



**Western Cape
Government**

Human Settlements



Annual Report 2013/2014
Department of Human Settlements

DEPARTMENT
OF HUMAN
SETTLEMENTS

PROVINCE OF WESTERN CAPE

VOTE NO. 8



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*Arniston Project in Arniston:
This project is the winner in the category Best Integrated Residential Development Project
(IRDP) in the 2014 Govan Mbeki Wards*



Mandela Square project in Beaufort West, this is an Upgrading of Informal Settlements Project (UISP) which was submitted for the Govan Mbeki Awards 2014.



PART A:

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

ABT	Alternative Building Technologies	NDP	National Development Plan
AFS	Annual Financial Statement	NTPSRMF	National Treasury Public Sector Risk Management
AGSA	Auditor General of South Africa	OAG	Office of Auditor-General
AO	Accounting Officer	OHASA	Occupational Health and Safety Act
APP	Annual Performance Plan	OHASA	Occupational Health and Safety Act
BAC	Bid Adjudication Committee	Committee	Occupational Health and Safety Act Committee
BAS	Basic Accounting System	OSD	Occupation Specific Dispensation
BBBEE	Broad Based Black Economic Empowerment	PAA	Public Audit Act
BEC	Bid Evaluation Committee	PDO	Predetermined Objective
Ce-I	Centre for e-Innovation	PAJA	Promotion of Administrative Justice Act
CFO	Chief Financial Officer	PERSAL	Personnel Salary
CGRO-GAP	Corporate Governance Review & Outlook – Governance Action Plan	PFMA	Public Finance Management Act
CSC	Corporate Services Centre	PGWC	Provincial Government Western Cape
CoCT	City of Cape Town	PHP	People's Housing Process
CRU	Community Residential Upgrades	PILIR	Policy on Incapacity Leave and Ill-Health Retirement
CTA	Cuban Technical Advisors	PILLAR	Procedure on Incapacity Leave and Ill-Health Retirement
D:ERM	Directorate: Enterprise Risk Management	PMO	Project Management Office
DoTP	Department of the Premier	PPP	Public Private Partnerships
DORA	Division of Revenue Act	PRT	Professional Resource Teams
DPSA	Department of Public Service and Administration	PSC	Public Service Commission
EAP	Employee Assistance Programme	PSO 6	Provincial Strategic Objective 6
EHWP	Employee Health and Wellness Programme	PSCBC	Public Service Coordinating Bargaining Council
EEDBS	Enhanced Extended Discount Benefit Scheme	PT	Provincial Treasury
ERM	Enterprise wide Risk Management	RDP	Reconstruction and Development Programme
FIU	Forensic Investigating Unit	SALGA	South African Local Government Agency
FLISP	Finance Linked Individual Subsidy Programme	SCM	Supply Chain Management
FMPPI	Framework for Managing Programme Performance Information	SCOA	Standard Chart Of Accounts
GIS	Geographical Information System	SCOPA	Standing Committee on Public Accounts
GMT	Government Motor Transport Council	SDIP	Service Delivery Improvement Plan
GPSSBC	General Public Sector Bargaining Council	SHEQ	Safety Health Environment and Quality
HDA	Housing Development Agency	SITA	State Information Technology Agency
HDDIP	Housing Demand Data Improvement Programme	SIU	Special Investigation Unit
HDI	Historically Disadvantaged Individuals	SMS	Senior Management Service
HoD	Head of Department	TR	Treasury Regulations
HR	Human Resources	UISP	Upgrading of Informal Settlements Programme
HRD	Human Resource Development	VCT	Voluntary Counselling and Testing
HSDG	Human Settlements Development Grant	VRC	Virtual Resource Centre
HSS	Housing Subsidy System	WCG	Western Cape Government
IHHSD	Integrated Housing and Human Settlement Development	WCHDB	Western Cape Housing Development Board
IDP	Integrated Development Plan	WCHDDB	Western Cape Housing Demand Data Base
IDMS	Infrastructure Development Management System	WCHDDIP	Western Cape Housing Demand Database Improvement Plan
IRDP	Integrated Rural Development Plan	WCHDF	Western Cape Housing Development Fund
LOGIS	Logistical Information System	WCSD	Western Cape Suppliers Database
LRA	Labour Relations Act		
MCS	Modified Cash System		
MEC	Member of Executive Council		
MMS	Middle Management Service		
MOA	Memorandum of Agreement		
MPAT	Management Performance Assessment Tool		

3. FOREWORD

BY THE WESTERN CAPE PROVINCIAL MINISTER OF THE DEPARTMENT



I'd like to thank the voters of the Western Cape for giving us an opportunity to continue with the good work that we started in 2009 despite many challenges that we faced, and continue to face as the Provincial Government, particularly the Department of Human Settlements. I'm very grateful to be given a second term and a second chance, it's a humbling mandate that I do not take lightly given the expectations that come with it.

During my first term I set out strategic goals that must be pursued by the Department. In that time we've laid a solid foundation, but a lot still need to be done in order to realize these goals. I've learnt a number of lessons and I'm certainly coming into my second term better equipped with experience from my first term. More importantly, I am aware of the pressure to deliver because I cannot make excuses about being new anymore.

Immediately after our renewed mandate, we set the wheels in motion by setting realistic goals and objectives for short, medium and long term. As the provincial government we decided to reduce our strategic goals to five from eleven at the recent Cabinet Bosberaad in order to be more focused. The Department of Human Settlements is part of Strategic Goal 4, 'enable resilient, sustainable, quality and inclusive living environment', together with other Departments that fall into this category including Transport & Public Works, Environmental Affairs & Development Planning and Cooperative Government. This was done in order to actualize the concept of integrated and sustainable Human Settlements, and to continue the transversal management approach.

Guided by the National Development Plan 2030 and Cape Vision 2040, we have decided to broadly focus on three areas in order to make maximum impact in human settlements delivery if we are to deal with problems such as; in-migration, bulk infrastructure and limited resources, namely:

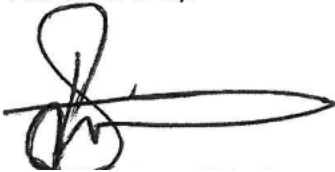
1. We are going to shift more resources towards upgrading of informal settlements in order to provide basic services to all our citizens;

2. Strengthen our partnership with private sector in order to increase affordable houses for people earning above the free subsidy threshold; and
3. Pay more attention in the allocation of free subsidized state houses in order to prioritize the most deserving individuals.

This has been broadly communicated internally with our staff members to ensure that everyone is on the same page and a consistent message is disseminated. We are now rolling the communication of this strategy to all our external partners for their input and buy in.

I am looking forward to engage all our partners and get everybody on board in order to start making a real impact in changing the lives of our people for the better; we call upon everyone who's involved in this space to hold hands with us because as government alone we cannot be able to succeed in this daunting task.

I thank you.

A handwritten signature in black ink, consisting of a large, stylized initial 'B' followed by a long horizontal stroke that tapers to a point on the right.

Bonginkosi Madikizela
Minister for Human Settlements
Provincial Government of the Western Cape
31 July 2014

4. REPORT OF THE ACCOUNTING OFFICER



The Departments adopted vision, mission, values and strategic oriented goals remained the basis for a common purpose. In light of this, it is committed to the achievement of the strategic oriented goals highlighted below as outlined in the Annual Performance Plan 2013/14 and in the Strategic Plan 2010/11-2014/15 and has made significant strides in this regard:

No.	No. Strategic Outcome Oriented Goals	Strategic Objective	Key focus areas and deliverables
1	Accelerate the provision of housing opportunities including the prioritisation of serviced sites.	Upgrading of informal settlements and the up scaling of the provision and implementation of serviced sites.	The Department delivered a total of 12 681 housing units, against a target of 12 302, 2 708 other housing opportunities against a target of 1 959 and 2 528 service sites against a target of 6 642.
2	Inculcate a sense of ownership, rights and personal responsibility amongst housing beneficiaries, tenants and owners.	Increase beneficiary involvement in the development of housing opportunities	The Department delivered a total of 3 884 housing units, against a target of 3028, under the People Housing Process Programme (PHP). In addition, the Department hosted a total of 175 housing consumer education programmes, empowering a total of 4 023 beneficiaries To promote security of tenure through effecting transfer of outstanding title deeds to qualifying beneficiaries. The Department transferred of the outstanding
		To promote security of tenure through effecting transfer of outstanding title deeds to qualifying beneficiaries.	The Department developed and approved the, "Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects", to define the norms and standards for beneficiary selection. The Framework Policy aims to enhance fairness and transparency in the selection process.
3	Provider a fairer allocation of housing.	To introduce a standardised system and process through which beneficiaries are selected. The Department developed and approved the, "Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy	To introduce a standardised system and process through which beneficiaries are selected. The Department developed and approved the, "Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects", to define the norms and standards for beneficiary selection. The Framework Policy aims to enhance fairness and transparency in the selection process.
4	Optimal use of resources and partnerships	Enhancing the supply of new rental housing opportunities and encouraging improved property management of rental stock.	The Department delivered a total of 2 217 rental housing opportunities.

No.	No. Strategic Outcome Oriented Goals	Strategic Objective	Key focus areas and deliverables
5	Introduce a coordinated approach to human settlement planning through effective integrated development planning.	Integrate the work of different departments involved in human settlement development, using the Integrated Development Plans (IDPs) as the basis.	The Department approved a total of 20 human settlements projects, aligned to Integrated Development Plans, National and Provincial objectives, against a target of 17. Furthermore, the Department assisted a total of 20 municipalities with the development of human settlement planning against a target of 24.
6	To facilitate delivery through sound administration.	Create organisational programme management capability.	The Department achieved a level 3.8 financial capability maturity rating and a vacancy rate of 1%. Furthermore, the Department received a clean audit for the financial year under review.

The following is an account of the key outputs of the Department for the period under review:

The Department delivered a total of 17 917 housing opportunities against a target of 20 903. A breakdown of the total figure is illustrated as follow:

- 12 681 housing units, against a target of 12 302,
- 2 528 serviced sites against a target of 6 642, and
- 2 708 other housing opportunities against a target of 1 959.

In terms of the method of calculation used by the Department to measure progress in the provision of serviced sites, in which percentage progress of civil works projects is converted to an equivalent number of sites serviced, the department delivered a total of 6 695 serviced sites for the financial year under review. However, the Auditor General found that this method of calculation to be unreliable, as the indicator required that site connections to basic services be measured. The Department therefore agreed to change its method of calculation to count only serviced sites which have been handed over to the municipality, with evidence comprising a completion certificate signed by an independent consulting engineer. As a consequence, in line with this new method of calculation, only 2 528 serviced sites are reported as connected to basic services. The balance of 4 167 represent serviced sites projects at various stages of completion, and will be counted when handed over to the developer. The department is updating its technical indicator tables and targets for serviced sites for 2014/15 in line with this change.

The PRTs were fully operational during the 2013/14 financial year and provided the Department with the necessary support in order to delivery on its mandate. They assisted local municipalities with the development of human settlement pipelines, which allowed municipalities to plan developments for a period of five years. As part of the pipeline exercise, the PRTs assisted municipalities with the preparation of maps and spatial information which were used to evaluate the development of sustainable human settlements. As a result of the support offered to municipalities by the PRTs and the Department, human settlement project pipelines were developed for all municipalities and a total of 20 human settlement projects were approved aligned to Integrated Development Plans (IDPs), National and Provincial Objectives against a target of 17.

Significant progress has been made in assisting municipalities with the implementation of the housing demand data improvement programme since the operationalisation thereof in 2012. To date, all 24 local municipalities have

uploaded their housing demand data on the system. The Department embarked on a process to assist municipalities with the cleaning of their historical housing demand data and continues to provide municipalities with the necessary user support. For the period under review, the City of Cape Town (CoCT) introduced an enhanced data platform and transferred the platform to the Department in terms of the MoA signed with the CoCT. The enhanced data platform was modified by the Centre for e-Innovation (Ce-I) to include all 24 local municipalities.

“The Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects” was approved by the Provincial Cabinet in October 2013. The overall objective of the Framework Policy is to define a set of norms and standards for beneficiary selection in the Province and thereby enhance fairness and transparency in the selection of beneficiaries. As municipalities are responsible for beneficiary allocation, each municipality had to develop its own selection policy, in line with this Framework.

In addition, the Department developed and approved the following policies; Municipal guideline for responding to farm residents housing needs in the Western Cape and Policy to Improve Title Transfer in New Greenfields Subsidy Housing Projects.

For the period under review the Department has achieved a vacancy rate of 1% as a result of the appointment of contract staff, with the objective of improving efficiency. Furthermore, the Department achieved a level 3.8 financial capability maturity rating for the financial year under review as a result of the implementation of initiatives to ensure that the Department is fully compliant with the relevant financial legislation, policies and regulations.

The Department reduced the number of debtors by 1 005, as a result a total of 241 rental units were transferred to qualifying beneficiaries. These endeavours contributed to the strategic outcome of inculcating a sense of ownership, rights and responsibility and uplifting the poor through ownership and asset creation, and security of tenure.

During the period under review, the Department embarked on a process to finalize the assignment of all functions pertaining to the administration of national housing programmes to the City of Cape Town (CoCT). Consultation sessions were held with the Ministers of Local Government, Finance & Economic Development and Tourism, Provincial Treasury, Provincial SALGA, National Department of Human Settlements and members of the National Accreditation Panel to obtain their support to assign all functions to the CoCT. The Department and the CoCT are in the process of drafting the Executive Assignment Agreement.



Accounting Officer
Department of Human Settlements
31 July 2014

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDING 31 MARCH 2014.

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.


The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2014.

Yours faithfully



Accounting Officer
Thando Mguli

6. STRATEGIC OVERVIEW

6.1. Vision

Developing integrated and sustainable human settlements, with access to social and economic opportunities for all the Province's citizens.

6.2. Mission

The mission for the Department of Human Settlements is:

- To be effective agents of change in capacitating and supporting municipalities to optimally deliver housing opportunities;
- To promote, facilitate and develop integrated and sustainable human settlements; and
- To facilitate delivery through sound administration and the engagement of all spheres of government and social partners.

6.3. Values

The Department of Human Settlements' values are the same as that of the Batho Pele principles as well as values of the Provincial Government Western Cape, which is committed to living according to the following values:

- Competence;
- Accountability;
- Integrity;
- Responsiveness; and
- Caring.

6.4. Strategic outcome orientated goals

The Department of Human Settlements have set the following strategic outcome orientated goals:

Strategic Goal 1: Accelerate the provision of housing opportunities including the prioritisation of serviced sites.

Strategic Goal 2: Inculcate a sense of ownership, rights and responsibility amongst housing beneficiaries, tenants and owners.

Strategic Goal 3: Provide a fairer allocation of housing.

Strategic Goal 4: Optimal use of resources and partnerships.

Strategic Goal 5: Introduce a co-ordinated approach to human settlements planning through effective Integrated Development Planning; and

Strategic Goal 6: To facilitate delivery through sound administration.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional mandates

Chapter 2 (Bill of Rights) of The Constitution, Section 26 requires the state to:

- Take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of everyone's right of access to housing; and
- To ensure no-one is evicted from their home, or has their home demolished, without an order of the court made after considering all the relevant circumstances.

The Constitution¹ further provides that housing is a competency that is held concurrently by national and provincial governments.

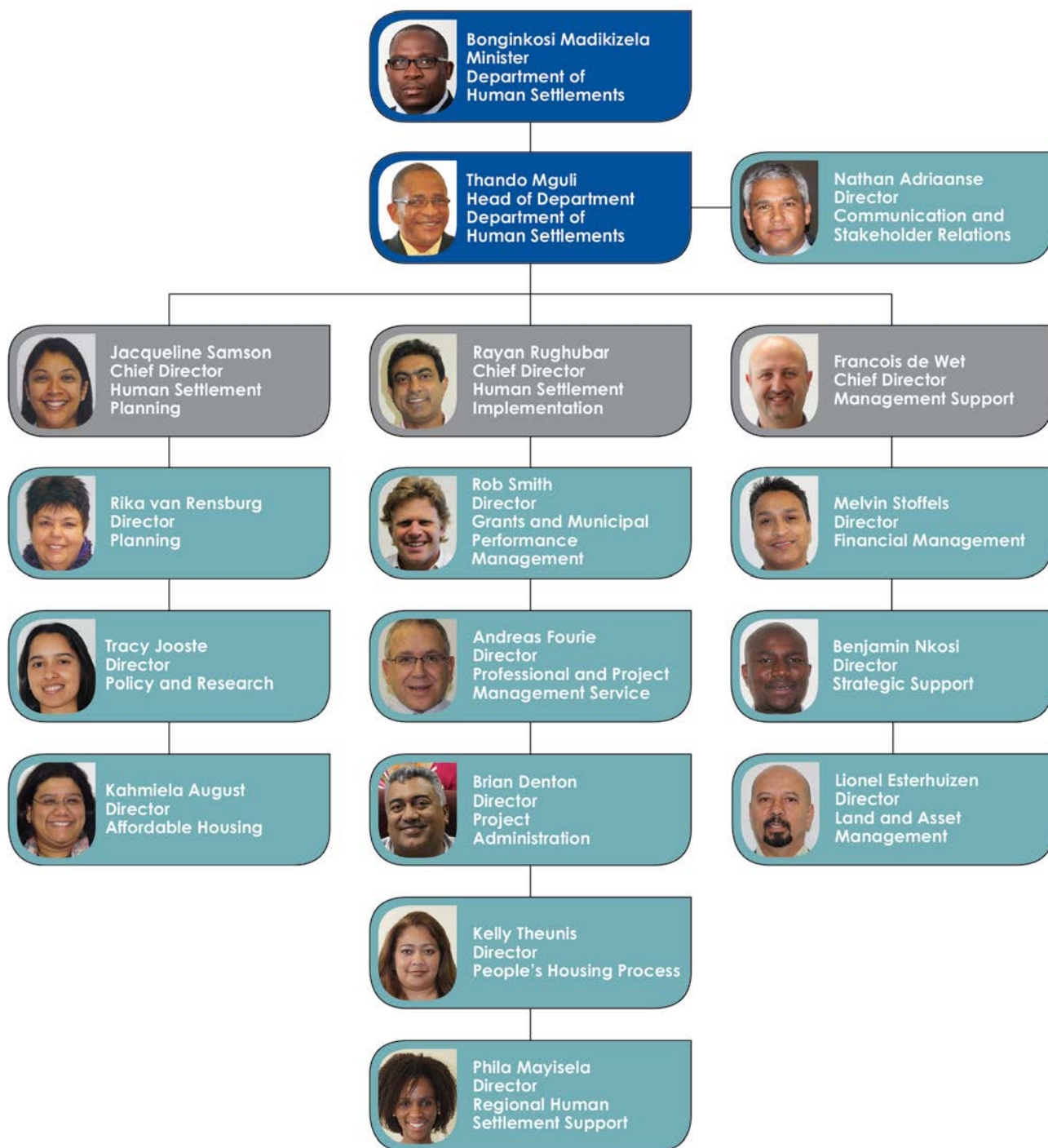
7.2 Statutory Mandates

The following key pieces of legislation currently govern the housing environment:

- (i) Housing Act (Act 107 of 1997)
- (ii) Prevention of Illegal Eviction From and Unlawful Occupation of Land Act, 1998 (Act 19 of 1998)
- (iii) Housing Consumers Protection Measures Act, 1998 (Act 95 of 1998)
- (iv) Rental Housing Act, 1999 (Act 50 of 1999)
- (v) Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000)
- (vi) Housing Development Agency Act [Act No. 23 of 2008]
- (vii) Sectional Titles Management Act [Act No. 8 of 2011]
- (viii) Community Scheme Ombud Service Act [Act No. 9 of 2011]
- (ix) Western Cape Housing Development Act, 1999 (Act 6 of 1999)
- (x) Social Housing Act No. 16 of 2008
- (xi) Other legislation
- (xii) Planned Policy Initiatives

¹ Schedule 4

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE PROVINCIAL MINISTER

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Western Cape Housing Development Fund (WCHDF)	Western Cape Housing Development Act 1999 (Act 6 of 1999).	The Department is responsible for the administration and related cost to manage the assets and liabilities of the WCHDF.	The Department manages the WCHDFs primary property portfolio which is provided as a social service and which also generates cash inflows. The entity holds large housing stock used to provide housing to low income families at below market value rental.

