAUTENG	2,197,223	-	350,000	2,547,223	2,547,223	100%	2,547,223	2,612,566	102.6%	1,757,666
KWA-ZULU	1,310,555	-	-	1,310,555	1,310,555	100%	1,310,555	1,311,040	100%	1,048,376
LIMPOPO	651,705	-	-	651,705	651,705	100%	651,705	635,351	97.5%	521,331
MPUMALANGA	526,286	150,000	-	676,286	526,286	77.8%	526,286	652,190	96.4%	421,002
NORTHERN CAPE	130,976	60	100,000	231,036	230,976	100%	230,976	231,021	100%	104,774
NORTHWEST	766,806	3,371	105,000	875,177	871,806	99.6%	871,806	785,510	89.8%	613,405
WESTERN CAPE	948,548	229,222	-	1,177,770	948,548	80.5%	948,548	1,121,708	95.2%	598,800
	8,237,946	382,868	(88,077)	8,532,737	8,149,869		8,149,869	8,219,794		6,349,949

ANNEXURE IB**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
NURCHA	22,000	-	(3,006)	18,994	18,993	100%	21,000
SOCIAL HOUSING FOUNDATION	20,165	-	(5,041)	15,124	15,124	100%	126,455
THUBELISHA HOMES	35,000	-	8,047	43,047	43,048	100%	45,983
SERVCON	-	-	-	-	-	-	35,000
PHPT	-	-	-	-	-	-	1,000
NATIONAL HOUSING FINANCE CORPORATION	-	-	-	-	-	-	1
	77,165	-	-	77,165	77,165		229,439

ANNEXURE IC

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
Transfers	R'000	R'000	R'000	R'000	R'000	%	R'000
UN HABITAT	1,000	-	-	1,000	606	60.6%	73
Total	1,000	-	-	1,000	606		73

ANNEXURE ID

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
Transfers	R'000	R'000	R'000	R'000	R'000	%	R'000
ESKOM CONVENTION CENTRE (Orphan and Vulnerable Children (OVC) Conference)	-	-	-	-	-	-	80
Total	-	-	-	-	-	-	80

ANNEXURE IE

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation Act
Transfers	R'000	R'000	R'000	R'000	R'000	%	R'000
BURSARIES (NON EMPLOYEE)	161	-	485	646	472	73.1%	-
DONATIONS S DIKENI GIFTS	38	-	190	228	228	100%	88
Total	199	-	675	874	700		157
							245

ANNEXURE IF**STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
Netherlands (European Union)	Urban Sector Network	-	4,022	4,022	-
Danish	Thubelisha – Energy Efficient in Low cost Housing Project	-	2,133	670	1,463
Netherlands	Social Housing Foundation	-	1,440	1,440	-
TOTAL		-	7,595	6,132	1,463

ANNEXURE IG**STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2006/07
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Taxes and Compulsory fees- Municipalities: RSCL:Tshwane Metropolitan										54
										54

ANNEXURE IH**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2007/08	2006/07
		R'000	R'000
Received in kind			
German GTZ	Various assets	95	-
TOTAL		95	-

ANNEXURE 2A**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – LOCAL**

Guarantor institution	Guarantee in respect of motor vehicles	Original guaranteed capital amount	Opening balance 1 April 2007	Other movements	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2008	Guaranteed interest for year ended 31 March 2008	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
STANDARD BANK	Motor vehicles	449	292		115	-	177		
		449	292		115	-	177		
STANDARD BANK	Housing	90	90		25	-	65		
NEDBANK LIMITED	Housing	186	186		47	-	139		
FIRSTRAND BANK: FNB	Housing	28	28		-	-	28		
ABSA	Housing	199	199		182	-	17		
OLD MUTUAL FIN.LTD	Housing	6	6		6	-	-		
FIRST RAND BANK LTD (FNB – FORMER)	Housing	58	58		58	-	-		
OLD MUTUAL DIV.OF NEDBANK	Housing	7	7		-	-	7		
FNB – FORMER SAAMBOU	Housing	-	-	37	-	-	37		
		-	574		318	-	293		
	Other	-	-	-	-	-	-		
	Total	449	866	37	433	-	470		

ANNEXURE 2B**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2008**

Nature of Liability	Opening Balance 01/04/2007	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable(Provide details hereunder)	Closing Balance 31/03/2008
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Balance from Previous year	280				
1. Abahlali Basemjondolo v Premier of KWA Natal & Others including Minister of Housing – possible legal costs		40			40
2. Maysenyane v Minister of Housing, Minister of Justice & others possible party and legal and legal costs		40			40
3. Nadia Abrahams v Minister of Housing & others – possible party and legal costs		40			40
4. Emalaheni Housing Institution v Unlawful Occupiers of Uthingo Park – Possible party and legal costs		40			40
5. Eyesizwe Coal (pty) LTD, Arnot Colliery v Minister of Housing Others		40			40
6. Opal Ruby Holdings (pty) LTD v NHBRC and others including Minister of Housing		40			40
7. Lushaka Investments (pty) LTD v NHBRC and others including the Minister of Housing		40			40
8. Mchunu Mtshingeni and 125 others v Minister of Housing and others case no. 2007/5199		40			40
9. Umzimvubu Municipality v Illegal Occupiers of ERF 351 Mount Frere case no. 1239/05, 845/05 and 1333/07		40			40
Total	280	360	-	-	640

ANNEXURE 3**INTER-GOVERNMENT RECEIVABLES**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
SARS			16	16	16	16
Department of Transport			6	6	6	6
Department of Labour (UIF)			1	1	1	1
Department of Justice		11	-	-	-	11
Office of the Premier		9	-	-	-	9
Statistics SA		14	-	-	-	14
Limpopo		-	-	29	-	29
GCIS	11,447	-	-	-	11,447	-
Department of Foreign Affairs	-	-	402	412	402	412
					-	-
TOTAL	11,447	34	425	464	11,872	498

ANNEXURE 4**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Justice	397				397	
Government Printing Works			36	-	36	
Total	397		36		433	
OTHER GOVERNMENT ENTITY						
Current						
Property Management Trading Entity (Public Works)			107		107	-
SAMDI			16		16	-
					-	-
Total			123		123	

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORTS FOR 2007/08 IN TERMS OF SECTION 13 OF THE DIVISION OF REVENUE ACT, 2007: INTEGRATED HOUSING AND HUMAN SETTLEMENT AND DEVELOPMENT GRANT

Section 13(1)(a) indicate the total amount of that allocation transferred to a province or municipality.

Section 13(1)(b) indicate the transfers, if any, that were withheld in respect of each province or municipality.

Section 13(1)(c) indicate any reallocations by National Treasury in terms of section 27

Integrated Housing and Human Settlement Development Grant	Amount transferred '000	Roll over not approved by National Treasury '000	Amount stopped '000	Amount re-allocated '000
Province				
Eastern Cape	509,477	43,077	500,000	
Free State	553,293	0	100,000	
Gauteng	2,547,223	0		350,000
KwaZulu-Natal	1,310,555	0		
Limpopo	651,705	0		
Mpumalanga	526,286	0		
Northern Cape	230,976	0		100,000
North West	871,806	0		
Western Cape	948,548	0		
TOTAL	8,149,869	43,077	600,000	*450,000

NB R150 million not re-allocated and will be deposited in the National Revenue Fund.

Section 13(1)(d) certify that all transfers to a province were deposited into the primary bank account of a province, or where appropriate, into the corporation for public deposits account of a province.

It is certified that all funds were deposited in the provincial primary accounts in terms of the Practice Note issued by the National Treasury.

Section 13(1)(e) indicate the funds, if any, utilised for the administration of the allocation, and whether the transferring department retained any portion of the allocation for that purpose.

The national transferring officer did not utilise nor retained any of the grant funds for administration purposes.

The North West Provincial Treasury did not surrender the unspent Integrated Housing and Human Settlement Development Grant funds to the National Department to enable the Department to pay it over to the National Revenue Fund.

The Provincial Treasury however submitted a request of roll over of this unspent funds to the National Treasury, which was in the process of reviewing the application at the time of this report.

Annual Financial Statements South African Housing Fund For the year ended 31 March 2008

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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 of 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.

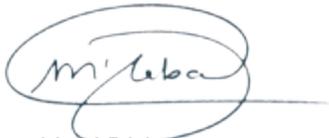
3. Auditors

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.

5. Approval of the financial statements

The financial statements set out on pages 173 to 175 for the South African Housing Fund were approved by the accounting officer.

Yours faithfully



Mr M Dlabantu
 Chief Financial Officer
 Date: 31 May 2008



Mr J.W. Kotsone
 Accounting Officer
 Date: 31 May 2008

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SOUTH AFRICAN HOUSING FUND FOR THE YEAR ENDED 31 MARCH 2008

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 as at 31 March 2008, and a summary of significant accounting policies and other explanatory notes, as set out on pages 173-175.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting as set out in accounting policy note 1. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

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 and *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 on 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.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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.

Opinion

9. In my opinion the financial statements of the South African Housing Fund as at 31 March 2008 have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1 to the financial statements.

Emphasis of matter

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

Going concern

10. As disclosed in note 5 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

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

Auditor-General

Pretoria

28 July 2008



STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2008

	Notes	31 March 2008	31 March 2007
		R'000	R'000
ASSETS			
Non-current assets		7,356	25,356
Financial assets at fair value through surplus/deficit: non current (SPO)	1	7,356	25,356
Current assets		25,229	7,229
Cash and cash equivalents (SPO)	3	25,229	7,229
Non-current assets held for sale (SPO)		-	-
TOTAL ASSETS		32,585	32,585
LIABILITIES			
Current liabilities		627	627
Trade and other payables (SPO)	4	627	627
TOTAL LIABILITIES		627	627
NET ASSETS			
CAPITAL AND RESERVES			
Accumulated surplus/(deficit) (SPO)	6	31,958	31,958
TOTAL NET ASSETS		31,958	31,958
TOTAL NET ASSETS AND LIABILITIES		32,585	32,585

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2008

	Notes	Share Capital (Cont. from Owners)	Accumulated Surplus/ (Deficit)	Financial instrument reserve	Revaluation reserve	Foreign currency translation reserve	Minority Interest	Other reserves	Total Equity (ENTITY)
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	
			6						
Balance at 1 April 2006 as originally stated		-	31,958	-	-	-	-	-	31,958
As restated		-	31,958	-	-	-	-	-	31,958
Balance as at 31 March 2007		-	31,958	-	-	-	-	-	31,958
As restated		-	31,958	-	-	-	-	-	31,958
Balance as at 31 March 2008		-	31,958	-	-	-	-	-	31,958

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

		31 March 2008	31 March 2007
	Notes	R'000	R'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in non-current financial instruments		18,000	-
Net cash flow financing activities	5	18,000	
	-		
Net increase/(decrease) in cash and cash equivalents		18,000	-
Cash and cash equivalents at the beginning of the year	3	7,229	7,229
Cash and cash equivalents at end of the year	3	25,229	7,229

SA HOUSING FUND

SUMMARY OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

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 awaiting to be disestablished and the Housing Act to be amended.

1.1 Financial Instruments

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

Measurement

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

Investments

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

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents are measured at cost.

Financial liabilities

Financial liabilities are recognised at cost.