**Oupad Project in Knysna:
This project is the winner in the category Best Enhanced People's Housing Project
(EPHP) in the 2014 Govan Mbeki Awards**



PART B:

PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 136 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The Department expressed its commitment to the Provincial Strategic Objectives and the National Outcomes by implementing a number of programmes that support these strategies and its strategic goals. Necessary programmes and support strategies were put in place to assist the Department to achieve its strategic goals and the outcomes of Provincial Strategic Objective 6 (PSO6). Such measures included, inter alia, the operationalisation of the Professional Resource Teams (PRTs), which assisted municipalities with project packaging, security of tenure and unblocking of the People Housing Process programme (PHP).

The housing subsidy quantum for the 2013/14 financial year remained below market indicators and placed the delivery of top structures at risk. The planned top structure targets were however achieved through careful management of approval processes by the Department and prudent tender management by municipalities as well as the acceleration of active PHP projects.

Production on sites was hampered by labour issues as well as community disputes in some regions. A number of the community disputes experienced were fuelled by issues relating to the process of the selection of beneficiaries in housing subsidy projects. In order to address these challenges and enhance delivery the Department adopted a framework policy of norms and standards.

The Department's introduction of alternative building technologies (ABT) on the Delft Symphony project to assess the suitability of non-standardised building methods within the subsidy market was also met with community resistance. This opposition diminished once beneficiary communities were able to see and occupy completed houses.

2.2 Service Delivery Improvement Plan

The Department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
a) Provision of title deeds	Qualifying beneficiaries as part of Housing Subsidy System (HSS).	65% of housing units built in the year.	70% of housing units built in the year.	73% of housing units built in a year. The Department exceeded its target by 3%.
b) Implementation of the Western Cape Housing Demand Data Improvement Programme (WCGDDIP)	Non-metro municipalities in the Western Cape as well as the City of Cape Town.	The housing demand data of 23 local municipalities out of a total of 24 have been loaded onto the Western Cape Housing Demand Database (WCHDB). The staff of these municipalities have been provided with the necessary training to use the database. The service provider is in the process of standardising the housing demand data of the metro municipality for inclusion on the database. It is envisaged that the process, including the training of relevant staff, would be completed by 31 March 2015.	It is envisaged that the housing demand data of the City of Cape Town will be uploaded onto the Western Cape Housing Demand Database (WCHDDB).	All local municipalities have loaded their datasets onto the Western Cape Housing Demand Database (WCHDB). The City of Cape Town provided the WCHDB with the new enhanced data platform (version 2). Overall achievements for 2013/14 include: <ul style="list-style-type: none"> • On-going user support offered by the Department to municipalities, • Enhancements to the database, • Municipal staff trained to use the WCHDDB, • Municipal support and buy-in for the system, • Version 2 data platform obtained from the CoCT at no cost, • Progress made in data cleaning, • MoA entered into between the Department and the City of Cape Town with regards to the enhancements to the database platform.

Batho Pele arrangement with beneficiaries (Consultation arrangements)

Current/actual arrangement	Desired arrangements	Actual achievements
a) Provision of title deeds		
Consultation	Consultation	Consultation
Stakeholder workshops	Stakeholder workshops	Ad hoc stakeholder consultations occur.
Consumer education	Consumer education	As part of the process of handing over houses, consumer education is mandatory.
Access	Access	Access
27 Wale Street, ISM Building and designated officers at municipalities	27 Wale Street, ISM Building and designated officers at municipalities	27 Wale Street, ISM Building and designated officers at municipalities
Courtesy	Courtesy	Courtesy
Walk-in centre at 27 Wale Street, ISM Building	Walk-in centre at 27 Wale Street, ISM Building	Walk-in centre at 27 Wale Street, ISM Building
-	Suggestion boxes at walk-in centre at 27 Wale Street	Suggestion boxes at walk-in centre at 27 Wale Street
-	Access to project managers	Access to project managers
Openness and Transparency	Openness and Transparency	Openness and Transparency
27 Wale Street, ISM Building	27 Wale Street, ISM Building	27 Wale Street, ISM Building
Stakeholder workshops	Stakeholder workshops	Stakeholder workshops
Consumer education	Consumer education	Consumer education
-	Suggestion boxes at walk-in centre at 27 Wale Street	Suggestion boxes at walk-in centre at 27 Wale Street
Value for money	Value for money	Value for money
Gazetted title deeds	Gazetted title deeds	Gazetted title deeds
Conveyancing price	Conveyancing price	Conveyancing price

Current/actual arrangement	Desired arrangements	Actual achievements
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b) Implementation of the Western Cape Housing Demand Database Improvement Programme (WCHDDIP)

Consultation	Consultation	Consultation
Workshops	Workshops	District level workshops were held with municipalities to discuss the data cleaning assistance programme.
Training sessions	Training sessions	Training sessions offered to staff with regards to the use of the WCHDDB.
Email and telephonic communication	Email and telephonic communication	The Department provides user support to municipalities via telephone and email
Access	Access	Access
All 24 local municipalities in the Western Cape.	City of Cape Town together with all local municipalities will have access, i.e. All municipalities will have access.	All municipalities are accessible to the public where they can update or check their housing information.
Value for money	Value for money	Value for money
The database is managed by an external service provider, which includes establishing the system, uploading it to municipalities, providing training sessions to municipalities and hosting the database.	The database will be hosted by the Centre for e Innovation (Ce-I).	Achievements with regards to data cleaning; <ul style="list-style-type: none"> • Duplicate applications reduced from approximately 15% to 7.8%; • Number of duplicate application dates reduced from 20 957 to 13 836; and • Number of duplicate applicant names reduced from 345 to 0 etc.
	Ce-I will offer technical support to municipalities which may include a cost, but this cannot be determined at this point in time.	Database is being hosted by the Centre for e- Innovation at no cost to the Department at this stage.
	User support to the municipalities will be offered by staff of the Directorate Policy and Research.	User support is offered by the Director: Policy & Research, Version 2 data platform was obtained from the City of Cape Town at no cost.

Service delivery information tool

Current/Actual information tools	Desired information tools	Actual achievement
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a) Provision of title deeds

Information	Information	Information
TV screens at Walk in Centre	Stakeholder workshops	Ad hoc stakeholder consultations occur.
Annual reports	Consumer education	As part of the process of the handing over of houses, consumer education is mandatory.
-	TV screens at Walk in Centre	TV screens at Walk in Centre
-	Annual reports	Annual reports

b) Implementation of the Western Cape Housing Demand Database Improvement Programme (WCHDDIP) Complaints mechanism

Access	Access	Access
City of Cape Town together with all local municipalities will have access i.e. All municipalities in the Western Cape will have access.	All municipalities will have access to the WCHDDIP.	The housing demand data of all local municipalities has been loaded onto the WCHDDDB. It is envisaged that the housing demand data of the City of Cape Town will be uploaded by December 2014
Courtesy	Courtesy	Courtesy
Walk-in Centre at 27 Wale Street, designated officer at municipalities.	Walk-in Centre at 27 Wale Street, designated officer at municipalities.	Walk-in Centre at 27 Wale Street, designated officer at municipalities.
Openness and transparency	Openness and transparency	Openness and transparency
Members of the community can visit municipalities to check on and update their housing information.	Members of the community can visit municipalities to check on and update their housing information.	All municipalities are accessible to the public where they can update or check their housing information.

Current/Actual information tools	Desired information tools	Actual achievement
Information	Information	Information
Workshops	Workshops	District level workshops were held with municipalities to discuss the data cleaning assistance programme.
Training sessions	Training sessions	The Department provided municipal staff with the relevant training with regards to the use of the WCHDDB.
Email	Email	The Department provides user support via email
Circulars	Circulars	The Department developed 14 PowerPoint user guides educating users to perform the various functions available to municipalities related to the WCHDDB.
Telephones	Telephones	The Department provider's user support via email.
Value for money	Value for money	Value for money
The database will be hosted by the Centre for e-Innovation (Ce-I).	The database will be hosted by Ce-I.	The database is hosted by Ce-I at no cost to the Department.
Ce-I will offer technical support to municipalities which may include a cost, but this cannot be determined at this point in time. User support to municipalities will be offered by the staff of the Directorate: Policy and Research.	Ce-I will offer technical support to municipalities which may include a cost, but this cannot be determined at this point in time. User support to municipalities will be offered by the staff of the Directorate: Policy and Research.	User support is offered by the Directorate: Policy and Research. Version 2 of the platform was obtained from the City of Cape Town at no cost.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
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a) Provision of title deeds

Redress	Redress	Redress
Walk-in Centre at 27 Wale Street, ISM building	Walk-in Centre at 27 Wale Street, ISM building	Walk-in Centre at 27 Wale Street, ISM building

b) Implementation of the Western Cape Housing Demand Database Improvement Programme (WCHDDIP)

Redress	Redress	Redress
Walk in Centre at 27 Wale Street, ISM building	Walk in Centre at 27 Wale Street, ISM building	Complaints by the public are not addressed at the Walk in Centre, in 27 Wale Street. Since the municipalities are the owners of the housing demand data, the public have to go to the relevant municipality to lay their complaints.
Designated officers at municipalities	Designated officers at municipalities	The staff at municipalities have been trained to deal with complaints relating to the WCHDDIP.

2.3 Organisational environment

The Department embarked on a process to realign the business model and organisational structure with the objective of improving service delivery. The process is in its final stages and it is envisaged that it will be finalised in the new financial year.

2.4 Key policy developments and legislative changes

During the financial year under review the Department drafted and approved the following policies, with its implementation starting in the 2014/15 financial year;

- Municipal Guideline for responding to farm residents housing needs in the Western Cape;
- Policy to Improve Title Transfer in New Greenfields Subsidy Housing Projects.

3. STRATEGIC OUTCOME ORIENTED GOALS

No.	Strategic Outcome Oriented Goals	Strategic Objective	Progress Made
1	1 Accelerate the provision of housing opportunities including the prioritisation of serviced sites.	Upgrading of informal settlements and the up scaling of the provision and implementation of serviced sites.	<p>The Department delivered a total of 17 917 housing opportunities against a target of 21 403 for the period under review. A breakdown of the cumulative amount is illustrated as follows:</p> <ul style="list-style-type: none"> • 12 681 housing units, against a target of 12 302, • 2 528 serviced sites against a target of 6 642, and • 2 708 other housing opportunities against a target of 1 959. <p>For period extending from 1 April 2010 to 31 March 2014 the Department created a total of 93 927 housing opportunities against a target of 112 035. The strategy of doing less for more was further emphasised through the Access to Basic Services (ABS) programme. This initiative addressed the provision of water and sanitation to families on shared basis until higher level opportunities can be provided.</p>
2	Inculcate a sense of ownership, rights and personal responsibility amongst housing beneficiaries, tenants and owners.	<p>Increase beneficiary involvement in the development of housing opportunities.</p> <p>To promote security of tenure through effecting transfer of outstanding title deeds to qualifying beneficiaries.</p>	<p>A total of 3 888 PHP units, against a target of 3 028 for the financial year under review. For the period extending from 1 April 2010 to 31 March 2014, a total of 16 868 PHP housing units were delivered against a target of 18 650.</p>
3	Provider a fairer allocation of housing.	To introduce a standardised system and process through which beneficiaries are selected.	<p>During the financial year under review the housing demand data of all 24 local municipalities have uploaded onto the Western Cape Housing Demand database since the inception of the system in 2012. Hands-on training was provided to all municipalities in cleaning their historic housing demand data. The Department also commenced with enhancements to the Housing Demand Database platform and has partnered with the City of Cape Town to share lessons and develop the web-based platform further. In addition, Cabinet approved the Framework for the Selection of Housing Beneficiaries in October 2013.</p>

No.	Strategic Outcome Oriented Goals	Strategic Objective	Progress Made
4	Optimal use of resources and partnerships.	Enhancing the supply of new rental housing opportunities and encouraging improved property management of rental stock.	During the financial year under review the Department developed a social housing project pipeline within the Cape Town metro. The objective is to develop new social rental housing opportunities through partnerships with accredited Social Housing Institutions and the private sector. The Department embarked on an awareness drive with municipalities for the Finance Linked Individual Subsidy Programme (FLISP) focusing on planning and budgeting. The Department entered into an agreement with the National Housing Finance Corporation which enabled it to plan for the provision of sites to be developed for GAP beneficiaries benefitting from the FLISP. The implementation of the Delft Symphony project at a large scale is an attempt by the department to assess the suitability and affordability of alternate building technologies within the subsidy market as opposed to brick and mortar structures. The lessons emanating from this project will determine the future use of such technologies within this market
5	Introduce a coordinated approach to human settlement planning through effective integrated development planning.	Integrate the work of different departments involved in human settlement development, using the Integrated Development Plans (IDPs) as the basis.	During the financial year under review municipalities were supported through Professional Resource Teams (PRTs) and the Department to develop credible human settlement plans. To that effect 20 municipalities were supported. 20 human settlement projects approved and aligned to municipal on IDP's, Provincial and National priorities were approved. Project Pipelines of the 24 B-municipalities were assessed and approved.
6	Fully functional Department capacitated to deliver services.	Create organisational programme management capability.	The Department has achieved a vacancy rate of 1% as a result of the appointment of contract staff. This included creating posts additional to the fixed establishment to fulfil the function of a Portfolio Management Office. The Department also achieved a level 3.8 financial capability maturity rating for the financial year under review as a result of the implementation of various initiatives to ensure that the Department is fully compliant.

The Department contributes to the following outputs of National Outcome 8 which was developed to provide human settlement institutions with the necessary strategic direction;

- Accelerated delivery of shelter (housing) opportunities;
- Access to Basic Services;
- More efficient land utilisation; and
- Improved (Residential) Property Market.

The Department formulated the Provincial Strategic Objective 6 which entails strategic outcomes that are aligned to the key outputs of the National Outcome 8. These strategic outcomes are as follows:

- Outcome 1: Accelerated delivery of housing opportunities;
- Outcome 2: A sense of ownership, rights and responsibilities amongst beneficiaries, owners and tenants;
- Outcome 3: Optimal and sustainable use of resources.

The approach used by the Department is aligned to the National Development Plan (NDP). The impact of climate change is acknowledged in PSO 6 through the outcome 3 and the Department is proactively encouraging the use of alternative building technologies (ABTs).

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Purpose:	To provide overall management in the Department in accordance with all applicable acts and policies.
Sub-Programmes:	Office of the MEC: To provide for the functioning of the Office of the MEC.
Corporate Services:	To provide corporate support to the Department and to make limited provision for maintenance and accommodation needs.
Strategic Objectives:	Create organisational programme management capacity.

Performance overview

During the financial year under review the Department achieved an overall financial maturity rating of 3.8 against a target of 3. This is attributed to the swift action taken by the Department to address the shortcomings identified by the Auditor General and Management Performance Assessment Tool (MPAT).

The Department achieved a vacancy rate of 1% for funded permanent posts. This is attributed to the filling of contract posts to perform the functions identified to fulfil the mandate of the Department. Sixty one permanent posts remain vacant; however, the budgets of these posts are being utilised to fund the contract positions. This was deemed necessary to circumvent impact of the delay in the restructuring of the Department due to the accreditation of the City of Cape Town.

The Department successfully recruited staff on a contract basis at the beginning of 2013/14 to fulfil the functions of the Portfolio Management Office (PMO), migrating from an outsourced function to an in-sourced one. We will continue with contract staff until the review of the Organisational Design of the Department is approved, after which permanent posts will be advertised. The PMO implemented and refined the departmental standard operating procedures relating to the project approval cycle and monitoring and reporting on project performance. Improved reliability of

performance information against pre-determined objectives was achieved by implementing effective monthly and quarterly reporting and evidence collection procedures. The PMO also supported the Planning Directorate in the compilation and technical assessment of municipal project pipelines, as well as drafting and finalising the 2014/15 business plan.

The achievement of our targets has positively contributed to the achievement of the Departmental strategic objectives. The audit outcomes confirm the positive impact of the various interventions implemented by the Department to improve service delivery.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Programme 1: Administration						
Strategic Objectives	Strategic Objective Indicators	Actual Achievement 2012/13	Planned Target 2013/14	Actual Performance 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
Create organisational programme management capability.	Percentage of funded posts vacant.	1.4%	Less than 10%	1%	-	It includes seven posts kept vacant for interns.

Performance indicators

Programme 1: Administration						
No.	Performance Indicator	Actual achievement 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
1	Percentage of funded posts vacant.	3.7%	Less than 10%	1%	-	It includes seven posts kept vacant for interns.
1.2	² Overall level of financial capability maturity achieved in a given year	2.92	3	3.8	0.8	The Department achieved a level 3.8 financial capability maturity rating for the financial year under review as a result of the implementation of the necessary requirements to ensure that the Department is fully compliant with the relevant legislative prescripts and treasury guidelines in this regard. The rating received is the result of the indicators below.
1.2.1	To achieve a level 3 Supply Chain Management in terms of demand and logistics management.	-	3	3.5	0.5	The Department achieved a level 3+ rating as a result of the implementation of the requirements in terms of demand and logistics management, to ensure that it is fully compliant with the relevant legislative prescripts and treasury guidelines in this regard.
1.2.2	To achieve a level 3 for Supply Chain Management in terms of acquisition management.	-	3	4	1	The Department achieved a level 4 rating as a result of the implementation of the requirements in terms of acquisition management, to ensure that it is fully compliant with the necessary legislative prescripts and treasury guidelines in this regard.

² The levels used by the Department to rate itself are based on the outcome of the moderated MPAT assessment report.

Programme 1: Administration

No.	Performance Indicator	Actual achievement 2012/13	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
1.2.3	To achieve a level 3 for Supply Chain management in terms of disposal management,	-	3	4	1	The Department achieved a level 4 rating as a result of the implementation of the requirements in terms of disposal management to ensure that it is fully compliant with the necessary legislative prescripts and treasury guidelines in this regard.
1.2.4	To achieve a level 3 for expenditure management in terms of the payment of suppliers.	-	3	4	1	The Department achieved a level 4 rating as a result of the implementation of the requirements in terms of payment of suppliers to ensure that it is fully compliant with the necessary legislative prescripts and treasury guidelines in this regard.
1.3	Provide training for staff in respect of interlinked financial systems.	-	100% of users trained.	61% of users trained.	-39%	A number of training programmes in respect of the interlinked financial systems earmarked for the financial year had been cancelled by Provincial Treasury. As a result the Department was not able to provide the necessary training to all users. In addition, no new appointees were made during the financial year under review.
1.3.1	Training provided for existing staff.	-	100% of existing staff trained.	61% of existing staff trained.	-39%	A number of training programmes in respect of the interlinked financial systems earmarked for the financial year had been cancelled by Provincial Treasury. As a result the Department was not able to provide training to existing staff.
1.3.2	Training provided for new appointees within three months of appointment.	-	100% of new users trained.	-	-	100% of new users trained.

MPAT Standards for Supply Chain Management

Level	Standards
Demand Management	
3+	<ul style="list-style-type: none"> • An approved procurement plan in place. Acknowledgment of receipt for the submission of the Procurement Plan by 30 April. • Demand management plan in place. • Progress reports on the procurement. • A sourcing strategy in place that reflects the various procurement options for the different spend categories.
Logistics Management	
3+	<ul style="list-style-type: none"> • Logistics management process plan in place. • Departmental policy on stock holding and distribution in place. • Reports on receiving or issuing of goods (e.g. LOGIS or equivalent). Stock take reports are available. • Review of inventory management techniques to minimise stock holding cost while ensuring uninterrupted service, and • Internal consumer satisfaction survey conducted and finding resolved.
Acquisition Management	
3+	<ul style="list-style-type: none"> • Supplier data base per commodity. • Advertisement to register suppliers available. • Appointment letter for Bid Committee members for all three committees (specification, evaluation and adjudication) are available. • Attendance registers of committee sittings are available. • Signed Codes of Conduct by Bid Committee members and Supply Chain Management (SCM) practitioners.
Disposal Management	
3+	<ul style="list-style-type: none"> • Disposal policy is in place. • Disposal report available. • Appointment letters have been issued to member of the Disposal Committee. • Attendance registers of Disposal Committee meetings are available. • Disposal Committee meetings are minuted. • The Department has a database of redundant, unserviceable and obsolete assets. Reports on disposals are kept on record. • The Department must have a revised disposal strategy/policy in place or minutes of highlighting the decision taken not to revise the strategy/policy accordingly.
Payment of suppliers	
3+	<ul style="list-style-type: none"> • Cash flow projections available. • Proof of submission to Provincial Treasury. • Departmental expenditure reports are available. • Reports on reviews of expenditure versus the budget are available. • Departmental cash flow projection in place.

Strategy to overcome areas of under performance

In order to address the areas of under-performance the Department has implemented a number of interventions, such as the identification and selection of staff members that did not attend the training sessions. These staff members will be sent on training going forward.

Changes to planned targets

No targets have been adjusted during the financial year under review.

Linking performance with budgets

Sub-Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	5 393	5 377	16	5 778	5 778	-
Corporate services	74 623	74 321	302	77 457	77 457	-
Total	80 016	79 698	318	83 235	83 235	-

4.2 Programme 2: Housing Needs, Research and Planning

Purpose:	To facilitate and undertake housing delivery and planning.
Sub-programmes:	This programme consists of four sub-programmes, namely:
Administration:	To provide administrative and/ or transversal project management services.
Policy:	To provide a regulatory framework for housing delivery, develop policy guidelines, proclamation of Acts and Amendments.
Planning:	To develop provincial Multi-Year Housing Development Plans.
Research:	To conduct research on demand for housing
Strategic Objectives:	Integrate the work of different departments involved in human settlement development, using Integrated Development Plans (IDP's) as the basis.

Performance overview

During the 2013/14 financial year, the Department made substantial gains towards meeting the objectives of Provincial Strategic Objective 6 (PSO6). The Department is starting to reap the benefits of the interventions implemented to improve delivery.

The Department approved a total of 20 human settlement projects that were aligned with Integrated Development Plans (IDP's), and provincial and national strategies against a target of 17. This can be attributed to the appointed of professional resource teams to assist municipalities with human settlement planning and the intensification of planning support offered to municipalities by the Department. Local municipalities have been guided to improve on forward planning for human settlement development. This included the implementation of the Built Environment Support Program in partnership with the Department of Environmental Affairs and Development Planning to assist with the development of credible Human Settlement Plans that are aligned to Spatial Development Frameworks. The objective of the programme is to assist municipalities to have a clear strategic plan for the development of human settlements in place that will provide dignified and integrated environments for our citizens.

To work towards this goal, five year human settlement pipelines have been developed for all municipalities. These pipelines will be developed further to provide for a ten year planning horizon with the objective of supporting the alignment of infrastructure and the planning process. It also assists the municipalities to ensure the readiness of projects for implementation. Municipalities are able to predict the future of human settlement projects and can communicate their future plans with communities. Furthermore, it also enhances the quality of the departmental business planning processes and assists in realistic target setting.

In line with PSO 6, the Department continued to contribute towards improving the fairness of housing allocation through the management of the Housing Demand Data Improvement Programme (HDDIP). During the financial year under review, all municipalities were actively using the Western Cape Housing Demand Database (WCHDD) platform provided by the Department. Hands-on training was provided to support all municipalities in cleaning their historic housing demand data. The Department also commenced with enhancements to the Housing Demand

Database platform and has partnered with the City of Cape Town (CoCT) to share lessons and develop the web-based platform further.

Related to the objective of fairer allocation, the Department's "Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects" was approved by the Provincial Cabinet in October 2013. The overall objective of the Framework Policy is to define a set of norms and standards for beneficiary selection in the Province and thereby enhance fairness and transparency in the selection of beneficiaries.

Working within the national framework of building sustainable human settlements, the Department has developed the 'Municipal guideline for responding to farm residents housing needs in the Western Cape'. The objective of the guideline is to assist municipalities to integrate the housing needs of farm residents into their existing planning and policy processes. The guideline explains how municipalities can improve planning for farm resident housing needs as well as beneficiary selection processes.

The guideline was developed in consultation with all 24 local municipalities. The Department communicated the guideline with municipalities through a series of district-level workshops and it was well-received as a useful resource for planning and policy.

In addition, the Department developed a "Policy to Improve Title Transfer in New Greenfields Subsidy Housing Projects" which was approved by the Provincial Minister of Human Settlements on 28 March 2014. The central goal of the policy is to achieve timeous transfer of title to housing beneficiaries in new greenfields projects. This policy links directly to the Department's strategic priority of improving the timing and rate at which title deeds are transferred to beneficiaries.

Furthermore, the Department produced a research report on a small programme run by the City of Cape Town (CoCT). In terms of this programme, the CoCT sells serviced plots within existing formal neighbourhoods directly to individual households within the "gap" housing market, at discounted prices. The report contributes to building an understanding of municipal interventions that can be used to address the gap market, a sub-market that historically has been difficult to address. For instance, the research finds that the programme's flexibility with regards to a) the timing of the home building contributions made by beneficiaries and b) the construction methods used, allows it to give effective support to households in the lower gap market. The report also considered how the programme could be enhanced.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives:

Programme 2: Housing Needs, Research and Planning						
Strategic Objective	Strategic Objective Indicators	Actual Achievement 2012/13	Planned Target 2013/14	Actual Performance 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
Integrate the work of different departments involved in human settlement development, using Integrated Development Plans (IDP's) as the basis.	Number of planned human settlement (housing) development projects based on IDP's, National and Provincial priorities approved.	36	17	20	3	<p>The Department provided municipalities with the necessary support and training with regards to human settlement development planning to ensure that municipalities improve and refine their planning processes.</p> <p>As a result a number of municipalities have improved their planning processes and built robust human settlement project pipeline, producing more projects ready for implementation.</p>
	Number of municipalities capacitated and supported with regard to Human Settlement (housing) development planning.	14	24	20	-4	<p>The Department was unable to assist four municipalities due to the limited resources and capacity constraints within these municipalities.</p> <p>The four municipalities include:</p> <ul style="list-style-type: none"> • Laingsburg • Oudtshoorn • Mosselbay • Kanneland

Programme Indicators

Programme 2: Housing Needs, Research and Planning						
No.	Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
2.1	Number of Acts and/or policies approved.	1	1	2	1	Over and above the development and approval of the Municipal Guideline for responding to farm residents housing needs in the Western Cape, the policy to improve title transfer in new Greenfields subsidy housing projects was also identified as a policy development area.
2.2	A Multi-Year Housing Development Plan /APP developed by October.	1	1	1	-	-
2.3	Number of planned human settlement (housing) development projects based on IDP's and National and Provincial Priorities approved.	36	17	20	3	The Department provided municipalities with the necessary support and training with regards to human settlement development planning to ensure that municipalities improve and refine their planning processes. As a result a number of municipalities have improved their planning processes and built robust human settlement project pipeline, producing more projects ready for implementation.
2.4	Number of municipalities capacitated and supported with regards to human settlement (housing) development planning.	14	24	20	-4	The Department was unable to assist four municipalities due to the limited resources and capacity constraints within these municipalities. The four municipalities include: <ul style="list-style-type: none"> • Laingsburg • Oudtshoorn • Mosselbay • Kanneland
2.5	Number of research papers completed.	1	2	2	-	-

Strategy to overcome areas of under performance

The Department has committed to identify and implement specific interventions, according to the needs of the incapacitated municipalities with the objective of enhancing delivery.

Changes to planned targets

No targets have been adjusted during the financial year under review.

Linking performance with budgets

Sub-Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	9 367	9 154	213	8 872	8 748	124
Planning	5 451	5 451	-	5 218	5 218	-
Total	14 818	14 605	213	14 090	13 966	124

4.3 Programme 3: Housing Development

Purpose: To provide individual subsidies and housing opportunities, including access to basic services to beneficiaries, in accordance with the housing code.

Sub-programmes: This programme consists of four sub-programmes, namely:

Administration:	To provide administration support funded from equitable share.
Financial Interventions:	To facilitate immediate access to Housing Goods and Services, creating enabling environments and providing implementation support.
Incremental Intervention:	To facilitate access to housing opportunities, through a phased process.
Social and Rental Intervention:	To facilitate access to rental housing opportunities, supporting Urban Restructuring and Integration.

Strategic Objectives:

- Upscale the provision and implementation of serviced sites,
- Increase beneficiary involvement of housing opportunities,
- Enhancing the supply of new rental housing opportunities and encouraging improved Property Management of rental stock.

Performance overview

During the financial year under review the Department delivered a total of 17 917 housing opportunities against a target of 20 903. A breakdown of the cumulative amount is illustrated as follows;

- 12 681 housing units, against a target of 12 302,
- 2 528 serviced sites against a target of 6 642, and
- 2 708 other housing opportunities against a target of 1 959.

In terms of the method of calculation used by the Department to measure progress in the provision of serviced sites, in which percentage progress of civil works projects is converted to an equivalent number of sites serviced, the department delivered a total of 6 695 serviced sites for the financial year under review. However, the Auditor General found that this method of calculation to be unreliable, as the indicator required that site connections to basic services be measured. The Department therefore agreed to change its method of calculation to count only serviced sites which have been handed over to the municipality, with evidence comprising a completion certificate signed by an independent consulting engineer. As a consequence, in line with this new method of calculation, only 2 528 serviced sites are reported as connected to basic services. The balance of 4 167 represent serviced sites projects at various stages of completion, and will be counted when handed over to the developer. The department is updating its technical indicator tables and targets for serviced sites for 2014/15 in line with this change.

The Department implemented a number of mitigation strategies to ensure delivery. The value of those strategies is evident in the total number of opportunities created for the financial year under review. The regional directorates worked closely with the non-metro municipalities which contributed to the Department meeting its target. As the Department was able to closely monitor the performance of the municipality and implement the necessary mitigation strategies to ensure delivery.

The emphasis placed on the supporting and developing communities has been demonstrated in the achievement of the People Housing Process (PHP). The Department delivered a total of 3 884 housing units under the PHP programme against a target of 3 028.

The number of subsidies disbursed is included in the target for the total number of housing units. The Department has adjusted the target for the total number of housing units delivered from 11 802 to 12 302.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic objectives

Programme 3: Housing Development						
Strategic Objective	Strategic Objective Indicators	Actual Achievement 2012/13	Planned Target 2013/14	Actual Performance 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
Upscale the provision and implementation of serviced sites.	³ Total number of service sites delivered across the Province.	8 248	6 642	2 528	-4 114	A total of 6 695 serviced sites were delivered for the financial year under review based on the previous method of calculation stated in the APP 2013/14. However, the AG found the previous method of calculation to be unreliable, as the indicator required that the site connections to basic services be measured. The Department agreed to change its method of calculation and only count serviced sites which have been handed over to municipalities, with evidence comprising of completion certificates signed by an independent consulting engineer. In light of this, a total of 2 528 serviced sites are reported as completed.

³The indicator includes serviced sites that have been constructed under Integrated Residential Development Programme (IRDP) and Upgrading of Informal Settlements Programme (UISP).

Programme 3: Housing Development						
Strategic Objective	Strategic Objective Indicators	Actual Achievement 2012/13	Planned Target 2013/14	Actual Performance 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
Increase beneficiary involvement of housing opportunities.	Number of PHP units completed.	5 449	3 028	3 884	856	A number of projects aimed at delivering top structures were delayed as a result of social unrest and administrative blocks. In order to mitigate the possible shortfall on the top structures a number of active PHP projects were accelerated.

Programme indicators

Aggregated indicators

Programme 3: Housing Development						
No.	Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
3.1	⁴ Total number of new housing units completed across all housing programmes being utilised in the Province.	13 128	12 302	12 681	379	The targets were achieved as a result of, amongst others, accelerating a number of active PHP projects to mitigate the possible shortfall.

3.2	⁵ Total number of serviced sites delivered across the Province.	8 248	6 642	2 528	-4 114	A total of 6 695 serviced sites for the financial year under review based on the previous method of calculation on which the target as per the APP2013/14 was based. However, the revised method of calculation requires that the Department reports on serviced sites which have been handed to the municipality thus deemed as completed, given that a completion certificate would have been signed by an independent consulting engineer. To this effect 2 528 serviced sites are reported as completed. The remaining 4 167 are at different stages of completion, as they have not yet been handed to the recipient municipality.
3.3	⁶ Total number of human settlement opportunities assisted in terms of CRU upgrades and rectification of stock.	2 895	1 959	2 708	749	CRU refurbishment and rectification projects expedited in order to mitigate unexpected time delays caused by community dynamics.

⁴ The aggregate indicator 3.1 is constituted by indicators 3.4, 3.5, 3.8, 3.10, 3.11, 3.12 and 3.14.

⁵ The aggregate indicator 3.2 is constituted by indicator of 3.7 and 3.9.

⁶ The aggregate indicator 3.3 is constituted by indicators 3.6 and 3.13.

Programme 3: Housing Development

No.	Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
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Financial Interventions

Individual Housing Subsidies (R0 – R3 500 Credit linked)

3.4	Number of subsidies disbursed (R0 – R3 500 Credit linked).	-	50	195	145	The total number of subsidies increased due the inclusion of the 101 FLISP units.
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Individual Housing Subsidies (R0 – R3 500 Non - Credit linked)

3.5	Number of subsidies disbursed (R0 – R3 500 Non-Credit linked).	-	450	1176	726	The demand for individual non-credit linked increased due to the increase of the subsidy quantum. Rectification of stock 3.6 Number of housing units rectified post 1994. 1 215
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Rectification of stock

3.6	Number of housing units rectified post 1994.	1215	600	896	296	A number of additional new rectification projects were initiated during the financial year which resulted in the over achievement.
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Programme 3: Housing Development

No.	Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
Incremental Housing						
3.7	Number of new serviced sites connected to basic water and sanitation services as part of the Integrated Residential Development Programme (IRDP).	3 668	2 673	1 452	- 1 221	A total of 6 695 serviced sites were delivered for the financial year under review based on the previous method of calculation stated in the APP 2013/14. However, the AG found the previous method of calculation to be unreliable, as the indicator required that the site connections to basic services be measured. The Department agreed to change its method of calculation and only count serviced sites which have been handed over to municipalities, with evidence comprising of completion certificates signed by an independent consulting engineer. In light of this, a total of 2 528 serviced sites are reported as completed.
3.8	Number of housing units completed (IRDP Phase 4).	6 868	7 905	6 557	- 1 348	A number of projects were delayed as a result of community dynamics, i.e. social unrest and community resistance, intimidation of contractors and violent uprising in certain areas. These persistent delays contributed to the Department not being able to meet its target.

Programme 3: Housing Development

No.	Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
Incremental Housing						
3.9	Number of households connected to basic services as part of the Informal Settlement Upgrading Programme (UISP).	3 359	3 969	1 076	- 2 896	A total of 6 695 serviced sites were delivered for the financial year under review based on the previous method of calculation stated in the APP 2013/14. However, the AG found the previous method of calculation to be unreliable, as the indicator required that the site connections to basic services be measured. The Department agreed to change its method of calculation and only count serviced sites which have been handed over to municipalities, with evidence comprising of completion certificates signed by an independent consulting engineer. In light of this, a total of 2 528 serviced sites are reported as completed.
Social and Rental Housing						
3.11	Number of housing units completed (Social).	-	200	100	-100	A number of social housing projects were hindered as a result of the delay in the approval process.
3.12	Number of new housing units completed (CRU).	-	262	154	-108	A number of new CRU projects were hindered as a result of the delay in the approval process.
3.13	Number of CRU units refurbished.	1 865	1 359	1 812	453	CRU refurbishment projects were accelerated to where possible in order to mitigate unexpected time delays caused by community dynamics and violence in areas.

Programme 3: Housing Development

No.	Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
Peoples Housing Process						
3.14	Number of housing units completed (PHP).	5 449	3 028	3 884	856	A number of projects aimed at delivering top structures were delayed as a result of social unrest and administrative blocks. In order to mitigate the possible shortfall on the top structures a number of active PHP projects were accelerated.

Municipal Performance for the financial year under review

Delivery per housing programme 2013/14				
Municipality	Programme	Delivery		
		Units	Serviced Sites	Other
City of Cape Town	Integrated Residential Development Programme (IRDP)	2 081	-	-
	Peoples Housing Process (PHP)	2635	-	-
	Institutional Housing Programme	151	-	-
	Social Housing Programme	100	-	-
	Community Residential Units Programme (CRU new units)	154	-	-
	Community Residential Units (CRU upgrades)	-	-	1812
	Emergency Housing Programme	-	-	423
Breede Valley	Integrated Residential Development Programme (IRDP)	578	-	-

Delivery per housing programme 2013/14

Municipality	Programme	Delivery		
		Units	Serviced Sites	Other
Drakenstein	Upgrading of Informal Settlement Programme (UISP)	-	502	-
	People Housing Process (PHP)	500	-	-
Langeberg	Integrated Residential Development Programme (IRDP)	-	258	-
	Integrated Residential Development Programme (IRDP)	70	-	-
Stellenbosch	Upgrading of Informal Settlement Programme (UISP)	-	193	-
	Integrated Residential Development Programme (IRDP)	405	-	-
Witzenberg	Upgrading of Informal Settlement Programme (UISP)	-	242	-
	Integrated Residential Development Programme (IRDP)	356	-	-
Cape Agulhas	Upgrading of Informal Settlement Programme (UISP)	-	139	-
	Integrated Residential Development Programme (IRDP)	237	-	-
Overstrand	Upgrading of Informal Settlement Programme (UISP)	183	-	-
Swellendam	Upgrading of Informal Settlement Programme (UISP)	161	-	-
	Integrated Residential Development Programme (IRDP)	6	-	-
Theewaterskloof	Upgrading of Informal Settlement Programme (UISP)	89	-	-
	Peoples housing process (PHP)	47	-	-
	Integrated Residential Development Programme (IRDP)	219	-	-
	Integrated Residential Development Programme (IRDP)	-	226	-
	Rectification	-	-	54
George	Rectification	-	-	709

Beaufort West	Integrated Residential Development Programme (IRDP)	435	-	-
	Rectification	-	-	-
Laingsburg	Integrated Residential Development Programme (IRDP)	39	-	-
	Integrated Residential Development Programme (IRDP)	-	39	-
Prince Albert	Integrated Residential Development Programme (IRDP)	51	-	-
	Integrated Residential Development Programme (IRDP)	-	262	-
Bitou	Integrated Residential Development Programme (IRDP)	674	-	-
	Emergency Housing Programme	-	-	337
Kannaland	Upgrading of Informal Settlement Programme (UISP)	-	224	-
Knysna	Peoples Housing Process (PHP)	-	435	-
	Rectification	-	-	133
Mossel Bay	Integrated Residential Development Programme (IRDP)	424	-	-
Oudtshoorn	Integrated Residential Development Programme (IRDP)	161	-	-
Cederberg	Integrated Residential Development Programme (IRDP)	107	-	-
Matzikama	Integrated Residential Development Programme (IRDP)	166	-	-
Saldanha Bay	Peoples Housing Process (PHP)	267	-	-
	Rectification	-	-	-
Swartland	Integrated Residential Development Programme (IRDP)	210	-	-
	Integrated Residential Development Programme (IRDP)	-	443	-
	Rectification	-	-	-
Total		12681	2528	2708

Programme	Delivery
Individual Housing Subsidy Programme (R0 – R3 500 credit linked)	195
Individual Housing Subsidy Programme (R0 – R3 500 non- credit linked)	1 176
Enhanced Extended Discount Benefit Scheme	464

Strategies to overcome areas of underperformance

The Department is committed to finding new and innovative ways to improve performance and enhance service delivery. The following mitigation strategies have been implemented to improve areas of under performance;

- PHP targets were set and based on projects that had been approved during the previous financial year,
- Monitoring of delivery was undertaken on a bi-weekly basis throughout the first half of the year to ensure that contractor's maintained performance and problem areas were timeously addressed. During the last half of the year frequency of monitoring was increased,
- Regular technical meetings with the staff of the City of Cape Town and other municipalities ensured alignment of performance reporting as well as to mitigate problems detected. Active projects were accelerated to make up for delays on slow moving projects,
- As part of its Business Planning process, the Department has identified projects that can be brought forward or accelerated to mitigate any in-year issues arising on projects approved for delivery.