1.2 Administration Costs

All administration costs are borne by Department of Housing.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

		31 March 2008	31 March 2007
		R'000	R'000
1. Financial assets	Financial assets at fair value through surplus/deficit		
	Opening balance as originally stated		
	Cost	25,356	25,356
		25,356	25,356
	As restated	25,356	25,356
	Disposals during the year	(18,000)	
	Closing balance	7,356	25,356
	Fair value at acquisition date		
	Revaluation / (impairment)		
		7,356	25,356
	Non-current financial assets at fair value through surplus/deficit	7,356	25,356
2. Loans and receivables	Current		
	Trade receivables	421	421
	Less: Impairment of debtors (provision for doubtful debts)	(421)	(421)
		-	-
	Total current	-	-
3. Cash and cash equivalents	Cash and balances with banks	25,229	7,229
		25,229	7,229
	For the purposes of the cash flow statement:	25,229	7,229
	Cash & cash equivalents	25,229	7,229
	Cash & cash equivalents at 1 April 2005	-	7,229
4. Trade and other payables	Trade creditors	627	627
	Total	627	627
5. For net cash flows from financing activities	Repayments of :		
	Increase/(decrease) in non-current financial instruments	18,000	
	Net cash flow financing activities	18,000	-
6. Accumulated surplus/(deficit)	Balance at the beginning of the year	31,958	31,958
	- correction of prior period error		
	- change in accounting policy		
	As restated	31,958	31,958
	Balance at the end of the year	31,958	31,958

7. Distestablishment 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.

5. HUMAN RESOURCES MANAGEMENT

HUMAN RESOURCES OVERSIGHT FOR THE PERIOD APRIL 2007 to MARCH 2008

TABLE 5.1 Main services for service delivery improvement and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Internal Service Delivery	Officials within the Dept of housing	Officials within the Dept of housing	To render an efficient & effective Internal Service Delivery to the Department's internal officials	<ul style="list-style-type: none"> • Implementation of the current Service delivery Plan • Project plan has been developed for the review and development of service delivery standard post restructuring and alignment with the final operational plans
External Service Delivery	Parliament, Cabinet, MINMEC, HOD's, Municipalities, housing support institutions, private sector; construction sector; financial sector; organised civil society; international governmental organisations	<ul style="list-style-type: none"> • Social contract partners • Other stakeholders in the delivery chain 	To render an efficient and effective Service Delivery to External clients of the Department	<ul style="list-style-type: none"> • Implementation of the current Service delivery Plan • A project plan has been developed for the review and development of service delivery standards post restructuring and alignment with the finalised operational plans

TABLE 5.2 Consultation arrangements for customers

Type of arrangement	Actual customers	Potential customers	Actual achievement against standards
1. Internal 1.1 Fact sheet 1.2 Groupwise 1.3 Intranet 1.4 Minister and Strategic Management Committee 1.5 Strategic Management Committee 1.6 Departmental Standing Tender Committee 1.7 Audit Committee 1.8 Employment Equity Forum 1.9 Departmental Bargaining Chamber 1.10 Staff meetings 1.11 Branch meetings 1.12 Written correspondence 1.13 Electronic communication means 1.14 Telecommunication 1.15 Established Labour and HR Forums	Officials within the Department of Housing	Officials within the Department of Housing	A 100% usage of internal arrangements
2. External 2.1 MINMEC 2.2 HODs 2.3 Municipalities and SALGA 2.4 Housing support institutions 2.5 Forum of South African Directors-General Social Cluster 2.6 Organised civil society 2.7 Panel of advisors for the Ministers 2.8 Parliament and its Committees 2.9 Cabinet and its Committees 2.10 Social Cluster Forums 2.11 Economic Cluster Forums 2.12 GCIS Forums 2.13 National Housing Communication Forms 2.14 AMCHUD 2.15 National and International Conferences & Workshops	Ministers and members of executive committees; HODs' Committees; Established Task Teams; Bi-laterals; Committees of Heads of Housing	External clients of the department	One hundred and twelve meetings were serviced during the reporting period

TABLE 5.3 Service delivery access strategy

Access strategy	Actual achievement against standards
<p>1. Internal</p> <p>1.1 Fact sheet 1.2 Groupwise 1.3 Intranet 1.4 Official Notice Boards 1.5 Pamphlets, posters and fliers 1.6 Telecommunications (telephonic, email and fax inquiries) 1.7 Written communication from the Public (letters, petitions, parliamentary questions) 1.8 Public Helpdesk 1.9 National Housing Call centre</p>	A 100% service satisfaction rating by all internal clients
<p>2. External</p> <p>2. External</p> <p>2.1 National housing policies 2.2 Internet Website 2.3 Multi-Media Platforms (Print, national radio, community radios, national TV stations) 2.4 Billboards 2.5 Publications 2.6 Advertising 2.7 Promotions 2.8 Exhibitions 2.9 Service Delivery Launches 2.10 Public Community Outreach Programmes 2.11 Imbizo Public engagements 2.12 Public events (conferences, workshops)</p>	A 100% service satisfaction rating by all external clients

TABLE 5.4 Service information tools

Type of information tool	Actual achievement against standards
<p>1. Internal</p> <p>1.1 Fact sheet 1.2 Groupwise 1.3 Intranet 1.3 Official Notice Boards 1.4 Pamphlets, posters and fliers 1.5 Telecommunications (telephonic, email and fax inquiries) 1.6 Written communication from the Public (letters, petitions, parliamentary questions) 1.7 Public Helpdesk 1.8 National Housing Call centre</p>	A 100% service satisfaction rating by all internal clients
<p>2. External</p> <p>2.1 National housing policies 2.2 Internet Website 2.3 Multi-Media Platforms (Print, national radio, community radios, national TV stations) 2.4 Billboards 2.5 Publications 2.6 Advertising 2.7 Promotions 2.8 Exhibitions 2.9 Service Delivery Launches 2.10 Public Community Outreach Programmes 2.11 Imbizo Public engagements 2.12 Public events (conferences, workshops)</p>	A 100% service satisfaction rating by all external clients

TABLE 5.5 Complaint mechanisms

Complaint mechanism	Actual achievement against standards
1. Internal 1.1 Existing formal Labour and Human Resources Grievance Procedures 1.2 Formal meetings with management 1.3 Complaints lodged at established Suggestion Boxes 1.4 Telecommunication means utilised 1.5 Written communication 1.6 Staff Forums	98.4% of staff complaints are resolved amicably; while 1.6% cases result in disciplinary hearings with all ending in dismissal
2. External 2.1 National Call Centre 2.2 National Helpdesk 2.3 Electronic communication (emails) 2.4 Written communication (letters, petitions) 2.5 Parliamentary questions to Presidency, Cabinet, National Minister of Housing and DG of Housing 2.6 Public outcries (protests and demonstrations) 2.7 The Public sometimes voices their dissatisfaction through the Media 2.8 Provincial and Local Government structures (Municipalities and SALGA) 2.9 Public sector institutions (NHBRC) 2.10 Private sector (Banks) 2.11 NGOs and CBOs	On average the Helpdesk assist about 4800 clients per annum (an average of 20 clients per day); On average the National Call Centre responded to about 8400 public calls per annum 800 (an average of 35 calls per day) All inquiries are responded to 100% by the Department in collaboration with Provincial Departments and Local municipalities. The nature of inquiries from the Public relate to fraud, corruption, dissatisfaction with service delivery, evictions etc