Changes to planned targets

The number of individual subsidies disbursed is included in the target for the total number of housing units. In light of this, the Department has adjusted the target for the total number of housing units delivered from 11 802 to 12 302.

Linking performance with the budget

Sub-Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	106 066	106 066	-	115 831	115 831	-
Financial interventions	205 325	205 325	-	185 677	185 677	-
Incremental interventions	1 360 701	1 360 701	-	1 160 529	1 160 529	-
Social and rental interventions	393 211	393 211	-	378 974	378 974	-
Total	2 065 303 2	2 065 303 2	-	1 841 011	1 841 011	-

4.4 Programme 4: Land and Asset Management

Purpose:	To plan, facilitate and develop integrated and sustainable human settlements.
Sub-programmes:	The programme consists of the following two sub-programmes:
Administration:	To provide administration support funded from equitable share.
Housing Properties Maintenance:	To provide for the maintenance of housing properties.
Strategic Objectives:	To promote security of tenure through effecting transfer to qualifying beneficiaries.

Performance overview

During the financial year under review, the Department transferred a total of 241 rental units to beneficiaries against a target of 100. This can be attributed to more effective business processes and alignment with the State Attorney, following the prioritization of the transfer of title deeds.

The Department approved a policy with regards to the writing off of debt to reduce the debt burden of beneficiaries without losing sight of the Equity Principle as referred to in the previous paragraph. This initiative was implemented to assist beneficiaries who do not qualify for the Enhanced Extended Discount Benefit Scheme (EEDBS) as they earn in excess of R3 500 per month and cannot access private funding to pay in the difference. The Department reduced its debtors book by a total of 1 005 debtors against a target of 1 000.

Strategic objectives, performance indicators planned targets and actual achievements

Strategic Objectives

Programme 4: Land and Asset Management						
Strategic Objective	Strategic Objective Indicators	Actual Achievement 2012/13	Planned Target 2013/14	Actual Performance 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
To promote security of tenure through effecting transfer to qualifying beneficiaries.	Number of rental units sold to beneficiaries.	99	120	93	-27	A number of people did not qualify to purchase property as they earned above the salary threshold.

Programme Indicators

Programme 4: Land and Asset Management						
Strategic Objective	Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Performance 2013/14	Deviation from planned target to actual achievement for 2013/14	Comments on deviations
4.1	Number of rental units sold to beneficiaries.	99	120	93	-27	A number of people did not qualify to purchase property as they earned above the salary threshold.
4.2	Number of rental units transferred.	245	100	241	141	The increased transfers are the result of a more effective business processes and alignment with the State Attorney.
4.3	Number of debtors reduced.	689	1000	1005	5	The Department over achieved the targets as a result of its dedicated efforts to write off debtors that cannot be recovered or substantiated.

Strategies to overcome areas of underperformance

The Department approved a policy to address the write-off debt in respect of pre-1994 debtors that benefited in the pre-1994. The policy will now be sent to cabinet for their endorsement for implementation in the 14/15 financial year. If approved, it will deal with problems experienced in transferring these old properties to qualifying beneficiaries.

Changes to planned targets

No targets have been adjusted during the financial year under review

Linking performance with the budget

Sub-Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	18 888	18 888	-	17 711	17 711	-
Housing Property Maintenance	36 972	36 972	-	31 535	31 535	-
Total	55 860	55 860	-	49 246	49 246	-

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

None

5.2. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2013 to 31 March 2014

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
City of Cape Town	Municipality	Settlement assistance	Yes	1000	1000	-
City of Cape Town	Municipality	Accreditation assistance	Yes	10000	10000	-
George	Municipality	Provincial housing acceleration	Yes	7500	7500	-
Prince Albert	Municipality	Provincial housing acceleration	Yes	6000	6000	-
Saldanha Bay	Municipality	Provincial housing acceleration	Yes	8000	8000	-
Swartland	Municipality	Provincial housing acceleration	Yes	5400	5400	-
Swellendam	Municipality	Provincial housing acceleration	Yes	22000	22000	-
Witzenberg	Municipality	Provincial housing acceleration	Yes	3200	3200	-
City of Cape Town	Municipality	Municipal rates and taxes	N/A	37 974	37 974	-
Bitou	Municipality	Municipal rates and taxes	N/A	62	62	-
Breede Valley	Municipality	Municipal rates and taxes	N/A	113	113	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Cederberg	Municipality	Municipal rates and taxes	N/A	12	12	-
Drakenstein	Municipality	Municipal rates and taxes	N/A	100	100	-
George	Municipality	Municipal rates and taxes	N/A	68	68	-
Hessequa	Municipality	Municipal rates and taxes	N/A	43	43	-
Kannaland	Municipality	Municipal rates and taxes	N/A	3	3	-
Matizikarma	Municipality	Municipal rates and taxes	N/A	22	22	-
Mossel Bay	Municipality	Municipal rates and taxes	N/A	4	4	-
Overstrand	Municipality	Municipal rates and taxes	N/A	5	5	-
Saldanha Bay	Municipality	Municipal rates and taxes	N/A	229	229	-
Stellenbosch	Municipality	Municipal rates and taxes	N/A	108	108	-
Swartland	Municipality	Municipal rates and taxes	N/A	2	2	-
Swellendam	Municipality	Municipal rates and taxes	N/A	-	-	-
Theewaterskloof	Municipality	Municipal rates and taxes	N/A	190	190	-
Witzenberg	Municipality	Municipal rates and taxes	N/A	100	100	-

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

- None

6.2. Conditional grants and earmarked funds received

The table below details the conditional grants and ear marked funds received during for the period 1 April 2013 to 31 March 2014.

Conditional Grant 1: Human Settlement Development Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	The facilitation and provision of basic infrastructure, top structures and basic social and economic amenities that contribute to the establishment of sustainable human settlements.
Expected outputs of the grant	12 302 housing units and 6 642 serviced sites
Actual outputs achieved	12 681 housing units and 2 528 serviced sites
Amount per amended DORA	N/A
Amount transferred (R'000)	R1 959 237
Reasons if amount as per DORA not transferred	N/A
Amount spent by the Department (R'000)	R1 959 237
Reasons for the funds unspent by the Department	N/A
Monitoring mechanism by the transferring department	The Department submits quarterly reports to the National Department during the financial year to track performance and at the end of the year an evaluation report is submitted to monitor performance.

7. DONOR FUNDS

7.1. Donor Funds Received

- Donor Fund :DANIDA

Name of donor	Danish Government (via RDP fund)
Full amount of funding (R'000)	R 15 054
Period of commitment	3 years
Purpose of funding	To provide solar water heaters on the Joe Slovo Phase 3.
Expected outputs	2 639 solar heaters
Actual outputs achieved	150
Amount received in current period (R'000)	R10 934
Amount spent by the Department (R'000)	R435
Reasons for the funds unspent	The Joe Slovo project is an informal settlement upgrade that is implemented in a phased approach.
Monitoring mechanism by the donor	Reports submitted annually

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

Infrastructure projects	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Maintenance and repairs	3 672	3 672	-	4 499	4 499	-
Total	3 672	3 672	-	4 499	4 499	-

***The Fountainhead Project in Blue Downs
is one of the Department's Finance-linked Projects.***





PART C:

GOVERNANCE

1. INTRODUCTION

The leadership team of the Department of Human Settlements is committed to maintain the highest standards of governance and therefore strives to conform to the governance principles highlighted in the King Code of Governance for South Africa released in 2009. In terms of these principles, the following makes up the Department's governance structures:

- An Executive Committee which determines the strategy and leads the Department towards realising this strategy;
- An Enterprise Risk Management Committee (which is dealt with in more detail in paragraph 2);
- An Audit Committee providing independent oversight over governance, risk management and control processes of the Department;
- An independent Internal Audit function providing independent assurance that controls are in place to manage and mitigate risks, and that they are adequate and functioning effectively;
- A number of committees that assist the Accounting Officer and Executive Committee in governing the business of the Department in a fair, responsible and transparent manner.

2. RISK MANAGEMENT

The Accounting Officer (AO) for the of Human Settlements takes responsibility for implementing Enterprise Risk Management (ERM) in accordance with the National Treasury Public Sector Risk Management Framework (NTPSRMF) and the Directorate Enterprise Risk Management (D:ERM) in the Department of the Premier (DoTP) provides a centralised strategic support service to the Department.

In compliance with the National Treasury Public Sector Risk Management Framework (NTPSRMF) and to further embed risk management within the Department, the Western Cape Government (WCG) has adopted an ERM Policy which sets out the WCG's overall intention with regard to ERM.

An Annual ERM Implementation Strategy has been developed in order to give effect to the WCG ERM policy and to attain the Annual Enterprise Risk Management Implementation Plan and the risk management priorities of the Department of Human Settlements. This enables the Department to deliver on its Departmental goals, objectives and key performance indicators, enhance risk informed decision making and optimise compliance with applicable legislation. It further outlines the roles and responsibilities of managers and staff in embedding risk management in the Department and defines the enabling legislation, standards, mechanisms, tools and resources to be used to realise the ERM plan.

The Enterprise Risk Management Committee provides governance oversight over the entire system of risk management of the Department and furnishes the Accounting Officer with the requisite reports in respect of performance of risk management. The Audit Committee provides the independent oversight of the Department's system of risk management. The Audit Committee is furnished with Quarterly ERM progress reports and departmental risk profiles

and registers to execute their independent oversight role. The Audit Committee's evaluation of the risk management process is in relation to the progress of implementation of the Department's Annual ERM Implementation Plan and significant/strategic risks faced by the Department and their relevant risk response/treatment strategies.

Enterprise Risk Management Committee

The Department of Human Settlements has established an Enterprise Risk Management Committee to assist the Accounting Officer in executing his respective responsibilities concerned with risk management. The committee operates under terms of reference approved by the Accounting Officer. The committee comprises of select members of the Department's Senior Management Team. As per its terms of reference the committee should meet four times a year. The committee meetings during the financial year under review were attended as follows:

Member	Position	Scheduled Meetings	Attended
Mr. T Mguli	HOD	4	3
Mr. F De Wet	CFO	4	4
Mr R Rughubar	CD : Human Settlement Implementation	4	4
Ms J Samson	CD: Human Settlement Planning	4	2

Risk management process

During the period under review, the Department of Human Settlements assessed its risks relative to its strategic and annual performance plan. Risk assessments are conducted on a strategic level on an annual basis and updated quarterly. At a programme level the risk assessments are conducted on a quarterly basis in order to review and update the existing risks and to identify emerging risks. Significant risks relevant to objectives were assessed in terms of their likelihood and impact. Risk treatment plans are developed and managed by allocated risk owners. Programme risk registers are approved by the respective programme managers.

The Enterprise Risk Management Committee ratifies, prioritises and further recommends to the Accounting Officer the significant risks that should be mitigated with an appropriate risk response/treatment in order to meet the departmental strategic objectives. This process is conducted on a quarterly basis and feeds into the evaluation of the performance environment of the Department.

Impact on institutional performance

The Department received the necessary guidance and assistance from ERM to be in line with the Audit Committee's compliance requirements on a quarterly basis. However, the Department lacks the skill to perform the operational risk duties and DoTP on the other hand does not have the capacity to provide this service. This lack of capacity within the Department will be addressed with the allocation of four additional posts at the Sub Directorate: Internal Control within the next financial year.

3. FRAUD AND CORRUPTION

The Western Cape Government adopted an Anti-Corruption Strategy which confirms the Province's zero tolerance stance towards fraud and corruption. The Department has an approved Fraud Prevention Plan and a Fraud Prevention Implementation plan which gives effect to the Fraud Prevention Plan.

Various channels for reporting allegations of fraud and corruption exist and these are described in detail in the Provincial Anti-Corruption Strategy and the Departmental Fraud Prevention Plan. Each allegation received or investigation referred to the Forensic Investigation Unit (FIU) is recorded in a Case Management System. This Case Management System is used as a management tool to report the progress made on those cases relating to the Department and generating statistics for the Province and the Department. The FIU aims to protect employees who blow the whistle on suspicions of fraud, corruption and theft if the disclosure is a protected disclosure (i.e. not malicious). The FIU ensures the anonymity of an individual reporting acts of fraud, theft and corruption should they wish do so in person.

Once fraud or corruption is confirmed, the relevant employee who had been implicated is subjected to a disciplinary hearing. In all such instances, the WCG representative initiating the disciplinary proceedings is required to recommend the dismissal of the respective employee. Where prima facie evidence of criminal conduct is detected, a criminal matter is reported by the FIU to the South African Police Services.

During the financial year under review, 13 investigations were completed by the FIU, while two matters were referred to the Department for an internal investigation. Two investigations confirmed Fraud or Corruption, four investigations confirmed Irregularities and/or Non-Compliance, three investigations indicated that there was no Fraud, Corruption or Irregularity and in four instances, the preliminary investigation did not confirm the allegation of Fraud, Theft or Corruption. At the end of the financial year, seven matters remained on the case list of the Department.

The table below provides a summary of the forensic investigations completed:

No.	FIU Number	How reported	Details of investigation	Date finalised/ closed	Conclusion	Status on recommendations
1	FIU 21 – 11/12	National Anti-Corruption Hotline	Investigation into alleged irregularities relating to annual incentives	4/9/2013	Based on the documentation reviewed, as well as interviews conducted, FIU concluded that no irregularities were identified relating to the award of cash bonuses and pay progressions paid to 2 officials during the period under review.	Allegations unfounded No further recommendations
2	FIU 57 – 11/12	Other	Investigation into alleged housing irregularities	19/6/2013	DHS does not have an allocation committee responsible for the allocation of rental units. Record keeping by DHS for rental housing units to tenants is insufficient.	No disciplinary action recommended No direct financial implication
3	FIU 122-11/12	Whistle Blower	To identify possible fraud risks associated with the management of the DOHS rental units, focussing on the allocation of tenants, the collection of rentals and the maintenance of rental units owned by DHS.	12 February 2014	There was no evidence to suggest that these practices were due to fraudulent activities or indicative of an increased risk of fraud.	Lack of evidence did not warrant an investigation
4	FIU 93 – 12/13	Whistle Blower	Investigation into alleged bid irregularities in the sale of vandalised properties.	23/4/2013	Official in SCM unit contravened various Public Service Regulations and the Accounting Officer's System by giving certain bidders preferential treatment.	Disciplinary actions against the departmental official has been implemented and finalised. Departmental recommendations has been implemented. No direct financial implication.

No.	FIU Number	How reported	Details of investigation	Date finalised/ closed	Conclusion	Status on recommendations
5	FIU 97 – 12/13	Departmental referral	Investigation into alleged fraud and corruption relating to the Nonqubela 512 PHP project	22/7/2013	The allegations of corruption were raised against officials of DHS and COCT who were involved in the Nonqubela 512 PHP project, yet no officials were specifically identified.	No disciplinary actions recommended. Departmental recommendations has been addressed and implemented. No direct financial implication.
6	FIU 98 – 12/13	Whistle Blower	Alleged tender irregularities. Tenders for Sobambisana, Mcape Developers etc.	14/11/2013	Preliminary investigation could not substantiate that the allegations of the whistle-blower fell within the mandate of the FIU. Having assessed the available documentation, the FIU concluded that there were no indications of fraud, theft or corruption by departmental officials or any other parties that warranted further investigation by the FIU. The allegations that fell outside the mandate of the FIU did not contain sufficient substance for referral to the Department for investigation.	Allegations unfounded. No further recommendations.
7	FIU 162 – 12/13	Departmental referral	Investigation into alleged irregularities with the allocation of houses on the Boystown Phase 1 project	16/8/2013	Officials failed to ensure that the 20 beneficiaries who were granted occupation on 14 December 2012 were subjected to the HSS verification process. As a result, four beneficiaries, who would have failed the HSS verification process, were granted houses. The involvement of a Councillor in the allocation of the 20 beneficiaries warrants investigation by the City of Cape Town.	Disciplinary actions against 3 departmental officials has been finalised. Recommendation iro a Councillor has been referred to the Municipality. No direct financial implication

No.	FIU Number	How reported	Details of investigation	Date finalised/ closed	Conclusion	Status on recommendations
8	FIU 171 – 12/13	Whistle Blower	Investigation into an employee doing private work without the approval for remunerative work outside of public service	22/07/2013	FIU do not recommend disciplinary action against an official in respect of contravention of the RWOPS policy. Further the FIU findings conclude that the official has contravened the IT End user policy.	Disciplinary actions against official has been finalised. No direct financial implication.
9	FIU 186 – 12/13	Departmental referral	Investigation into allegations of alleged corruption between employee and service provider. (Blueberry Hill)	4/11/2013	An official signed off a completion certificate for the cleaning of erven, indicating that he was satisfied that the work was rendered in accordance with the SLA, despite the work not being completed. To support the zero-tolerance towards fraud and corruption, a criminal case was registered with SAPS.	Disciplinary actions against official has been finalised. Department obtained legal opinion to restrict the services of the supplier. Supplier has been restricted to perform further work in the department. Criminal case reported to SAPS against the official. No direct financial implication.
10	FIU 70 -13/14	Departmental referral	Forensic investigation into alleged irregularities with the appointment of suppliers.(Dezzo Cape)	13/12/2013	The preliminary investigation revealed that the allegations were unfounded and therefore did not require any further investigation by the FIU.	Allegations unfounded . No further recommendations.
11	FIU 78-13/14	Minister	The 2008/09 Annual Report for DLGH (AR2008/09), misrepresented the number of houses that were completed in the 2008/09 financial year	23 January 2014	The FIU were not in a position to validate or dispute the reported PLS and PHP numbers in HDS09.	Lack of evidence did not warrant an investigation.
12	FIU 81 – 13/14	Minister	Investigation into allegations of alleged corruption between employee and service provider. (Mr Katshwa, company: Keep a Dream)	20/11/2013	An official in the MEC's office contravened the Public Service Code of Conduct as he misrepresented that he was the MEC's political advisor and acted in a way that misled 3rd parties. This official has since resigned.	Official resigned before disciplinary action could be implemented. No direct financial implication.
13	FIU 101-13/14	Departmental referral	Forensic investigation into alleged irregularities with the allocation of houses on the Joe Slovo Housing Project	28 February 2014	The FIU conclude that the beneficiaries were approved by HSS as well as complied with the prescribed selection criteria.	No fraud &/or no irregularity. Departmental recommendations has been addressed and implemented

4. MINIMISING CONFLICT OF INTEREST

During the year under review the Department obtained quarterly persal reports, with the aim of identifying officials who are shareholders of suppliers in the approved supplier database. If Departmental officials have been identified the matter will be investigated and addressed accordingly.

The Department also requires that all SMS members complete a financial disclosure and that all Supply Chain Management officials submit a declaration of interest, on an annual basis. The members of the different Bid Evaluation Committees (BEC) and the Departmental Bid Adjudication Committee (BAC) sign a Declaration of Interest before each meeting to evaluate bids received. If there is a conflict of interest, the member must recuse him/herself from the meeting when the bid is being evaluated or adjudicated.