TABLE 5.6 Personnel costs, by programme

Programme	Total voted expenditure (R'000)	Compensation of employees expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Compensation of employees as percentage of total expenditure	Average compensation of employees: cost per employee (R'000)	employment
Programme 1: Administration	114 050	46 917	0	0	40,9	148	317
Programme 2: Housing Policy Research and Planning	72 745	18 329	0	0	25,2	58	317
Programme 3: Housing Implementation Support	140 410	16 859	0	0	12	53	317
Programme 4: Housing Development Fund	8 259 066	7 545	0	0	0,1	24	317
Total	8 586 909	97 239	0	0	1,1	307	317

TABLE 5.7 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)	1 016	0,01	67 733	8 586 272	15
Skilled (levels 3–5)	3 526	0,04	78 356	8 586 272	45
Highly skilled production (levels 6–8)	16 849	0,20	170 975	8 586 272	81
Highly skilled supervision (levels 9–12)	36 526	0,43	314 701	8 586 272	97
Senior management (levels 13–16)	30 408	0,35	506 089	8 586 272	56
Contract (levels 3–5)	651	0,01	325 500	8 586 272	2
Contract (levels 6–8)	1 272	0,01	159 000	8 586 272	8
Contract (levels 9–12)	3 301	0,04	300 091	8 586 272	11
Contract (levels 13–16)	2 028	0,02	1 014 000	8 586 272	2
Abnormal appointment	1 662	0,02	50 364	8 586 272	33
TOTAL	97 239	1,10	277 826	8 586 272	350

TABLE 5.8 Salaries, overtime, home owners allowance (HOA) 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 assistance (R'000)	Medical assistance as percentage of personnel cost	Total personnel cost per programme (R'000)
Programme 1: Administration	33 570	71,6	230	0,5	1 139	2,4	1 416	3	46 917
Programme 2: Housing Policy Research and Planning	5 445	29,7	3	0	112	0,6	225	1,2	18 329
Programme 3: Housing Implementation Support	4 994	29,6	9	0,1	210	1,2	276	1,6	16 859
Programme 4: Housing Development Finance	8 404	75,2	45	0,3	190	1,3	455	3	15 134
TOTAL	55 383	56,7	287	0,3	1 651	1,7	2 372	2,7	87 235

TABLE 5.9 Salaries, overtime, home owners allowance (HOA) 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 assistance (R'000)	Medical assistance as percentage of personnel cost	Total personnel cost per salary band (R'000)
Lower skilled (levels 1–2)	637	62,7	0	0	39	3,8	86	8,5	1 016
Skilled (levels 3–5)	2 482	70,1	12	0,3	156	4,4	116	3,3	3 542
Highly skilled production (levels 6–8)	9 395	67,5	107	0,8	247	1,8	721	5,2	13 909
Highly skilled supervision (levels 9–12)	20 981	68	142	0,5	397	1,3	858	2,8	30 835
Senior management (levels 13–16)	16 746	57,9	0	0	663	2,3	580	2	28 919
Contract (levels 3–5)	649	99,7	2	0,3	0	0	0	0	651
Contract (levels 6–8)	1 261	98,7	10	0,8	0	0	0	0	1 277
Contract (levels 9–12)	2 349	70,8	13	0,4	137	4,1	11	0,3	3 319
Contract (levels 13–16)	884	42,2	0	0	12	0,6	0	0	2 094
Abnormal appointment	0	0	0	0	0	0	0	0	1 675
TOTAL	55 384	63,5	286	0,3	1 651	1,9	2 372	2,7	87 237

TABLE 5.10 Employment and vacancies, by programme, as at end of year under review

Programme	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Programme 1: Administration	249	214	14,1	23
Programme 2: Housing Policy Research and planning	50	25	50	0
Programme 3: Housing Implementation Support	37	24	35,1	0
Programme 4: Housing Development Finance	83	54	34,9	0
TOTAL	419	317	24,3	23

TABLE 5.11 Employment and vacancies, by salary band, as at end of year 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	26	24	7,7	1
Skilled (levels 3–5), permanent	74	62	16,2	1
Highly skilled production (levels 6–8), permanent	115	65	43,5	1
Highly skilled supervision (levels 9–12), permanent	126	92	27	2
Senior management (levels 13–16), permanent	55	51	7,3	7
Contract (levels 1–2), permanent	1	1	0	1
Contract (levels 3–5), permanent	7	7	0	3
Contract (levels 6–8), permanent	5	5	0	2
Contract (levels 9–12), permanent	6	6	0	2
Contract (levels 13–16), permanent	4	4	0	3
TOTAL	419	317	24,3	23

TABLE 5.12 Employment and vacancies, by critical occupation, as at end of year under review

Critical occupation	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Administrative related, permanent	58	51	12,1	4
Cleaners in offices, workshops, hospitals, etc., permanent	14	14	0	2
Communication and information related, permanent	13	10	23,1	1
Computer programmers, permanent	1	0	100	0
Economists, permanent	45	26	42,2	0
Engineers and related professionals, permanent	17	5	70,6	1
Finance and economics related, permanent	16	15	6,3	1
Financial and related professionals, permanent	5	2	60	0
Financial clerks and credit controllers, permanent	10	9	10	1
Food services aids and waiters, permanent	6	4	33,3	0
General legal administration and related professionals, permanent	2	1	50	0
Head of department/chief executive officer, permanent	1	1	0	0
Human resources, organisational development and related professionals, permanent	9	7	22,2	0
Human resources clerks, permanent	9	7	22,2	0
Human resources related, permanent	3	3	0	0
Legal related, permanent	9	2	77,8	0
Librarians and related professionals, permanent	1	0	100	0
Library mail and related clerks, permanent	4	4	0	0
Light vehicle drivers, permanent	2	2	0	0
Logistical support personnel, permanent	4	3	25	0
Material-recording and transport clerks, permanent	5	4	20	0
Messengers porters and deliverers, permanent	8	8	0	0
Other administrative and related clerks and organisers, permanent	50	29	42	1

TABLE 5.12 (continued)

Other administrative policy and related officers, permanent	1	0	100	0
Other information technology personnel, permanent	6	4	33,3	0
Other occupations, permanent	3	2	33,3	0
Secretaries and other keyboard operating clerks, permanent	36	30	16,7	3
Security guards, permanent	1	1	0	0
Security officers, permanent	24	21	12,5	0
Senior managers, permanent	56	52	7,1	9
TOTAL	419	317	24,3	23

TABLE 5.13 Post evaluation

Salary band	Number of posts	Number of posts evaluated	Percentage of posts evaluated	Number of posts upgraded	Percentage of upgraded posts evaluated	Number of posts downgraded	% of Downgraded Posts Evaluated
Lower skilled (levels 1–2)	26	0	0	0	0	0	0
Contract (levels 1–2)	1	0	0	0	0	0	0
Contract (levels 3–5)	7	0	0	0	0	0	0
Contract (levels 6–8)	5	0	0	0	0	0	0
Contract (levels 9–12)	6	0	0	0	0	0	0
Contract (band B)	1	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)	74	3	4,1	0	0	0	0
Highly skilled production (levels 6–8)	115	6	5,2	0	0	0	0
Highly skilled supervision (levels 9–12)	126	53	42,1	13	24,5	4	7,5
Senior management service (band A)	34	34	100	10	29,4	0	0
Senior management service (band B)	14	13	92,9	0	0	0	0
Senior management service (band C)	6	1	16,7	0	0	0	0
Senior management service (band D)	1	0	0	0	0	0	0
TOTAL	419	110	26,3	23	20,9	4	3,6

TABLE 5.14 Profile of employees whose positions were upgraded owing to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

TABLE 5.15 Employees whose salary level exceeds 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	0	0	0
	0	0	0	0	0
Total	0	0	0	0	0
Percentage of total employment	0	0	0	0	0

TABLE 5.16 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 5.17 Annual turnover rate, by salary band

Salary band	Employment at beginning of period (April 2006)	Appointments	Terminations	Turnover rate
Lower skilled (levels 1–2), permanent	16	6	2	12,5
Skilled (levels 3–5), permanent	29	18	2	6,9
Highly skilled production (levels 6–8), permanent	85	15	8	9,4
Highly skilled supervision (levels 9–12), permanent	99	3	1	1
Senior Management Service (band A), permanent	22	3	1	4,5
Senior Management Service (band B), permanent	15	1	1	6,7
Senior Management Service (band C), permanent	6	2	0	0
Senior Management Service (band D), permanent	1	0	0	0
Contract (levels 3–5), permanent	17	0	21	123,5
Contract (levels 6–8), permanent	8	21	17	212,5
Contract (levels 9–12), permanent	12	6	8	66,7
Contract (band A), permanent	2	0	0	0
Contract (band B), permanent	1	0	0	0
Contract (band C), permanent	1	1	1	100
Contract (band D), permanent	1	0	0	0
TOTAL	315	76	62	19.7

TABLE 5.18 Annual turnover rate, by critical occupation

Critical occupation	Employment at beginning of period (April 2007)	Appointments	Terminations	Turnover rate %
Administrative related, permanent	38	22	8	21,1
Architects town and traffic planners, permanent	1	0	0	0
Cleaners in offices workshops, hospitals, etc., permanent	15	4	6	40
Client information clerks (switchboard, reception), permanent	1	0	0	0
Communication and information related, permanent	9	3	3	33,3
Economists, permanent	29	0	0	0
Electrical and electronics engineering technicians, permanent	1	0	0	0
Engineers and related professionals, permanent	7	2	2	28,6
Finance and economics related, permanent	15	0	0	0
Financial and related professionals, permanent	6	0	0	0
Financial clerks and credit controllers, permanent	13	5	4	30,8
Food services aids and waiters, permanent	5	2	3	60
General legal administration and related professionals, permanent	3	0	0	0
Head of department/chief executive officer, permanent	1	0	0	0
Housekeepers laundry and related workers, permanent	1	0	0	0
Human resources, organisational development, and related professionals, permanent	12	3	5	41,7
Human resources clerks, permanent	8	4	1	12,5
Human resources related, permanent	5	1	1	20

TABLE 5.18 (continued)

Legal related, permanent	3	0	0	0
Librarians and related professionals, permanent	1	0	1	100
Library mail and related clerks, permanent	6	0	0	0
Light vehicle drivers, permanent	2	0	0	0
Logistical support personnel, permanent	6	2	3	50
Material-recording and transport clerks, permanent	6	0	0	0
Messengers porters and deliverers, permanent	6	0	0	0
Other administrative and related clerks and organisers, permanent	32	2	5	15,6
Other administrative policy and related officers, permanent	1	0	0	0
Other information technology personnel, permanent	4	2	2	50
Other occupations, permanent	2	0	0	0
Secretaries and other keyboard operating clerks, permanent	33	4	7	21,2
Security guards, permanent	6	0	0	0
Security officers, permanent	5	14	9	180
Senior managers, permanent	31	6	2	6,5
Trade/industry advisers and other related professionals, permanent	1	0	0	0
TOTAL	315	76	62	19,7

TABLE 5.19 Reasons why staff are leaving the department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Death, permanent	1	1,6	0,3	62	315
Resignation, permanent	26	41,9	8,3	62	315
Expiry of contract, permanent	32	51,6	10,2	62	315
Discharged owing to ill health, permanent	1	1,6	0,3	62	315
Dismissal for misconduct, permanent	1	1,6	0,3	62	315
Retirement, permanent	1	1,6	0,3	62	315
TOTAL	62	100	19,7	62	315
Resignations as percentage of employment			19,7		