5. CODE OF CONDUCT

The Department distributed the Explanatory Manual on the Code of Conduct for the Public Service to all employees during 2012 as a basis of awareness. The manual was discussed and disseminated to all new appointees as part of the induction process. The dissemination of the Code of Conduct addresses employee behaviour in the workplace and contributes to the Department's drive to maintain the highest levels of ethics, the eradication of incidents of corruption and the promotion of good governance.

It is noted that the primary purpose of the Code of Conduct is a positive one, namely to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of misconduct and may be subjected to disciplinary action if he or she contravenes any provision of the Code of Conduct.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

During the year under review the Department achieved the following:

The Prescribed Contingency plan for the Department was consulted with the OCCUPATIONAL HEALTH & SAFETY ACT (OHASA) Committee and the Department of Community Safety. The HOD approved the contingency plan and it was implemented.

Monthly reports relating to OHASA complaints and incidents were compiled. The reports were submitted to management with recommendations to rectify the shortcomings after compliance audits were conducted in the buildings. Quarterly reports were submitted to the Head of Department.

Three prescribed evacuation exercises were conducted (1x announced and 2x un-announced).

Four prescribed Occupational Health and Safety meetings were held.

OHASA training (FIRST AID, FLOOR MARSHAL, FIRE MARSHAL) were provided to all volunteers to ensure compliance; 23 officials were trained at the Department.

The Occupational Health and Safety policy was approved by Head of Department and implemented.

7. PORTFOLIO COMMITTEES

A total of five standing committee meetings were held during the financial year under review. Meetings are held per quarter or at the discretion of the standing committee.

The table below provides a breakdown of the meetings held for the financial year under review:

Standing Committee	Date
Standing Committee on Public Accounts	26 April 2013
Standing Committee on Human Settlements	4 June 2013
Standing Committee on Human Settlements	12 November 2013
Standing Committee on Public Accounts	12 November 2013
Standing Committee on Human Settlements	20 February 2014

The table below illustrates the requests emanating from those meetings and the Department's response in this regard:

No.	Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
1	11/4/1/5/6	Briefing on the process of housing subsidy and quarterly performance reports for Oct-Dec 2012 and January-March 2013.	<p>A list of all housing projects funded by the HS Development Grant.</p> <p>A list of all PHP units in the Western Cape.</p> <p>A list of blocked and unblocked projects.</p>	All information requested submitted on 21 June 2013.	Yes
2	11/4/1/5/6	Briefing on the Annual Report 2012/13.	<p>A. Schedule of breakdown of 78% serviced sites and 84% houses built.</p> <p>B. Report of breakdown per municipality of the Access to Basic Services programme.</p> <p>C. Copy of Nat. Treasury Regulation, which allows payments exceeding 30 days.</p> <p>D. Copy of letter to Speaker of CoCT requesting a councillor to be investigated.</p> <p>E. Reasons for surrender of R148 929.00 to Revenue Fund.</p> <p>F. Breakdown of line items, like goods and services.</p> <p>G. Schedule of Consultants, contractors and agency.</p> <p>H. Report on the contents of insert note 2 relating to expenditure ito investigations.</p> <p>I. Report on contents of insert note 1 relating to expenditure on gifts.</p> <p>J. Report on the contents of insert note 2 relating to amounts transferred to the CoCT.</p> <p>K. Report on the line items under expenditure note 29 relating to Movable Tangible Capital Assets.</p>	All requested information submitted on 18 December 2013.	Yes

No.	Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
3		Breakdown of the areas in which rental units were sold.	Breakdown of the areas in which rental units were sold.	All requested information submitted on 28 March 2014.	Yes
4	83-2014	Vote 8 – Human Settlements.	<p>A. Report in increase in backlog on infrastructure.</p> <p>B. Report on projects funded with donor funding and details provided to indicate completed and outstanding projects.</p> <p>C. Property register providing insight on different categories of land allocations into property development, rental and disposal.</p> <p>D. Expenditure trend analysis providing the correct totals and breakdown.</p>	All information submitted on 31 March 2014.	Yes

8. SCOPA RESOLUTIONS

The Standing Committee on Public Accounts (SCOPA) noted the Auditor-General's audit opinion regarding the Department's Annual Financial Statements (AFS) being financially unqualified with findings. The findings related to compliance with laws and regulations regarding human resource management and compensation. In addition, findings on the predetermined objectives were also raised.

The Committee noted the Department's commitment of achieving a clean audit in 2014 and beyond. In order to achieve a clean audit the Department committed to address all matters raised by the Auditor-General, the Audit Committee and SCOPA. .

The Committee noted that 47% of the High Risk Areas were covered by the Internal Audit, compared to 42% last year, and that all four approved internal audits had been completed.

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
No 1: Page: 126 of the Annual Report	The Department should publish the Committee's opening comments specific to this Department, this table of resolutions and the list of information requested by the committee, in all future Annual Reports.	Heading: "SCOPA resolutions" Description: The Committee thanked the Department for publishing its resolutions, and actions taken in this regard, in its Annual Report, but noted that this was not an accurate reflection of the oversight role exercised by the Committee, in the year under review.	The Department published the Committee's opening comments and the list of information as requested by the committee.	Yes
No 2: Page: 133 of the Annual Report	The Department should brief the Committee on the mechanisms implemented to improve the reliability of the reported performance information.	Heading: "Usefulness of information measurability" Description: The Committee noted that the Framework Management Programme Performance Information (FMPPPI) requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The information presented with respect to Programme 3: Housing Development, was not reliable when compared to the source information and evidence provided.	The Department will brief SCOPA on the mechanisms implemented to improve the reliability of the reported performance information on a date that will be determined by SCOPA.	No

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
No 3: Page: 134 of the Annual Report	The Corporate Service Centre (CSC) within the Department of the Premier should ensure that personnel suitability checks are done prior to appointing new staff within the government departments in order to verify the historic data of individuals.	Heading: "Human Resource management and compensation" Description: The Committee expressed concern that management did not ensure that sufficient and appropriate monitoring controls were in place to ensure that the verification process for new appointments took place prior to the appointment of the employee and/or did not cover criminal record checks, citizenship verification, financial record checks and reference checks.	The CSC must still report on the actions taken to mitigate the re-occurrence of this finding on a date that will be determined by SCOPA.	No
No 4: Page: 135 of the Annual Report	The Department and Forensic Investigation Unit should brief the Committee on progress achieved and/or the outcomes of these investigations.	Heading: "Investigations" Description: The Committee noted that the following cases were being investigated by the Western Cape Forensic Investigative Unit: <ul style="list-style-type: none"> • Allegations regarding housing allocations and fraudulent beneficiaries, • Alleged fraudulent applications by PHP members and corruption by service providers; departmental officials and City of Cape Town officials, and • Alleged irregularities of allocation of houses. 	DoTP in conjunction with the Department of Human Settlements conducted a presentation to SCOPA on 3 March 2014 regarding this matter.	Yes

List of Information Required:

The Department of Human Settlements should provide the Committee with:

List of Information Required	Comment
A schedule which indicates the breakdown of the 78% serviced sites and 84% houses built as indicated in paragraph 2 on page 118 of the Annual Report of the Department. The report should consist of a breakdown of the two projects, reasons for the unmet targets, costs of the implemented projects and the costs associated with the unmet targets.	Information provided to the committee on 18 December 2013.
A report indicating the breakdown per municipality of the Access to Basic Services programme and targeted water stand pipes projects as indicated in paragraph 3 on page 118 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.
A copy of the National Treasury Regulation, policies and standard operating procedures which allows payables which exceeds the payment term of 30 days as indicated in note 9 on page 131 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.

List of Information Required	Comment
A copy of the letter that was referred to the Speaker of the City of Cape Town which requested that a Councillor be investigated in the alleged Boys Town forensic investigation as indicated in note 30 on page 135 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.
A report on the reasons for the surrender of the R148 929 000-00 which was surrendered to the Revenue Fund as indicated on page 158 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.
A breakdown of some Goods and Services line items (in particular advertising, consultants etc, rental and hiring, travel and subsistence and training and staff development) and the value obtained for the Department in these areas as indicated in note 5 on page 162 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.
A schedule of all consultants, contractors and agency/outsourced services as indicated in note 5.3 on page 163 and cross referenced in note 3.15 on page 112 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.
A report on the contents of insert note 2 which relates to the expenditure in terms of investigations as indicated on page 163 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.
A report on the contents of insert note 1 which relates to the expenditure on gifts as indicated on page 164 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.
A report on the contents of insert note 2 which relates to the amount transferred to the City of Cape Town as indicated on page 164 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.
A report on the line items listed under expenditure note 29 relating to Movable Tangible Capital Assets as indicated on page 172 of the Annual Report of the Department.	Information provided to the committee on 18 December 2013.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

No matters have given rise to a qualification, disclaimer, adverse opinion and matters of non-compliance for this Department. The Department received an unqualified Audit Report for the past three years. However, for the period under review the Department received an unqualified and clean financial audit report.

10. INTERNAL CONTROL UNIT

During the year under review the sub directorate: Internal Control played a valuable role in respect of the linkage between the auditors (external and internal) and the Department during the audit processes. With regards to the external audit process, all requested documentation (i.e Request for Information, Communication of Audit Findings, departmental responses and related matters, etc.) was timeously co-ordinated and quality assured by the unit. A panel was established within the unit, headed by the Director: Financial Management with the aim to address/review all audit related matters and risks during the audit process on a regular basis.

The unit conducted follow-ups on issues emanating from the audits as the Internal Audit function was unable to provide that coverage. All documentation requested by the internal auditors was timeously co-ordinated and quality assured by the unit. The unit forms part of the Departmental Audit Steering Committee that meets on a monthly basis during the duration of the audit.

The unit played a valuable role in co-ordinating all recommendations emanating from the investigations conducted by the Forensic Investigative Unit (FIU). All documentation requested by the FIU was timeously submitted. The unit is responsible for ensuring the implementation of all recommendations made, and the follow up of all outstanding responses in this regard for reporting purposes.

With regards to compliance matters, the unit performed reviewed payments made by the Department to avoid non-compliance and to ensure correctness and value for money. This unit also ensures that payments are made within 30 days as legislatively prescribed by co-ordinating the flow of invoices from suppliers to the Department as well as the processing thereof on a monthly basis.

Subsequent to the outcome of the previous audits conducted by the Auditor-General on the predetermined objectives, the Department committed to resolving the matters raised by the Auditor-General. The unit assisted the Monitoring and Evaluation sub-directorate with the physical verification of houses at housing project sites on a quarterly basis. This contributed to an unqualified audit outcome for predetermined objectives for the financial year under review.

In compliance with Section 38 (1) (j) of the PFMA the Internal Control unit visited 23 municipalities in respect of transfer payments made to obtain assurance that funds were utilised for the intended purpose, which led to no negative audit findings in this regard.

Based on the qualification of the Western Cape Housing Development Fund (WCHDF), for the previous year (2012/13) where the asset register did not agree with the Deeds web, led to a physical verification of the 100 highest valued properties were performed during the period under review. This priority contributed to an unqualified audit outcome in respect of the WCHDF for 2013/14.

During the year under review the unit was responsible for co-ordinating and reporting on the Corporate Governance Review and Outlook-Governance Action Plan (CGRO-GAP) to Provincial Treasury (PT) and the Audit Committee. The objective of the exercise was to ensure that all finding previously raised by the Auditor-General were addressed and subsequently prevent the re-occurrence thereof. A physical verification (walkthrough) was

conducted to ensure that control measures as contained in the GAP, in respect of the prior year's audit findings, were confirmed as implemented.

Furthermore, the unit was responsible for facilitating the timeous submission of documentation emanating from the resolutions taken by the Standing Committee on Public Accounts (SCOPA) and presentations made to the committee during the year under review. Reporting on all the above issues were done timeously to the different stake holders/role player's (i.e. Member of Executive Committee (MEC), Executive Committee (EXCO), Standing Committee on Public Account (SCOPA), Audit Committee, Provincial Treasury (PT), Public Service Commission (PSC) and the Forensic Investigating Unit (FIU).

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the Department. It should assist the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes.

The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes in achieving the Department's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process;
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

Internal Audit work completed during the year under review for the Department included four assurance engagements as per the Internal Audit Plan. The details of these engagements are included in the Audit Committee report.

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes in the Department, which include oversight responsibilities relating to:

- Internal Audit function;
- External Audit function (Auditor General of South Africa - AGSA);
- Departmental accounting and reporting;
- Departmental accounting policies;
- Review of AGSA management and audit report;
- Review of Departmental in-year monitoring;
- Departmental risk management;
- Internal Control;
- Predetermined objectives;
- Ethics and forensic investigations.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	No. of Meetings attended
Mr Ronnie Kingwill	CA(SA); CTA; BCom	External	N/a	1 January 2013	N/a	8
Mr Mervyn Burton	CA(SA); CFP	External	N/a	1 January 2012	N/a	8
Ms Judy Gunther	CIA; AGA; Masters in Cost Accounting; BCompt	External	N/a	1 January 2013	N/a	8
Mr Louw van der Merwe	CA(SA); ACMA; CIA; CISA; CRMA	External	N/a	1 January 2013	N/a	8
Mr Francois Barnard	MComm (Tax); A(SA); Postgrad Diploma in Auditing; CTA BCompt (Honours); BProc	External	N/a	1 January 2013	N/a	8

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2014.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted an appropriate formal terms of reference (approved 11 September 2013) as its Audit Committee terms of reference. The Committee has regulated its affairs in compliance with these terms and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Following a risk-based approach, the following internal audit work was completed during the year under review:

- Rental Housing Tribunal
- Performance Assessment & Audit and Information Management
- Grant Management
- Subsidy Administration

The following major areas for improvement were noted by Internal Audit during the performance of their work:

- Rental Housing Tribunal: Improve monitoring systems and processes to ensure that the turn-around time for complaints as per the act are adhered to.
- Performance Assessment & Audit and Information Management: Implementation of improved Standard Operating Procedures to monitor and report on projects.
- Grant Management: Effective project monitoring process to be implemented.

Corrective actions have been agreed by management and the implementation thereof is being monitored by the audit committee on a quarterly basis. The approved Internal Audit Plan was completed for the year. The Audit

Committee has considered the work of internal audit, as well as the assurance provided by the various other assurance providers such as management, internal control unit, treasury and external audit; and with the exception of those areas noted above, nothing has come to its attention which would indicate a material breakdown in the internal control systems in the Department.

In-Year Management and Quarterly Report

The Department has reported monthly and quarterly to the Provincial Treasury (PT) as required by the PFMA.

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

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited Annual Financial Statements as presented in the annual report, with the Auditor-General of South Africa and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's responses thereto;
- considered changes to the accounting policies and practices and where applicable these are reported in the Annual Financial Statements;
- reviewed the department's processes to ensure compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the Annual Report;
- reviewed material adjustments resulting from the audit of the department; and
- reviewed and where appropriate recommended changes to the Interim Financial Statements as presented by the department for the six months ending 30 September 2013.

Internal Audit

Vacancies within the internal audit structures are receiving on going attention and good progress is being made to fill funded vacancies.

There were no unresolved internal audit findings.

Risk Management

The Department has taken full responsibility and ownership for the implementation of the Enterprise Risk Management (ERM). The risk reports are reviewed and updated on a quarterly basis by management and overseen by the Audit Committee. The challenge remains to institutionalise ERM throughout the Department. The Audit Committee noted the emerging risks and will be monitoring these on a regular basis.

Auditor-General of South Africa's Report

- The Audit Committee concurs and accepts the Auditor-General of South Africa's opinion regarding the Annual Financial Statements, and proposes that the audited annual financial statements be accepted and read together with the report of the Auditor-General of South Africa.
- The Audit Committee has met with the Auditor-General of South Africa and the department to ensure that there are no unresolved issues emanating from the regulatory audit.
- The Audit Committee has reviewed the department's implementation plan for audit issues raised in the previous year on a quarterly basis and is satisfied that the matters have been adequately resolved.
- The Audit Committee recommended that the Annual Financial Statements be approved by the Accounting Officer on 7th August 2014.

Appreciation

The Audit Committee wishes to express its appreciation to the Management of the Department, the Auditor-General of South Africa, the Internal Audit Unit and all other assurance providers for the co-operation and information they have provided to enable us to compile this report.



Mr Ronnie Kingwill
Chairperson of the Social Cluster Audit Committee
Department of Human Settlements
Date: August 2014

***The Fountainhead Project in Blue Downs
is one of the Department's Finance-linked Projects.***





PART D:

HUMAN RESOURCE MANAGEMENT

1. LEGISLATION THAT GOVERNS HR MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4).

In addition to the Public Service Regulations, 2001 (as amended on 30 July 2012), the following prescripts direct Human Resource Management within the Public Service:

- **Public Service Act 1994, as amended by Act 30 of 2007**
To provide for the organisation and administration of the public service of the Republic, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith.
- **Occupational Health and Safety Act 85 of 1993**
To provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.
- **Labour Relations Act 66 of 1995**
To regulate and guide the employer in recognising and fulfilling its role in effecting labour peace and the democratisation of the workplace.
- **Basic Conditions of Employment Act 75 of 1997**
To give effect to the right to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment; and thereby to comply with the obligations of the Republic as a member state of the International Labour Organisation; and to provide for matters connected therewith.
- **Skills Development Act 97 of 1998**
To provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995; to provide for learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith.

- **Employment Equity Act 55 of 1998**
 To promote equality, eliminate unfair discrimination in employment and to ensure the implementation of employment equity measures to redress the effects of discrimination; to achieve a diverse and efficient workforce broadly representative of the demographics of the province.
- **Public Finance Management Act 1 of 1999**
 To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.
- **Skills Development Levy Act 9 of 1999**
 To provide any public service employer in the national or provincial sphere of Government with exemption from paying a skills development levy; and for exemption from matters connected therewith.
- **Promotion of Access to Information Act 2 of 2000**
 To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.
- **Promotion of Administrative Justice Act (PAJA) of 2000**
 To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.

2. INTRODUCTION

The Value of Human Capital in the Department

Our people are the foremost contributors to the achievements of the Department and of the successes of the Western Cape Government. Service excellence depends on the wellbeing of our organisation and its people. Hence, we:

- value people who act with integrity, and are engaged, caring, competent, accountable and responsive;
- see people management to be the responsibility of everyone;
- ground the management of our people in the principles of dignity, respect, transparency and equity;
- grow, develop, empower and enable our people to reach and use their full potential;
- embrace diversity and have a deep respect for one another's culture, individuality, language, values and beliefs.

Overview of HR Matters at the Department

Human resources (people) are a key element in achieving the strategic objectives of the Department. Therefore human resource planning aims to ensure that the department has the right people, with the right skills, at the right place at the right time, all the time. The Department's strategic planning cycle precedes the HR planning process where the latter process, among other things, links to the departmental skills development, recruitment, retention and affirmative action strategies.

The strategic HR Plan was developed and implemented for the period 1 April 2011 to 31 March 2016 and adjusted with effect from 1 April 2012, as the HR Plan is reviewed annually to determine whether the human resource strategic objectives are still valid and address the HR priorities in the Department. Bi-annual progress reports monitor the implementation of the key activities contained within the HR Plan and are submitted to DPSA as directed.

Workforce planning can be defined as an inclusive and dynamic process that involves the identification of both current and future human resource needs as well as potential challenges in order for the Department to consistently achieve its departmental strategic objectives.

Set HR Priorities for the Year under Review and the Impact of these Priorities

After analysing the current workforce profile and the future demand, the following HR priorities were identified:

No.	HR Priority	Impact
1	Optimal Organisational Design: Align organisational structure with departmental strategy.	Optimal and functional organisational structure.
2	Recruitment of skills.	Departmental Action Plan. A pool of suitably qualified candidates (PWD'S, females in MMS/SMS). Adequate and suitable accommodation for staff.
3	Training and development of skills.	Training and Development Plan/Human Resource Development Implementation Plan and Report. Alignment of performance agreements with the Annual Performance Plan and strategic objectives of the Department.
4	Improve / strengthening Financial Management.	Effective budgeting and expenditure control.
5	Employee Health and Wellness including the management of sick leave.	An upward curve achieved in effectively managed in EH&W issues. No abuse of sick leave. Increased productivity. Increased awareness pertaining to sick leave issues. Increased staff morale.
6	Risk Management: Increased staff awareness around corruption and ethical behaviour.	Fewer audit queries and disciplinary cases relating to corruption.

Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

Without human resources (people), the Department cannot deliver an optimum service and without an adequate budget, they cannot recruit, develop and retain people needed to deliver optimum services.

The challenges facing the Department have been identified. These challenges have been addressed by identifying key activities which have been incorporated into the action plan.

The following are some of the main key activities as set out in the action plan:

No.	Key Activities
1	<p>Optimal Organisational Design: Align organisational structure with departmental strategy</p> <p>OD to investigate structural needs of the Department (departmental structure, Job Descriptions/Job Evaluations).</p>
2	<p>Recruitment of skills</p> <p>Development of a departmental Action Plan to fill all funded vacancies in accordance with departmental recruitment objectives.</p> <p>A special targeted recruitment drive aimed at increasing the number of PWD'S and females in MMS/SMS.</p> <p>Identify and address accommodation needs according to the Action plan.</p>
3	<p>Training and development of skills</p> <p>Monitor and ensure the implementation of a Training and development Plan/HRD Implementation Plan by the CSC in accordance with departmental needs which contains interventions that will address skills gaps and will schedule and facilitate interventions such as mentoring and coaching.</p> <p>Assessment of the application of the monitoring and coaching programme (transfer of skills, as well as impact of interventions) in line with CSC compliance.</p> <p>Ensure all PAs are aligned with strategic and Annual Performance Plans.</p>
4	<p>Improve / strengthening Financial Management</p> <p>Assess current status of financial management in Department; and identify interventions to address shortcomings, among other the improvement of financial and supply chain management skills.</p>
5	<p>Employee Health and Wellness including the management of sick leave</p> <p>Marketing of EH&W programmes to the Departmental staff by CSC to promote general health and wellbeing of employees.</p> <p>Institutionalise measures to improve the management of leave, and more specifically sick leave inclusive of awareness sessions and information sessions addressing issues pertaining to sick leave).</p> <p>Employee engagement survey by CSC.</p>
6	<p>Risk Management : Increased staff awareness around corruption and ethical behaviour</p> <p>Align, monitor and evaluate WCG and departmental Anti-corruption Strategies.</p> <p>Awareness sessions on anti-corruption conducted by the Chief Directorate: Security Risk Management .</p>

It is expected that the Departmental management and the Corporate Service Centre takes joint responsibility for the execution of the action plans, as well as ownership for delivering the necessary outcomes.

Employee Performance Management Framework

One of the cornerstones of the Staff Performance Management System is the basic requirement that all employees are obliged to do what is expected of them. These expectations and the required performance standards are concretised by means of job descriptions, performance agreements, business plans and / or service level agreements. Rewards and incentives are therefore only granted for work that qualitatively and quantitatively surpasses work for which employees are remunerated.

Employees who are nominated for performance bonuses are assessed by moderation panels, who then examine the evidence of superior performance. Under-performing staff members, on the other hand, are required to complete the actions stipulated in a Performance Improvement Plan. These are closely monitored to ensure absolute compliance with acceptable performance standards.

The framework also seeks to promote a positive workplace culture that encourages formal and informal discussions about performance quality, lead practice and continuous individual improvement.

This system sets the framework in which both the employer and employee can equally realise their goals and objectives to ensure the achievement of PSO 12, namely *being the best-run regional government in the world*.

Employee Wellness

Developing a wellness culture in the Department is of strategic importance to ensure that employees achieve optimum levels of performance while feeling cared for and supported in the work context. The WCG's transversal Employee Health and Wellness Programme (EHW) follows a holistic approach to employee wellbeing and is largely preventative in nature, offering both primary and secondary services. The EHW Programme is monitored in the Department through monthly utilisation reports for primary services (24/7/365 telephonic counselling service, online e-Care service and reporting) and secondary services (face-to-face counselling, trauma and critical incidents, training and targeted intervention, executive coaching, advocacy). A quarterly report is prepared by the Directorate: Organisational Behaviour within the Corporate Service Centre that provides a trend analysis of utilisation, risk identification and its impact on productivity. Furthermore, on-going reporting to the Department of Public Service and Administration (DPSA) is a requirement and such reporting focuses on four areas namely, HIV/AIDS, Health and Productivity, Wellness Management and SHEQ (Safety Health Environment and Quality).

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarise final audited expenditure by programme (Table 3.1.1) and by salary bands (Table 3.1.2). In particular, it provides an indication of the amount spent on personnel in terms of each of the programmes or salary bands within the Department.

The figures in Table 3.1.1 are drawn from the Basic Accounting System and the figures in Table 3.1.2 are drawn from the PERSAL [Personnel Salary] system. The two systems are not synchronised for salary refunds in respect of staff appointments and resignations and/or transfers to and from other departments. This means there may be a difference in total expenditure reflected on these systems.

The key in the table below is a description of the Programme's within the Department. Programmes will be referred to by their number from here on out.

Programme	Programme Designation
Programme 1	Administration
Programme 2	Housing Needs, Research and Planning
Programme 3	Housing Development
Programme 4	Housing Asset Management and Property Management

Table 3.1.1: Personnel expenditure by programme, 2013/14

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Goods & Services (R'000)	Personnel expenditure as a % of total expenditure	Average personnel expenditure per employee (R'000)	Number of Employees
Programme 1	79 698	55 479	351	19 065	70	218	253
Programme 2	14 605	13 526	67	996	93	338	40
Programme 3	2 065 303	64 985	212	57 531	3	348	187
Programme 4	55 860	16 330	15	11 565	29	277	59
Total	2 215 466	150 320	645	89 157	-	1 182	539

Note: The number of employees refers to all individuals remunerated during the reporting period, excluding the Minister.

Table 3.1.2: Personnel expenditure by salary bands, 2013/14

Salary bands	Personnel Expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of Employees
Lower skilled (Levels 1-2)	1 947	1.3	42	46
Skilled (Levels 3-5)	21 656	14.4	160	135
Highly skilled production (Levels 6-8)	47 201	31.4	257	184
Highly skilled supervision (Levels 9-12)	63 593	42.3	413	154
Senior management (Levels 13-16)	16 099	10.7	805	20
Total	150 496	100.0	279	539

Note: The number of employees refers to all individuals remunerated during the reporting period, excluding the Minister.

The following tables provide a summary per programme (Table 3.1.3) and salary bands (Table 3.1.4), of expenditure incurred as a result of salaries, overtime, housing allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 3.1.3: Salaries, Overtime, Housing Allowance and Medical Assistance by programme, 2013/14

Programme	Salaries		Overtime		Housing allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing allowance as a % of personnel expenditure	Amount (R'000)	Medical assistance as a % of personnel expenditure
Programme 1	39 301	26.1	1 705	1.1	1 408	0.9	2 648	1.8
Programme 2	9 585	6.4	3	0.0	305	0.2	491	0.3
Programme 3	42 690	28.4	1 048	0.7	1 069	0.7	1 990	1.3
Programme 4	11 191	7.4	580	0.4	412	0.3	727	0.5
Total	102 767	68.3	3 336	2.2	3 194	2.1	5 856	3.9

Note: Salaries, overtime, housing allowance and medical assistance are calculated as a % of the total personnel expenditure which appears in Table 3.1.2 above. Furthermore, the table does not make provision for other expenditure such as Pensions, Bonus and other allowances which make up the total personnel expenditure. Therefore, Salaries, Overtime, Housing Allowance and Medical Assistance amount to 76.5% of the total personnel expenditure.

The totals of table 3.1.3 and 3.1.4 do balance, however, due to the fact that the data is grouped by either programme or salary band and that it is rounded off to thousands they reflect differently.

Table 3.1.4: Salaries, Overtime, Housing Allowance and Medical Assistance by salary bands, 2013/14

Salary Bands	Salaries		Overtime		Housing allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing allowance as a % of personnel expenditure	Amount (R'000)	Medical assistance as a % of personnel expenditure
Lower skilled (Levels 1-2)	1 642	1.1	53	0.03	68	0.04	70	0.04
Skilled (Levels 3-5)	14 441	9.6	735	0.5	945	0.6	1 496	1.0
Highly skilled production (Levels 6-8)	31 816	21.1	1 560	1.0	1 250	0.8	2 470	1.6
Highly skilled supervision (Levels 9-12)	44 463	29.5	989	0.7	888	0.6	1 655	1.1
Senior management (Levels 13-16)	10 404	6.9	0	0.0	43	0.02	165	0.1
Total	102 766	68.3	3 337	2.2	3 194	2.1	5 856	3.9

Note: The totals of table 3.1.3 and 3.1.4 do balance, however, due to the fact that the data is grouped by either programme or salary band and that it is rounded off to thousands they reflect differently.

3.2 Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the percentage of vacant posts, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: programme (Table 3.2.1), salary band (Table 3.2.2) and critical occupations (Table 3.2.3). Departments have identified critical occupations that need to be monitored. Table 3.2.3 provides establishment and vacancy information for the key critical occupations of the department.

Table 3.2.1: Employment and vacancies by programme, as at 31 March 2014

Programme	Number of funded posts	Number of posts filled	Vacancy rate %	Number of persons additional to the establishment	Vacancy Rate taking additional staff into account
Programme 1	187	159	15.0	27	0.5
Programme 2	41	34	17.1	3	9.8
Programme 3	178	132	25.8	44	1.1
Programme 4	62	47	24.2	9	9.7
Total	468	372	20.5	83	2.8

Employment and Vacancies

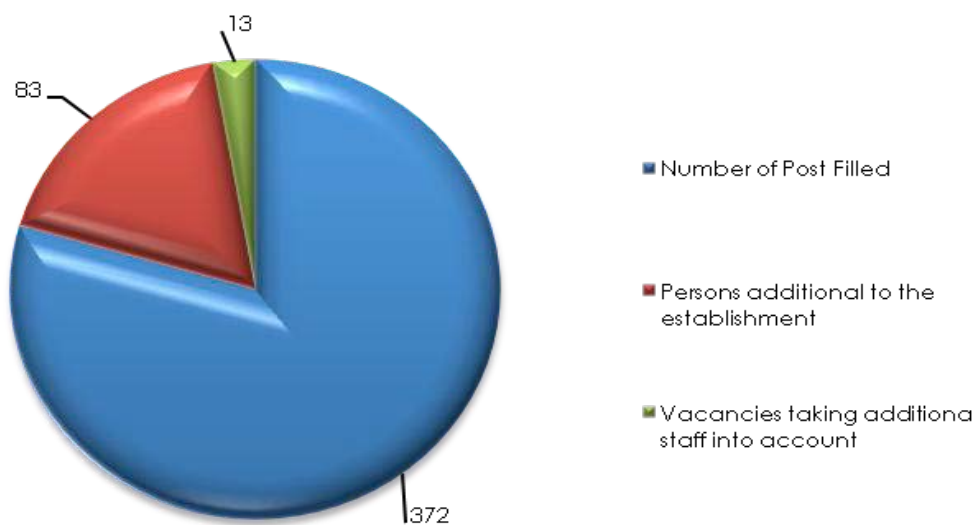


Table 3.2.2: Employment and vacancies by salary bands, as at 31 March 2014

Salary Band	Number of funded posts	Number of posts filled	Vacancy rate %	Number of persons additional to the establishment	Vacancy Rate taking additional staff into account
Lower skilled (Levels 1-2)	13	10	23.1	0	23.1
Skilled (Levels 3-5)	131	98	25.2	25	6.1
Highly skilled production (Levels 6-8)	180	147	18.3	24	5.0
Highly skilled supervision (Levels 9-12)	127	100	21.3	32	0
Senior management (Levels 13-16)	17	17	0.0	2	0
Total	468	372	20.5	83	2.8

Note: The information in each case reflects the situation as at 31 March 2014. For an indication of changes in staffing patterns over the year under review, please refer to section 3.4 of this report.

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2014

Critical Occupations	Number of funded posts	Number of posts filled	Vacancy rate %	Number of persons additional to the establishment	Vacancy Rate taking additional staff into account
Architect	2	1	50.0	0	50.0
Engineer	8	3	62.5	5	0.0
Project Manager	3	0	100.0	0	100.0
Town Planner	2	2	0.0	1	0.0
Works Inspector	28	26	7.1	1	3.6
Urban Design	0	0	0.0	0	0.0
Gis Planner	3	3	0.0	0	0.0
Total	46	35	23.9	7	8.7

3.3 Job Evaluation

The Public Service Regulations, 2001 as amended, introduced post evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any post in his or her organisation.

Table 3.3.1 summarises the number of posts that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.3.1: Job evaluation, 1 April 2013 to 31 March 2014

Salary Band	Total number of posts	Number of posts evaluated	% of posts evaluated	Posts Upgraded		Posts Downgraded	
				Number	% of number of posts	Number	% of number of posts
Lower skilled (Levels 1-2)	13	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	131	3	0.6	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	180	1	0.2	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	127	1	0.2	2	0.4	0	0.0
Senior Management Service Band A (Level 13)	13	0	0.0	0	0.0	0	0.0
Senior Management Service Band B (Level 14)	3	0	0.0	0	0.0	0	0.0
Senior Management Service Band C (Level 15)	1	0	0.0	0	0.0	0	0.0
Total	468	5	1.1	2	0.4	0	0.0

Note: Existing Public Service policy requires departments to subject specifically identified posts (excluding Educator and OSD [occupation-specific dispensation] posts) to a formal job evaluation process. These include newly created posts, as well as posts where the job content has changed significantly. This job evaluation process determines the grading and salary level of a post.

The majority of posts on the approved establishment were evaluated during previous reporting years, and the job evaluation results are thus still applicable.

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2013 to 31 March 2014

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	1	0	1
Male	1	0	0	0	1
Total	1	0	1	0	2
Employees with a disability					0

Table 3.3.3 summarises the number of cases where salary levels exceeded the grade determined by job evaluation (including higher notches awarded). Reasons for the deviation are provided in each case.

Table 3.3.3: Employees who have been granted higher salaries than those determined by job evaluation per race group, 1 April 2013 to 31 March 2014

Major Occupation	Number of employees	Job evaluation level	Remuneration on a higher salary level	Remuneration on a higher notch of the same salary level	Reason for deviation
Deputy Director	1	11	0	3 notch increment	Retention
Chief Works Inspector	1	8	0	5 notch increment	Attraction
Assistant Director	1	9	0	10 notch increment	Attraction
Total number of employees whose salaries exceed the level determined by job evaluation (including awarding of higher notches) in 2013/2014					3
Percentage of total employment					0.8

Table 3.3.4: Employees who have been granted higher salaries than those determined by job evaluation per race group, 1 April 2013 to 31 March 2014

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	1	0	1
Male	0	0	2	0	2
Total	0	0	3	0	3
Employees with a disability					0

3.4. Employment Changes

Turnover rates provide an indication of trends in the employment profile of the department during the year under review. The following tables provide a summary of turnover rates by salary band (Table 3.4.1) and by critical occupations (Table 3.4.2).

Table 3.4.1: Annual turnover rates by salary band, 1 April 2013 to 31 March 2014

Salary Band	Number of employees as at 31 March 2013	Turnover rate 2012/13	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2013/14
Lower skilled (Levels 1-2)	8	10.0	0	0	1	0	12.5
Skilled (Levels 3-5)	121	12.1	22	3	14	9	19.0
Highly skilled production (Levels 6-8)	155	7.1	24	1	11	3	9.0
Highly skilled supervision (Levels 9-12)	130	13.9	21	3	6	1	5.4
Senior Management Service Band A (Level 13)	15	10.0	0	0	0	0	0.0
Senior Management Service Band B (Level 14)	3	0.0	0	1	0	0	0.0
Senior Management Service Band C (Level 15)	1	0.0	0	0	1	0	100.0
Senior Management Service Band D (Level 16)	0	0.0	0	0	0	0	0.0
Total	432	10.6	67	8	33	13	10.6
	-	-	75		46		

Note: A transfer is when a Public Service official moves from one department to another, on the same salary level.

Appointments versus Terminations

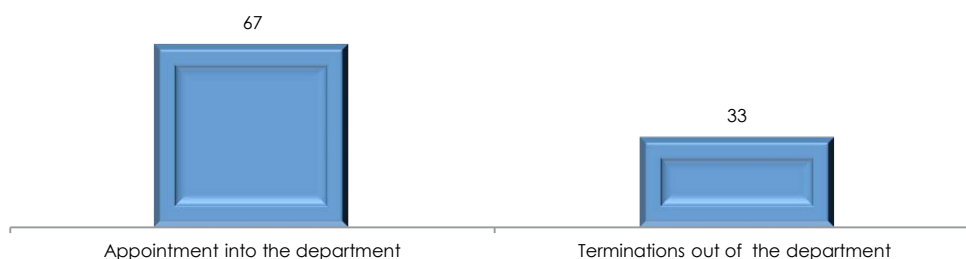


Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2013 to 31 March 2014

Critical Occupation	Number of employees as at 31 March 2013	Turnover rate 2012/13	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2013/14
Architect	1	57.1	0	0	0	0	0.0
Engineer	6	80.0	5	0	0	0	0.0
Project Manager	6	16.7	1	0	0	0	0.0
Town Planner	2	0.0	2	0	0	0	0.0
Works Inspector	26	0.0	2	1	1	0	3.8
Urban Design	0	0.0	0	0	0	0	0.0
Gis Planner	3	0.0	0	0	0	0	0.0
Total	44	45.0	10	1	1	0	2.3
	–	–	11		1		

Transfers In versus Transfers Out

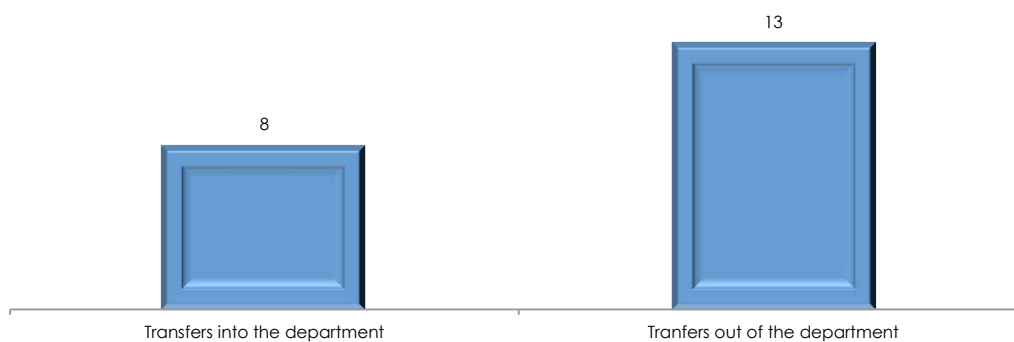


Table 3.4.3: Staff leaving the employ of the department, 1 April 2013 to 31 March 2014

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2013
Death	0	0.0	0.0
Resignation *	13	28.3	3.0
Expiry of contract	15	32.6	3.5
Dismissal – operational changes	0	0.0	0.0
Dismissal – misconduct	2	4.3	0.5
Dismissal – inefficiency	0	0.0	0.0
Discharged due to ill-health	0	0.0	0.0
Retirement	3	6.5	0.7
Employee initiated severance package	0	0.0	0.0
Transfers to Statutory	0	0.0	0.0
Transfers to other Public Service departments	13	28.3	3.0
Total	46	100.0	10.6

Note: Table 3.4.3 identifies the various exit categories for those staff members who have left the employ of the Department.