TABLE 5.20 Promotions, by critical occupation

Occupation	Employment at beginning of period (April 2007)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Administrative related	38	9	23,7	16	42,1
Architects, town and traffic planners	1	0	0	1	100
Cleaners in offices, workshops, hospitals, etc.	15	1	6,7	13	86,7
Client information clerks (switchboard, reception)	1	0	0	1	100
Communication and information related	9	2	22,2	7	77,8
Economists	29	11	37,9	14	48,3
Electrical and electronics engineering technicians	1	0	0	0	0
Engineers and related professionals	7	0	0	3	42,9
Finance and economics related	15	5	33,3	12	80
Financial and related professionals	6	2	33,3	3	50
Financial clerks and credit controllers	13	2	15,4	5	38,5
Food services aids and waiters	5	0	0	3	60
General legal administration and related professionals	3	0	0	2	66,7

TABLE 5.20 (continued)

Head of department/chief executive officer	1	0	0	0	0
Housekeepers laundry and related workers	1	0	0	1	100
Human resources, organisational development and related professionals	12	4	33,3	8	66,7
Human resources clerks	8	0	0	3	37,5
Human resources related	5	0	0	3	60
Legal related	3	1	33,3	0	0
Librarians and related professionals	1	0	0	0	0
Library mail and related clerks	6	1	16,7	1	16,7
Light vehicle drivers	2	0	0	1	50
Logistical support personnel	6	3	50	1	16,7
Material-recording and transport clerks	6	4	66,7	2	33,3
Messengers, porters and deliverers	6	0	0	3	50
Other administrative and related clerks and organisers	32	4	12,5	17	53,1
Other administrative policy and related officers	1	0	0	1	100
Other information technology personnel	4	0	0	2	50
Other occupations	2	0	0	0	0
Secretaries and other keyboard operating clerks	33	4	12,1	22	66,7
Security guards	6	0	0	5	83,3
Security officers	5	2	40	4	80
Senior managers	31	8	25,8	3	9,7
Trade/industry advisers and other related professionals	1	0	0	0	0
TOTAL	315	63	20	157	49,8

TABLE 5.21 Promotions, by salary band

Salary band	Employment at beginning of period (April 2007)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Lower skilled (levels 1–2), permanent	16	0	0	5	31,3
Skilled (levels 3–5), permanent	29	2	6,9	21	72,4
Highly skilled production (levels 6–8), permanent	85	19	22,4	41	48,2
Highly skilled supervision (levels 9–12), permanent	99	28	28,3	56	56,6
Senior management (levels 13–16), permanent	44	11	25	3	6,8
Contract (levels 1–2), permanent	0	1	0	0	0
Contract (levels 3–5), permanent	17	0	0	14	82,4
Contract (levels 6–8), permanent	8	0	0	13	162,5
Contract (Levels 9-12), Permanent	12	0	0	4	33,3
Contract (levels 13–16), Permanent	5	2	40	0	0
TOTAL	315	63	20	157	49,8

TABLE 5.22 Total number of permanent employees (including employees with disabilities), per occupational category (SASCO)

Occupational category	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Legislators, senior officials and managers, permanent	17	1	3	21	6	13	1	2	16	0	43
Professionals, permanent	54	1	3	58	8	49	3	5	57	20	143
Clerks, permanent	18	1	0	19	2	36	3	4	43	17	81
Service and sales workers, permanent	18	0	0	18	0	6	0	0	6	0	24
Plant and machine operators and assemblers, permanent	2	0	0	2	0	0	0	0	0	0	2
Elementary occupations, permanent	7	1	0	8	1	15	0	0	15	0	24
TOTAL	116	4	6	126	17	119	7	11	137	37	317
Employees with disabilities	1	0	0	1	0	0	0	0	0	0	1

TABLE 5.23 Total number of permanent employees (including employees with disabilities), per occupational band

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Top management, permanent	5	0	0	5	1	2	0	1	3	0	9
Senior management, permanent	17	2	2	21	7	15	1	1	17	2	47
Professionally qualified and experienced specialists and middle management, permanent	37	0	2	39	6	32	3	5	40	12	97
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	19	1	0	20	0	32	3	4	39	22	81
Semi-skilled and discretionary decision making, permanent	23	1	0	24	1	20	0	0	20	0	45
Unskilled and defined decision making, permanent	5	0	0	5	1	9	0	0	9	0	15
Contract (top management), permanent	0	0	2	2	0	0	0	0	0	0	2
Contract (professionally qualified), permanent	4	0	0	4	1	5	0	0	5	1	11
Contract (skilled technical), permanent	4	0	0	4	0	4	0	0	4	0	8
Contract (semi-skilled), permanent	2	0	0	2	0	0	0	0	0	0	2
TOTAL	116	4	6	126	17	119	7	11	137	37	317

TABLE 5.24 Recruitment

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Top management, permanent	2	0	0	2	0	0	0	0	0	0	2
Senior management, permanent	1	1	0	2	0	2	0	0	2	0	4
Professionally qualified and experienced specialists and middle management, permanent	1	0	0	1	0	1	0	1	2	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	8	0	0	8	0	6	0	0	6	1	15
Semi-skilled and discretionary decision making, permanent	12	0	0	12	1	5	0	0	5	0	18
Unskilled and defined decision making, permanent	1	0	0	1	0	5	0	0	5	0	6
Contract (top management), permanent	0	0	1	1	0	0	0	0	0	0	1
Contract (professionally qualified), permanent	2	0	0	2	0	3	0	0	3	1	6
Contract (skilled technical), permanent	11	0	0	11	1	8	0	0	8	1	21
TOTAL	38	1	1	40	2	30	0	1	31	3	76

TABLE 5.25 Promotions

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Top management, permanent	0	0	0	0	1	0	0	0	0	0	1
Senior management, permanent	4	0	2	6	3	3	0	1	4	0	13
Professionally qualified and experienced specialists and middle management, permanent	35	0	3	38	4	28	1	3	32	10	84
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	13	1	0	14	0	19	5	5	29	17	60
Semi-skilled and discretionary decision making, permanent	11	2	0	13	0	10	0	0	10	0	23
Unskilled and defined decision making, permanent	2	0	0	2	0	3	0	0	3	0	5
Contract (top management), permanent	1	0	1	2	0	0	0	0	0	0	2
Contract (professionally qualified), permanent	2	0	0	2	0	2	0	0	2	0	4
Contract (skilled technical), permanent	7	0	0	7	0	4	0	0	4	2	13
Contract (semi-skilled), permanent	5	0	0	5	0	9	0	0	9	0	14
Contract (unskilled), permanent	0	0	0	0	0	1	0	0	1	0	1
TOTAL	80	3	6	89	8	79	6	9	94	29	220

TABLE 5.26 Terminations

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Senior management, permanent	2	0	0	2	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and middle management, permanent	0	0	0	0	0	1	0	0	1	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	4	0	0	4	0	4	0	0	4	0	8
Semi-skilled and discretionary decision making, permanent	0	0	0	0	1	0	1	0	1	0	2
Unskilled and defined decision making, permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (top management), permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (professionally qualified), permanent	2	0	0	2	0	6	0	0	6	0	8
Contract (skilled technical), permanent	9	0	0	9	1	5	0	1	6	1	17
Contract (semi-skilled), permanent	6	0	0	6	0	15	0	0	15	0	21
TOTAL	24	0	0	24	2	33	1	1	35	1	62

Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total	Not available
TOTAL	4	0	0	4	0	0	1	0	0	0	5	0

TABLE 5.27 Skills development

Occupational category	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0	0	0
Technicians and associated professionals	1	0	0	1	0	0	0	1	1	0	2
Clerks	9	0	1	10	1	14	0	1	15	0	26
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	2	0	0	2	0	7	0	0	7	0	9
TOTAL	12	0	1	13	1	21	0	2	23	0	37
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

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	58	119	48,7	1 026	17 693
African, male	44	115	38,3	901	20 483
Asian, female	4	11	36,4	86	21 545
Asian, male	4	6	66,7	151	37 874
Coloured, female	6	7	85,7	137	22 760
Coloured, male	2	4	50	15	7 458
Total Black, female	68	137	49,6	1 249	18 367
Total Black, male	50	125	40	1 068	21 353
White, female	30	37	81,1	711	23 702
White, male	4	17	23,5	216	53 976
Employees with a disability	0	1	0	0	0
TOTAL	152	317	47,9	3 244	21 339

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)	6	15	40	36	6 000
Skilled (levels 3–5)	29	45	64,4	242	8 345
Highly skilled production (levels 6–8)	49	81	60,5	858	17 510
Highly skilled supervision (levels 9–12)	60	97	61,9	1 771	29 517
Contract (levels 3–5)	0	2	0	0	0
Contract (levels 6–8)	0	8	0	0	0
Contract (levels 9–12)	0	11	0	0	0
Abnormal appointment	0	33	0	0	0
TOTAL	144	292	49,3	2 907	20 188

TABLE 5.30 Performance rewards, by critical occupation

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Administrative related	16	51	31,4	662	41 375
Cleaners in offices, workshops, hospitals, etc.	4	9	44,4	21	5 250
Client information clerks (switchboard, reception)	1	1	100	9	9 000
Communication and information related	3	9	33,3	87	29 000
Economists	16	25	64	392	24 500
Electrical and electronics engineering technicians	1	1	100	62	62 000
Engineers and related professionals	4	6	66,7	71	17 750
Finance and economics related	11	15	73,3	341	31 000
Financial and related professionals	3	3	100	52	17 333
Financial clerks and credit controllers	5	10	50	73	14 600
Food services aids and waiters	3	8	37,5	20	6 667
General legal administration and related professionals	2	2	100	54	27 000
Head of department/chief executive officer	0	1	0	0	0
Housekeepers, laundry and related workers	1	1	100	10	10 000
Human resources, organisational development and related professionals	6	11	54,5	115	19 167
Human resources clerks	3	9	33,3	53	17 667
Human resources related	1	4	25	15	15 000

TABLE 5.30 (continued)

Legal related	0	3	0	0	0
Librarians and related professionals	0	1	0	0	0
Library mail and related clerks	6	6	100	80	13 333
Light vehicle drivers	2	2	100	14	7 000
Logistical support personnel	2	6	33,3	34	17 000
Material-recording and transport clerks	6	5	120	60	10 000
Messengers, porters and deliverers	5	6	83,3	38	7 600
Other administrative and related clerks and organisers	15	21	71,4	270	18 000
Other administrative policy and related officers	1	1	100	25	25 000
Other information technology personnel	2	4	50	25	12 500
Other occupations	1	2	50	24	24 000
Secretaries and other keyboard operating clerks	20	29	69	382	19 100
Security guards	5	5	100	47	9 400
Security officers	4	18	22,2	42	10 500
Senior managers	3	41	7,3	165	55 000
Trade/industry advisers and other related professionals	0	1	0	0	0
TOTAL	152	317	47,9	3 243	21 336

TABLE 5.31 Performance-related rewards (cash bonus), by salary band, for senior management service (SMS)

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	6	30	20	238	3 967	1,7	13,705
Band B	2	17	11,8	99	4 950	1,1	8,866
Band C	0	9	0	0	0	0	0
Band D	0	2	0	0	0	0	0
TOTAL	8	58	13,8	337	4 212,5	1,5	22 571

TABLE 5.32 Foreign employees , by salary band

Salary band	Employment at beginning of period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total Employment at End of Period	Total Change in Employment
Highly skilled supervision (levels 9–12)	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0

TABLE 5.33 Foreign employees, by major occupation

Major occupation	Employment at beginning of period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Professionals and managers	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0