** Resignations are further discussed in tables 3.4.4 and 3.4.5.*

Staff leaving the employ of the Department

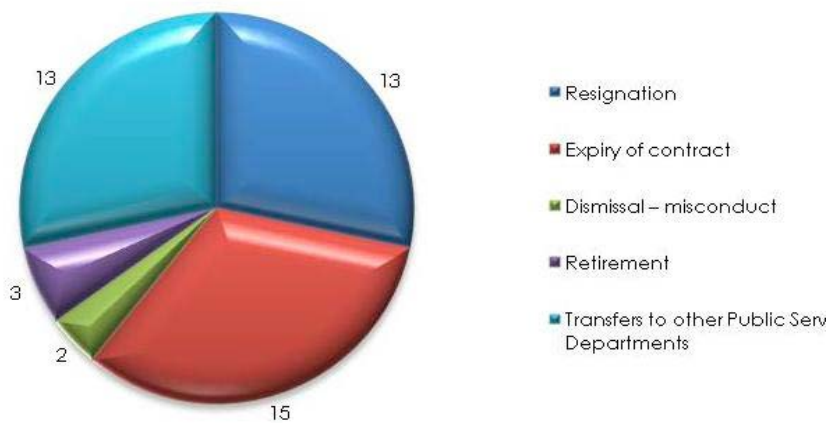


Table 3.4.4: Reasons why staff resigned, 1 April 2013 to 31 March 2014

Resignation Reasons	Number	% of total resignations
Better remuneration	13	100.0
Total	13	100.0

Table 3.4.5: Different age groups of staff who resigned, 1 April 2013 to 31 March 2014

Age group	Number	% of total resignations
Ages <19	0	0.0
Ages 20 to 24	0	0.0
Ages 25 to 29	0	0.0
Ages 30 to 34	4	30.8
Ages 35 to 39	4	30.8
Ages 40 to 44	4	30.8
Ages 45 to 49	0	0.0
Ages 50 to 54	0	0.0
Ages 55 to 59	0	0.0
Ages 60 to 64	1	7.7
Ages 65 >	0	0.0
Total	13	100

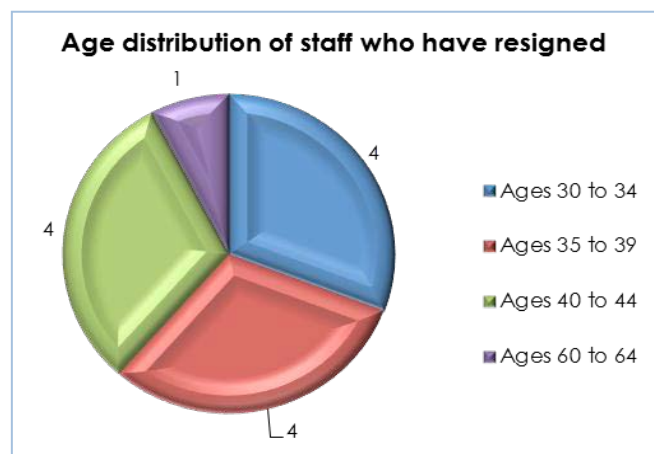


Table 3.4.6 Employee initiated severance packages

Total number of employee initiated severance packages in 2013/ 2014	None
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Table 3.4.7: Promotions by salary band, 1 April 2013 to 31 March 2014

Salary Band	Employees as at 31 March 2013	Promotions to another salary level	Promotions as a % of employees	Progressions to another notch within a salary level	Notch progressions as a % of employees
Lower skilled (Levels 1-2)	8	0	0.0	6	75.0
Skilled (Levels 3-5)	121	0	0.0	98	81.0
Highly skilled production (Levels 6-8)	155	1	0.6	109	70.3
Highly skilled supervision (Levels 9-12)	130	1	0.8	73	56.2
Senior management (Levels 13-16)	18	0	0.0	11	61.1
Total	432	2	0.5	297	68.8

Table 3.4.8: Promotions by critical occupation, 1 April 2013 to 31 March 2014

Critical Occupation	Employees as at 31 March 2013	Promotions to another salary level	Promotions as a % of employees	Progressions to another notch within a salary level	Notch progressions as a % of employees
Architect	1	0	0.0	0	0.0
Engineer	6	0	0.0	1	16.7
Project Manager	6	0	0.0	0	0.0
Town Planner	2	0	0.0	2	100.0
Works Inspector	26	0	0.0	8	30.8
Urban Design	0	0	0.0	0	0.0
GIS Planner	3	0	0.0	0	0.0
Total	44	0	0.0	11	25.0

3.5. Employment Equity

The information provided in this section depicts the department's demographic composition by race, gender and disability, as required by the Employment Equity Act and the Department of Public Service and Administration.

Positions in our post establishment require various academic qualifications such as a Senior Certificate, technical qualification or graduate and post-graduate degrees, as well as certain competency levels. The Employment Equity Act states that in determining whether designated groups are equitably represented within an occupational category and level in an employer's workforce a number of factors must be taken into account including, the pool of suitably qualified people from designated groups from which the employer may reasonably be expected to promote or appoint employees. The figures presented in this section do not take these factors into account and do not reflect the fact that the population statistics provided by the 2011 Census reveal that a very small percentage of the Western Cape population have Matric and tertiary qualifications, which constitute the pool of "suitably qualified people" from which the Western Cape Government can employ staff (as specified by the Employment Equity Act and Public Service Regulations). The Department is continuing to invest in measures to broaden the pool of suitably qualified people who can compete for its employment opportunities to broaden its equitable representation in all occupational categories and levels in the workforce.

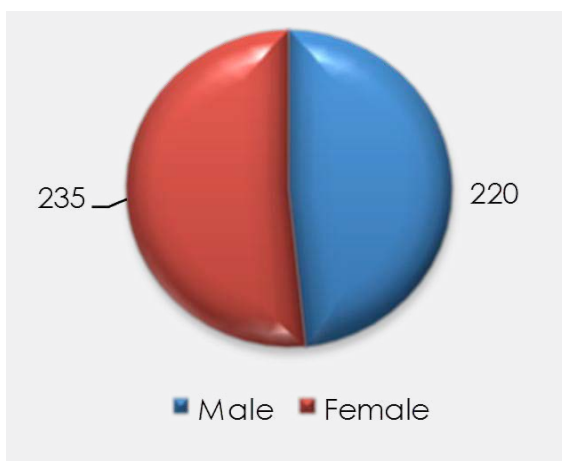
Table 3.5.1: Total number of employees (including employees with disabilities) in each of the following occupational levels, as at 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (<i>Levels 15-16</i>)	1	0	0	1	0	0	0	0	0	0	2
Senior management (<i>Levels 13-14</i>)	1	4	1	5	1	4	0	1	0	0	17
Professionally qualified and experienced specialists and mid-management (<i>Levels 9-12</i>)	15	42	1	28	10	27	2	7	7	7	146
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (<i>Levels 6-8</i>)	20	39	0	7	31	59	1	9	0	0	166
Semi-skilled and discretionary decision making (<i>Levels 3-5</i>)	13	27	1	3	26	41	1	5	0	0	117
Unskilled and defined decision making (<i>Levels 1-2</i>)	1	3	0	0	2	1	0	0	0	0	7
Total	51	115	3	44	70	132	4	22	7	7	455
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	51	115	3	44	70	132	4	22	7	7	455

A = African; C = Coloured; I = Indian; W = White.

Note: The figures reflected per occupational levels include all permanent, part-time and contract employees. Furthermore the information is presented by salary level and not post level. For the number of employees with disabilities, refer to Table 3.5.2.

Distribution by race



Distribution by gender

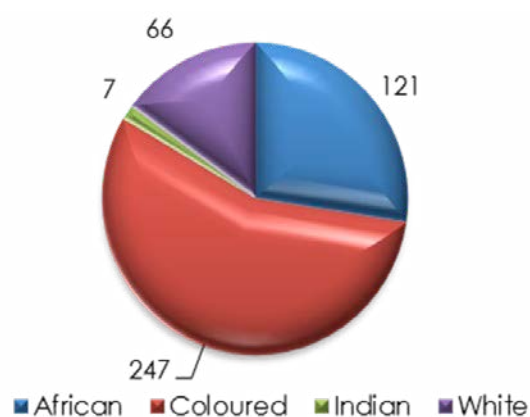


Table 3.5.2: Total number of employees (with disabilities only) in each of the following occupational levels, as at 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management <i>Levels 15-16)</i>	0	0	0	0	0	0	0	0	0	0	0
Senior management <i>(Levels 13-14)</i>	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management <i>(Levels 9-12)</i>	0	1	0	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents <i>(Levels 6-8)</i>	1	0	0	0	0	0	0	1	0	0	2
Semi-skilled and discretionary decision making <i>(Levels 3-5)</i>	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making <i>(Levels 1-2)</i>	0	0	0	0	0	0	0	0	0	0	0
Total	1	1	0	0	0	0	0	1	0	0	3
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	1	1	0	0	0	0	0	1	0	0	3

A = African; C = Coloured; I = Indian; W = White.

Note: The figures reflected per occupational level include all permanent, part-time and contract employees. Furthermore the information is presented by salary level and not post level.

Table 3.5.3: Recruitment, 1 April 2013 to 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	1	0	0	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	2	3	0	6	4	5	0	1	3	0	24
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	5	5	0	0	5	10	0	0	0	0	25
Semi-skilled and discretionary decision making (Levels 3-5)	2	9	0	0	4	9	0	1	0	0	25
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	10	17	0	6	13	24	0	2	3	0	75
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	10	17	0	6	13	24	0	2	3	0	75

A = African; C = Coloured; I = Indian; W = White.

Note: Recruitment refers to new employees, including transfers into the Department, as per Table 3.4.1.

Table 3.5.4: Promotions, 1 April 2013 to 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	1	0	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	1	0	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	2	0	0	0	0	0	0	0	0	2
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	2	0	0	0	0	0	0	0	0	2

A = African; C = Coloured; I = Indian; W = White.

Note: Promotions refer to the total number of employees promoted within the Department, as per Table 3.4.7.

Table 3.5.5: Terminations, 1 April 2013 to 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	1	0	0	0	0	0	0	0	0	0	1
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	2	1	0	2	1	1	0	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	5	2	0	1	2	3	0	1	0	0	14
Semi-skilled and discretionary decision making (Levels 3-5)	2	5	0	0	3	10	0	3	0	0	23
Unskilled and defined decision making (Levels 1-2)	1	0	0	0	0	0	0	0	0	0	1
Total	11	8	0	3	6	14	0	4	0	0	46
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	11	8	0	3	6	14	0	4	0	0	46

A = African; C = Coloured; I = Indian; W = White.

Note: Terminations refer to those employees who have left the employ of the Department, including transfers to other departments, as per Table 3.4.1.

Table 3.5.6: Disciplinary actions, 1 April 2013 to 31 March 2014

Disciplinary actions	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Suspension without pay	0	0	0	0	1	0	0	0	0	0	1
Dismissal/ desertion	0	1	0	0	0	0	0	0	0	0	1
Total	0	1	0	0	1	0	0	0	0	0	2

A = African; C = Coloured; I = Indian; W = White.

Note: The disciplinary actions total refers to formal outcomes only and not headcount. For further information on the outcomes of the disciplinary hearings and types of misconduct addressed at disciplinary hearings, please refer to Tables 3.12.2 and Table 3.12.3.

Table 3.5.7: Skills development, 1 April 2013 to 31 March 2014

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (<i>Levels 15-16</i>)	0	0	0	0	0	0	0	0	0
Senior management (<i>Levels 13-14</i>)	4	4	0	3	3	5	0	0	19
Professionally qualified and experienced specialists and mid-management (<i>Levels 9-12</i>)	4	26	0	10	6	19	0	4	69
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (<i>Levels 6-8</i>)	5	21	0	3	14	36	0	2	81
Semi-skilled and discretionary decision making (<i>Levels 3-5</i>)	3	12	0	4	9	28	2	3	61
Unskilled and defined decision making (<i>Levels 1-2</i>)	0	0	0	0	0	0	0	0	0
Total	16	63	0	20	32	88	2	9	230
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	16	63	0	20	32	88	2	9	230

A = African; C = Coloured; I = Indian; W = White.

Note: The above table refers to the total number of personnel who received training, and not the number of training courses attended by individuals. For further information on the actual training provided, please refer to Table 3.13.2.

3.6. Signing of Performance Agreements by SMS Members

Table 3.6.1: Signing of Performance Agreements by SMS Members, as at 31 May 2013

SMS Level	Number of funded SMS posts per level	Number of SMS members per level	Number of signed Performance Agreements per level	Signed Performance Agreements as % of SMS members per level
Director-General/ Head of Department	1	0	0	0.0
Salary level 16, but not HOD	0	0	0	0.0
Salary Level 15	0	0	0	0.0
Salary Level 14	3	3	3	100.0
Salary Level 13	13	14	14	100.0
Total	17	17	17	100.0

Note: The allocation of performance-related rewards (cash bonus) for Senior Management Service members is dealt with later in the report. Please refer to Table 3.8.5.

Table 3.6.2: Reasons for not having concluded Performance Agreements with all SMS on 31 May 2013

Reasons for not concluding Performance Agreements with all SMS	Not Required
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Table 3.6.3: Disciplinary steps taken against SMS Members for not having concluded Performance Agreements on 31 May 2013

Disciplinary steps taken against SMS Members for not having concluded Performance Agreements	Not Required
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3.7. Filling of SMS Posts

Table 3.7.1: SMS posts information, as at 30 September 2013

SMS Level	Number of funded SMS posts per level	Number of SMS posts filled per level	% of SMS posts filled per level	Number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General/ Head of Department	1	0	0.00	1	100.00
Salary level 16, but not HOD	0	0	0.00	0	0.00
Salary Level 15	0	0	0.00	0	0.00
Salary Level 14	3	3	100.00	0	0.00
Salary Level 13	13	13	100.00	0	0.00
Total	17	16	94.12	1	5.88

Table 3.7.2: SMS posts information, as at 31 March 2014

SMS Level	Number of funded SMS posts per level	Number of SMS posts filled per level	% of SMS posts filled per level	Number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General/ Head of Department	1	1	100.00	0	0.00
Salary level 16, but not HOD	0	0	0.00	0	0.00
Salary Level 15	0	0	0.00	0	0.00
Salary Level 14	3	3	100.00	0	0.00
Salary Level 13	13	13	100.00	0	0.00
Total	17	17	100.00	0	0.00

Table 3.7.3: Advertising and Filling of SMS posts, as at 31 March 2014

SMS Level	Advertising	Filling of Posts	
	Number of Vacancies per Level Advertised in 6 Months of becoming Vacant	Number of Vacancies per Level Filled in 6 Months after becoming Vacant	Number of Vacancies per Level not Filled in 6 Months but Filled in 12 Months
Director-General/ Head of Department	1	1	0
Salary level 16, but not HOD	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	1	1	0

Table 3.7.4: Reasons for not having complied with the filling of funded vacant SMS posts – Advertised within 6 months and filled within 12 months after becoming vacant

SMS Level	Reasons for non-compliance
Director-General/ Head of Department	N/A
Salary level 16, but not HOD	N/A
Salary Level 15	N/A
Salary Level 14	N/A
Salary Level 13	N/A

Table 3.7.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months

Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months	None
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3.8. Employee Performance

Table 3.8.1: Notch progressions by salary band, 1 April 2013 to 31 March 2014

Salary Band	Employees as at 31 March 2013	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	8	6	75.0
Skilled (Levels 3-5)	121	98	81.0
Highly skilled production (Levels 6-8)	155	109	70.3
Highly skilled supervision (Levels 9-12)	130	73	56.2
Senior management (Levels 13-16)	18	11	61.1
Total	432	297	68.8

Table 3.8.2: Notch progressions by critical occupation, 1 April 2013 to 31 March 2014

Critical Occupations	Employees as at 31 March 2013	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Architect	1	0	0.0
Engineer	3	1	33.3
Project Manager	6	0	0.0
Town Planner	2	2	100.0
Industrial Engineer	3	0	0.0
Works Inspector	26	8	30.8
Urban Design	0	0	0.0
GIS Planner	3	0	0.0
Total	44	11	25.0

To encourage good performance, the Department has granted the following performance rewards allocated to personnel for the performance period 2012/13, but paid in the financial year 2013/14. The information is presented in terms of race, gender, and disability (Table 3.8.3), salary bands (Table 3.8.4 and Table 3.8.5) and critical occupations (Table 3.8.6).

Table 3.8.3: Performance rewards by race, gender, and disability, 1 April 2013 to 31 March 2014

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2013	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	24	116	20.7	431	17 989
<i>Male</i>	12	52	23.1	219	18 285
<i>Female</i>	12	64	18.8	212	17 692
Coloured	61	232	26.3	1 352	22 159
<i>Male</i>	31	107	29.0	723	23 327
<i>Female</i>	30	125	24.0	629	20 951
Indian	2	7	28.6	31	15 600
<i>Male</i>	0	3	0.0	0	0
<i>Female</i>	2	4	50.0	31	15 600
White	17	74	23.0	513	30 157
<i>Male</i>	10	44	22.7	374	37 386
<i>Female</i>	7	30	23.3	139	19 830
Employees with a disability	0	3	0.0	0	0
Total	104	432	24.1	2 327	22 378

Note: The above table relates to performance rewards for the performance year 2012/13 and payment effected in the 2013/14 reporting period.

Distribution of Beneficiaries who received performance rewards

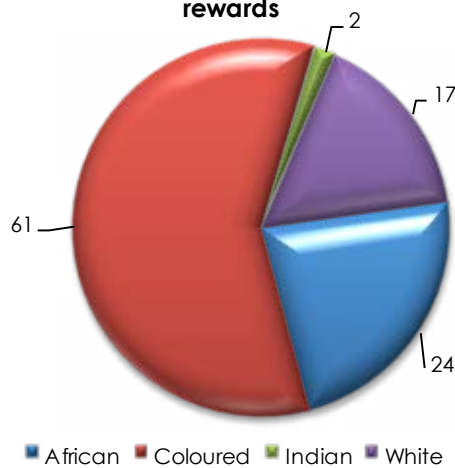


Table 3.8.4: Performance rewards by salary bands for personnel below Senior Management Service level 1 April 2013 to 31 March 2014

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2013	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	8	0.0	0	0	0.0
Skilled (Levels 3-5)	27	121	22.3	310	11 494	0.2
Highly skilled production (Levels 6-8)	37	155	23.9	675	18 233	0.5
Highly skilled supervision (Levels 9-12)	33	130	25.4	1 001	30 339	0.7
Total	97	414	23.4	1 986	20 476	1.5

Note: The cost is calculated as a percentage of the total personnel expenditure for salary levels 1-12, reflected in Table 3.1.2.

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 01 April 2013 to 31 March 2014

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2013	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Senior Management Service Band A (Level 13)	4	14	28.6	191	47 752	1.2
Senior Management Service Band B (Level 14)	2	3	66.7	111	55 413	0.7
Senior Management Service Band C (Level 15)	1	1	100.0	39	39 302	0.2
Senior Management Service Band D (Level 16)	0	0	0.0	0	0	0.0
Total	7	18	38.9	341	48 734	2.1

Note: The cost is calculated as a percentage of the total personnel expenditure for salary levels 13-16, reflected in Table 3.1.2.

Table 3.8.6: Performance rewards by critical occupations, 1 April 2013 to 31 March 2014

Critical Occupation	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2013	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of total personnel expenditure
Architect	1	1	100.0	43	43 371	0.03
Engineer	1	3	33.3	40	40 260	0.03
Project Manager	3	6	50.0	126	42 027	0.1
Town Planner	1	2	50.0	30	30 027	0.02
Industrial Engineer	0	3	0.0	0	0	0.0
Works Inspector	0	26	0.0	0	0	0.0
Urban Design	0	0	0.0	0	0	0.0
GIS Planner	0	3	0.0	0	0	0.0
Total	6	44	13.6	239	39 957	0.2

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Table 3.9.1: Foreign Workers by salary band, 1 April 2013 to 31 March 2014

Salary Band	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	0	0.0	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	11	100.0	14	100.0	3	21.4
Senior management (Levels 13-16)	0	0.0	0	0.0	0	0.0
Total	11	100.0	14	100.0	3	21.4

Note: The table above excludes non-citizens with permanent residence in the Republic of South Africa.