TABLE 5.34 Sick leave taken from January to December 2007

Salary band	Total number of days	Percentage days with medical certification	Number of employees using sick leave	Percentage of total number of employees using sick leave	Average number of days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Lower skilled (levels 1–2)	71	84,5	11	4,9	6	13	223	60
Skilled (levels 3–5)	187	90,4	24	10,8	8	40	223	169
Highly skilled production (levels 6–8)	509	75,4	63	28,3	8	215	223	384
Highly skilled supervision (levels 9–12)	568,5	75,3	82	36,8	7	485	223	428
Senior management (levels 13–16)	140	74,3	24	10,8	6	281	223	104
Contract (levels 3–5)	15	53,3	5	2,2	3	4	223	8
Contract (levels 6–8)	28	78,6	8	3,6	4	12	223	22
Contract (levels 9–12)	11	45,5	5	2,2	2	10	223	5
Contract (levels 13–16)	1	0	1	0,4	1	4	223	0
TOTAL	1 530,5	77,1	223	100	7	1 064	223	1 180

TABLE 5.35 Disability leave (temporary and permanent) taken from January to December 2007

Salary band	Total number of days	Percentage days with medical certification	Number of employees using disability leave	Percentage of total number of employees using disability leave	Average number of days per employee	Estimated cost (R'000)	Total number of employees using disability leave	Total number of days with medical certification
Highly skilled supervision (levels 9–12)	2	100	1	100	2	3	1	2
TOTAL	2	100	1	100	2	3	1	2

TABLE 5.36 Annual leave taken from January to December 2007

Salary band	Total number of days	Average number of days per employee	Number of employees who took leave
Lower skilled (levels 1–2)	263	15	18
Skilled (levels 3–5)	729	17	43
Highly skilled production (levels 6–8)	1654	20	83
Highly skilled supervision (levels 9–12)	2199,08	20	110
Senior management (levels 13–16)	1001	20	49
Contract (levels 3–5)	68	9	8
Contract (levels 6–8)	111	7	16
Contract (levels 9–12)	107	11	10
Contract (levels 13–16)	17	9	2
Not available	4	4	1
TOTAL	6153,08	18	340

TABLE 5.37 Capped leave taken from January to December 2007

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2007	Number of employees who took capped leave	Total number of capped leave days available at 31 December 2007	Number of employees as at 31 December 2007
Highly skilled production (levels 6–8)	23	3	28	7	949	34
Highly skilled supervision (levels 9–12)	26	3	46	8	2162	47
Senior management (levels 13–16)	10	3	63	3	1630	26
TOTAL	59	3	44	18	4741	107

TABLE 5.38 Leave payouts

Reason	Total amount (R'000)	Number of employees receiving payouts	Average payment per employee (R)
Capped leave payouts on termination of service for 2007/08	18	2	9 000
TOTAL	18	2	9 000

TABLE 5.39 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	

TABLE 5.40 Details of health promotion and HIV/AIDS programmes [tick Yes/No and provide the required information]

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter I of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		L Jolobe: CD Transformation
2. Does the Department have a dedicated unit or have you designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		3 Staff members with a budget of R640 000
3. Has the Department introduced an employee assistance or health promotion programme for employees? If so, indicate the key elements/ services of the programme.	X		<ul style="list-style-type: none"> • Counselling Services • Trauma debriefing • Managing HIV/AIDS in the workplace • Employee assistance Programme • Health and Wellness Programme
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Peer educators assume the responsibility of the committee Sizwe Nkosi, Tiny Nkonyane, Veronica Marian MMatseko Pine, Jimmy Mokolo, Mpho Rakomane Mary Labalo, Kgaugelo Sehlapelo, Thembekile Mogobo, Hope Khoza Piet Motsepa, Beauty Dire Matsidiso Mogostsi, Nelly Mathabe, Mary Lebalo Ruweida Moti, Sindiwiwe Mbuthuma, Lerato Mboweni
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		<ul style="list-style-type: none"> • Recruitment and selection Policy • Retention Policy and strategy
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.	X		<ul style="list-style-type: none"> • Policies • External service provider
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results achieved.	X		Every year the Department hold an employee wellness day whereby medical practioners are brought on board and conduct testing for all types of sickness, including HIV and AIDS. However, the results remain confidential
8. Has the Department developed measures/indicators to monitor and evaluate the impact of the health promotion programme? If so, list these measures/indicators.		X	

TABLE 5.41 Collective agreements

Subject matter	Date
Migration and related matters	17-May-07

TABLE 5.42 Misconduct and discipline hearings finalised

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Dismissals	5	100	

TABLE 5.43 Types of misconduct addressed by disciplinary hearings

Type of misconduct	Number	Percentage of Total	Total
Theft, fraud and insubordination	5	100	5

TABLE 5.44 Grievances lodged

Type of grievances addressed	Number	Percentage of Total	Total
Inhumane treatment by manager	1	100	1

TABLE 5.45 Disputes lodged

	Number	Percentage of total
Upheld	1	100
Dismissed	0	0

TABLE 5.46 Strike actions

Total number of person working days lost	20
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

TABLE 5.47 Precautionary suspensions

Precautionary suspensions	
Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	378
Cost (R'000) of suspensions	R750 000

TABLE 5.48 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	4	4	8
	Male	0	0	4	4	8
Professionals	Female	0	0	12	6	18
	Male	0	0	12	6	18
Technicians and associate professionals	Female	0	0	12	6	18
	Male	0	0	12	6	18
Clerks	Female	0	0	15	5	20
	Male	0	0	15	5	20
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	3	8
	Male	0	0	5	3	8
Gender subtotals	Female	0	0	48	24	72
	Male	0	0	48	24	72
Total		0	0	96	48	144

TABLE 5.49 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	23	5	28
	Male	0	0	37	2	39
Professionals	Female	0	0	9	6	15
	Male	0	0	16	5	21
Technicians and associate professionals	Female	0	0	6	3	9
	Male	0	0	11	4	15
Clerks	Female	0	0	14	11	25
	Male	0	0	12	3	15
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	10	1	11
	Male	0	0	5	4	9
Gender subtotals	Female	0	0	62	26	88
	Male	0	0	81	18	99
Total		0	0	143	44	187

TABLE 5.50 Injury on duty

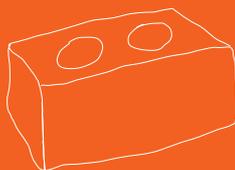
Nature of injury	Number	Percentage of total
Required basic medical attention only	3	50
Temporary total disablement	3	50
Permanent disablement	0	0
Fatal	0	0
Total	6	

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