Table 3.9.2: Foreign Workers by major occupation, 1 April 2013 to 31 March 2014

Major Occupation	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
Technical Advisor	11	100.0	12	85.7	1	8.3
Engineer Chief Gr A	0	0.0	1	7.1	1	100.0
Engineer Produc Gr B	0	0.0	1	7.1	1	100.0
Total	11	100.0	14	100.0	3	21.4

Note: The table above excludes non-citizens with permanent residence in the Republic of South Africa.

3.10. Leave Utilisation for the period 1 January 2013 to 31 December 2013

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 3.10.1) and incapacity leave (Table 3.10.2). In both cases, the estimated cost of the leave is also provided.

Table 3.10.1: Sick leave, 1 January 2013 to 31 December 2013

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	Total number of employees	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	118	90.7	8	8	100.0	15	33
Skilled (Levels 3-5)	1359	77.9	136	135	100.7	10	610
Highly skilled production (Levels 6-8)	1400	75.8	155	178	87.1	9	1051
Highly skilled supervision (Levels 9-12)	764	76.8	105	154	68.2	7	884
Senior management (Levels 13-16)	67	70.1	13	20	65.0	5	146
Total	3708	77.1	417	495	84.2	9	2 724

Note: The three-year sick leave cycle started in January 2010. The information in each case reflects the totals excluding incapacity leave taken by employees. For an indication of incapacity leave taken, please refer to Table 3.10.2.

Table 3.10.2: Incapacity leave, 1 January 2013 to 31 December 2013

Salary Band	Total days	% days with medical certification	Number of Employees using incapacity leave	Total number of employees	% of total employees using incapacity leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0.0	0	8	0.0	0	0
Skilled Levels 3-5)	0	0.0	0	135	0.0	0	0
Highly skilled production (Levels 6-8)	0	0.0	0	178	0.0	0	0
Highly skilled supervision (Levels 9-12)	0	0.0	0	154	0.0	0	0
Senior management (Levels 13-16)	0	0.0	0	20	0.0	0	0
Total	0	0.0	0	495	0.0	0	0

Note: The leave dispensation as determined in the "Leave Determination", read with the applicable collective agreements, provides for normal sick leave of 36 working days in a sick leave cycle of three years. If an employee has exhausted his or her normal sick leave, the employer must conduct an investigation into the nature and extent of the employee's incapacity. Such investigations must be carried out in accordance with item 10(1) of Schedule 8 of the Labour Relations Act (LRA).

Incapacity leave is not an unlimited amount of additional sick leave days at an employee's disposal. Incapacity leave is additional sick leave granted conditionally at the employer's discretion, as provided for in the Leave Determination and Policy on Incapacity Leave and Ill-Health Retirement (PILIR).

Table 3.10.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Commission Bargaining Chamber (PSCBC) in 2000 requires management of annual leave to prevent high levels of accrued leave having to be paid at the time of termination of service.

Table 3.10.3: Annual Leave, 1 January 2013 to 31 December 2013

Salary Band	Total days taken	Total number employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	160	8	20
Skilled (Levels 3-5)	2711	140	19
Highly skilled production (Levels 6-8)	3685	170	22
Highly skilled supervision (Levels 9-12)	3319	145	23
Senior management (Levels 13-16)	382	19	20
Total	10257	482	21

Table 3.10.4: Capped leave, 1 January 2013 to 31 December 2013

Salary Band	Total capped leave available as at 31 Dec 2012	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Number of employees with capped leave as at 31 Dec 2013	Total capped leave available as at 31 Dec 2013
Lower skilled (Levels 1-2)	2	0	0	0	0	0
Skilled (Levels 3-5)	105	0	0	0	5	21
Highly skilled production (Levels 6-8)	1 910	1	1	1	47	1 814
Highly skilled supervision (Levels 9-12)	2 055	3	2	2	38	1 829
Senior management (Levels 13-16)	516	0	0	0	8	572
Total	4 588	4	3	1	98	4 236

Note: It is possible for the total number of capped leave days to increase as employees who were promoted or transferred into the Department, retain their capped leave credits, which form part of that specific salary band and ultimately the departmental total.

Table 3.10.5 summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5: Leave pay-outs, 1 April 2013 to 31 March 2014

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave pay-outs for 2013/14 due to non-utilisation of leave for the previous cycle	149	5	29 786
Capped leave pay-outs on termination of service for 2013/14	96	3	32 036
Current leave pay-outs on termination of service 2013/14	46	4	11 576
Total	291	12	24 279
Total number of employees who received payments	9		

3.11. HIV and AIDS & Health Promotion Programmes

Table 3.11.1: Steps taken to reduce the risk of occupational exposure, 1 April 2013 to 31 March 2014

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
The nature of the Department's work does not expose employees to increased risk of contracting HIV/AIDS. Despite the very low occupational risk, all employees have been targeted at all levels within the Department.	<p>HIV/AIDS Counselling and Testing [HCT] and Wellness screenings sessions were conducted in general. The outsourced Health and Wellness contract (Employee Health and Wellness Programme [EHWP]) provides employees with their immediate family members [it means the spouse or partner of an employee or children living with an employee] are provided with a range of services. These services include the following:</p> <ul style="list-style-type: none"> • 24/7/365 Telephone counselling; • Face to face counselling (6 + 2 session model); • Trauma and critical incident counseling; • Advocacy on HIV&AIDS awareness, including online E-Care services, and • Training, coaching and targeted Interventions where these were required.

Table 3.11.2: Details of Health Promotion and HIV and AIDS Programmes, 1 April 2013 to 31 March 2014

Question	Yes	No	Details, if yes
<p>1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.</p>	✓		<p>Ms Reygana Shade is the Director: Organisational Behaviour, (Department of the Premier). She fulfilled this role due to the corporatisation of the Employee Health and Wellness function,</p>
<p>2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.</p>	✓		<p>The Corporate Services Centre (CSC) within the Department of the Premier provides a transversal service to eleven (11) participating departments, including the Department of the Premier.</p> <p>A designated Employee Health and Wellness unit within the Directorate Organisational Behaviour and the Chief Directorate Organisation Development serves to promote the health and wellbeing of employees in the eleven (11) departments.</p> <p>The unit consists of a Deputy Director, three (3) Assistant Directors and four (4) Wellness Practitioners.</p> <p>Budget : R2 m</p>
<p>3. Has the Department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.</p>	✓		<p>The Department has entered into a service level agreement with ICAS [Service Provider] to render an Employee Health and Wellness Service to the eleven client departments of the Corporate Services Centre [CSC].</p> <p>The department conducted interventions namely, Management Consultancy, Employee Induction, Stress Management, Abuse and Sexual Health Awareness, Work Life Balance, Employee Advocacy Awareness, Personal Finance, Managerial Referral, Substance Abuse, Financial Wellbeing, Juicy Parenting, Re-Strung and Coaching for employees. These interventions were planned based on the trends reported quarterly through the Employee Health and Wellness Programme [EHWP] reports provided by the service provider, ICAS, for the period 2013/14. The reports were based on the utilisation of the EHW services and management information in order to target appropriate interventions to address these trends.</p> <p>The targeted interventions were aimed at improving employee engagement through awareness and educational interventions that promote healthy lifestyles and coping skills. This involves presentations to create awareness and encourage employees to have a pro-active approach to limit the impact of these problems in the workplace. The above-mentioned interventions were conducted for the targeted departments, managers and supervisors as well as executive coaching for SMS members.</p> <p>The department also provided information sessions, as requested by various departments in the Western Cape Government [WCG] to inform employees of the EHW service, how to access the Employee Health and Wellness Programme [EHWP]. Promotional material such as pamphlets, posters and brochures were distributed.</p>

Question	Yes	No	Details, if yes
<p>4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	✓		<p>A new Health and Wellness Steering Committee has been established with members nominated by each department.</p> <p>Committee members are:</p> <p>Agriculture: M Ferreira and H Jordaan (DJ); Community Safety: A Brink; Simon Sekwadi & C Coetzee; Cultural Affairs: S Julies & D Flandorp; Economic Development & Tourism: C Julies & P Martin; Environmental Affairs & Development Planning: M Kroese & P Cloete; Health: S Newman & C Van Willing; Human Settlements: J Roberts & LL Groenewald Local Government: F Mathee & K Adams Department of the Premier: R Shade & N Norushe Provincial Treasury: D Sass & S Sixubane; Social Development: T Mtheku; & M Robinson Transport & Public Works: C Marx & Zinnia De Monk; and Western Cape Education: M Cronje and C Le Roux</p>
<p>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.</p>	✓		<p>The Transversal Management Framework for Employee Health and Wellness Programmes in the Western Cape Government is in effect and was adopted by the Co-ordinating Chamber of the PSCBC for the Western Cape Province on 10 August 2005.</p> <p>DPSA has developed several national policy documents in 2007/8 that govern Employee Health and Wellness [EHW] in the Public Service and that coordinate the programmes and services in a uniform manner.</p> <p>In this regard, all employment policies make provision for fair practices, regardless of the HIV status of staff or applicants.</p> <p>During the period under review, the Department of the Premier has developed a Transversal Employee Health and Wellness policy. The draft document is being consulted for ratification.</p> <p>Further to this, the Department of Health has currently approved the Transversal HIV and AIDS/STI Workplace Policy and Programme that will be applicable to all departments of the Western Government. The document is in line with the four pillars of the EHW Strategic Framework 2008.</p>

Question	Yes	No	Details, if yes
<p>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.</p>	✓		<p>The Department implemented the Provincial Strategic Plan on HIV/AIDS, STIs and TB 2012 - 2016 to mainstream HIV and TB and its gender and rights-based dimensions into the core mandates to reduce HIV-related stigma.</p> <p>The overarching aim of the said Provincial Strategic Plan is to protect HIV-positive employees by advocating the implementation of the Three Zeros in line with the Joint United Nations Programme on HIV & AIDS (UNAIDS). These are Educational programmes and information sessions developed to eradicate stigma and discrimination and to raise awareness through:</p> <ul style="list-style-type: none"> ▪ Zero new HIV, STI and TB infections ▪ Zero deaths associated with HIV and TB ▪ Zero discrimination <p>Also, the department is conducting the HCT and Wellness screening sessions to ensure that every employee in the CSC Departments of the Western Cape Government is tested for HIV and screened for TB, at least annually.</p> <p>The aim was to:</p> <ul style="list-style-type: none"> ▪ Reduce HIV and TB discrimination in the workplace. This included campaigns against unfair discrimination and empowerment of employees. ▪ Reduce unfair discrimination in access to services. This included ensuring that Employee Relations Directorate addresses complaints or grievances and provides training to employees. ▪ Other key elements that addressed anti HIV/AIDS discrimination issues were: Wellness Screenings and TB Testing Sessions with specific requests from departments were conducted, posters and pamphlets were distributed, HIV/AIDS counselling [HCT] and TB Testing were conducted, condom programme and spot talks, including [HIV/AIDS speak out programme] were conducted as well.
<p>7. Does the Department encourage its employees to undergo voluntary counselling and testing (VCT)? If so, list the results that you have you achieved.</p>	✓		<p>HCT SESSIONS:</p> <p>The following screening sessions were conducted:</p> <ul style="list-style-type: none"> • Blood pressure, Glucose, Cholesterol, TB, BMI [body mass index] and spot talks. • The Department of Human Settlements participated in 8 HCT and Wellness screening sessions. • 313 Employees were tested and counselled for HIV, Tuberculosis and Sexually Transmitted Infections (STI's). • There were 2 clinical referrals for TB, HIV or any other STIs.

Question	Yes	No	Details, if yes
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		<p>The impact of health promotion programmes is indicated through information provided through the Employee Health and Wellness Contract (external EAP service provider).</p> <p>The Employee Health and Wellness Programme (EHWP) is monitored through Quarterly and Annual reporting. This reporting is provided by the External Service Provider. The most recent annual health review period was 1 April 2013 – 2014.</p> <p>The quarterly and annual review provides a breakdown of the EHWP Human Capital Demographic i.e. age, gender, length of service, dependent utilisation, language utilisation, employee vs. manager utilisation, no. of cases.</p> <p>The review further provides amongst others service utilisation, problem profiling and trending, assessment of employee and organisational risk and the impact thereof on the individual functioning in the work place.</p>

3.12. Labour Relations

The following collective agreements were entered into with trade unions within the department.

Table 3.12.1: Collective agreements, 1 April 2013 to 31 March 2014

Total collective agreements	None
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Table 3.12.2 summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2: Misconduct and disciplinary hearings finalised, 1 April 2013 to 31 March 2014

Outcomes of disciplinary hearings	Number	% of total
Final written warning	4	66.67
Suspended without pay	1	16.67
Dismissal/desertion	1	16.66
Total	6	100.0
Percentage of total employment		0.6

Note: Outcomes of disciplinary hearings refer to formal cases only.

1 employee absconded during the period under review and was automatically classified as a case of desertion. A formal disciplinary hearing was not required.

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2013 to 31 March 2014

Type of misconduct	Number	% of total
Dishonesty	1	50.0
Misuse of GG Vehicle	1	50.0
Total	2	100.0

Table 3.12.4: Grievances lodged, 1 April 2013 to 31 March 2014

Grievances lodged	Number	% of total
Number of grievances resolved	8	80.0
Number of grievances not resolved	2	20.0
Total number of grievances lodged	10	100.0

Note: Grievances lodged refers to cases that were finalised within the reporting period. Grievances not resolved refers to cases finalised, but where the outcome was not in favour of the aggrieved and found to be unsubstantiated.

Table 3.12.5: Disputes lodged with Councils, 1 April 2013 to 31 March 2014

Disputes lodged with Councils	Number	% of total
Number of disputes upheld	0	0.0
Number of disputes dismissed	1	100.0
Total number of disputes lodged	1	100.0

Note: Councils refer to the Public Service Coordinating Bargaining Council (PSCBC) and General Public Service Sector Bargaining Council (GPSSBC).

Table 3.12.6: Strike actions, 1 April 2013 to 31 March 2014

Strike actions	Number
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 3.12.7: Precautionary suspensions, 1 April 2013 to 31 March 2014

Precautionary suspensions	Number
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

Note: Precautionary suspensions refer to staff being suspended with pay whilst the case is being investigated.

3.13. Skills Development

This section highlights the efforts of the Department with regard to skills development. Table 3.13.1 reflect the training needs as at the beginning of the period under review, and Table 3.13.2 the actual training provided.

Table 3.13.1: Training needs identified, 1 April 2013 to 31 March 2014

Occupational Categories	Gender	Number of employees as at 1 April 2013	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	6	0	0	0	0
	Male	13	0	0	0	0
Professionals	Female	23	0	0	0	0
	Male	40	0	0	0	0
Technicians and associate professionals	Female	78	0	0	0	0
	Male	56	0	0	0	0
Clerks	Female	98	0	256	0	256
	Male	41	0	88	0	88
Service and sales workers	Female	7	0	0	0	0
	Male	18	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	2	0	0	0	0
	Male	25	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	1	0	0	0	0

Occupational Categories	Gender	Number of employees as at 1 April 2013	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Elementary occupations	Female	4	0	0	0	0
	Male	10	0	4	0	4
Sub Total	Female	220	0	256	0	256
	Male	206	0	92	0	92
Total		426	0	348	0	348
Employees with disabilities	Female	1	0	0	0	0
	Male	2	0	0	0	0

Note: The above table identifies the training needs at the start of the reporting period as per the Department's Work Place Skills Plan.

Table 3.13.2: Training provided, 1 April 2013 to 31 March 2014

Occupational Categories	Gender	Number of employees as at 31 March 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	6	0	8	0	8
	Male	13	0	11	0	11
Professionals	Female	24	0	12	0	12
	Male	49	0	16	0	16
Technicians and associate professionals	Female	91	0	55	0	55
	Male	57	0	40	0	40

Occupational Categories	Gender	Number of employees as at 31 March 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	96	0	70	0	70
	Male	46	0	54	0	54
Service and sales workers	Female	10	0	0	0	0
	Male	18	0	2	0	2
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	3	0	7	0	7
	Male	25	0	11	0	11
Plant and machine operators and assemblers	Female	1	0	1	0	1
	Male	1	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
	Male	9	0	1	0	1
Sub Total	Female	235	0	153	0	153
	Male	220	0	135	0	135
Total		455	0	288	0	288
Employees with disabilities	Female	1	0	0	0	0
	Male	2	0	0	0	0

Note: The above table identifies the number of training courses attended by individuals during the period under review.

3.14. Injury on Duty

Table 4.14.1 provides basic information on injury on duty.

Table 3.14.1: Injury on duty, 1 April 2013 to 31 March 2014

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0.0
Temporary disablement	1	100.0
Permanent disablement	0	0.0
Fatal	0	0.0
Total	1	100.0
Percentage of total employment		0.2

3.15. Utilisation of Consultants

Table 3.15.1: Report on consultant appointments using appropriated funds, 1 April 2013 to 31 March 2014

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Bazi Development: Appointment of a PRT	2	12 months	R12 630 000.00
IPW 2_Routine Work	2	12 months	R8 608 200.00
SSI: Appointment of a PRT-routine works	2	7 months	R3 500 000.00
Eden IPW 1 _needs analysis	5	31 days	R547 247.00
Mosselbay	2	6 months	R249 803.64
Eden District – routine works	2	12 months	R6 000 000.00
Eden District	2	6 months	R343 083.62
Jubelie: Appointment of a PRT-routine works	7	53 days	R449 983.07
Klipvlakte	19	359 days	R2 282 044.88
Sunnyside Orchard N4 and N6	8	7 days	R97 004.14
Langeberg Ashbury Survey	10	73 days	R352 906.50
Paarl Vlakkeland Township Establishment	25	567 Days	R7 588 457.00

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Paarl ERF 557	25	57 Days	R387 610.00
Rawsonville N4 and N6	8	7 Days	R97 004.14
Breedevallei	6	125 Days	R1 063 770.00
Caterville	9	72 Days	R523 445.56
Needs Analysis	9	121 Days	R523 000.00
Lukhozi: Thembelihle Domestic Workers Project	2	12 months	R1 250 097.24
Aurecon: IPW_routine work	11	103 days	R4 500 000.00
IPW	11	108 Days	R341 505.00
Creative Consulting- HS06/2013/2014: (UISP Research)	2	4 months	R981 711.00
GAB Consulting- HS05/2013/2014: (PHP Research)	2	4 months	R907 440.00
Planning Partners: Paternoster	7	843 Days	R414 130.36
Porterville	7	740 Days	R515 394.00
Laaiplek 88 sites	8	573 Days	R243 275.83
Laaiplek 32 sites	8	559 Days	R156 750.00
Price Waterhouse Coopers	1	1	R228 000.00
DNA Squared Management	7	4months	R4 817 674.64
Copycat Communications: Printing	1	1	R127 680.00
Advisory Consulting Services	1	1	R15 486.00
Cassie Gerber: OR 023746	1	30 days	R3250.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
39	222	n/a	R 59 874 572.62

Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs), 1 April 2013 to 31 March 2014

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
This is not applicable.			

Table 3.15.3: Report on consultant appointments using Donor funds, 1 April 2013 to 31 March 2014

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
This is not applicable.			
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
This is not applicable.			

Table 3.15.4: Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs), 1 April 2013 to 31 March 2014

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
This is not applicable.			

Drakenstein Project in Stellenbosch is one of the Department's projects that fall under the Enhanced People's Housing Project (EHP).



PART E:

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

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REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

The Department expressed its commitment to the Provincial Strategic Objectives and the National Outcomes by implementing a number of programmes that support these strategies and its strategic goals. Necessary programmes and support strategies were put in place to assist the Department to achieve its strategic goals and the outcomes of Provincial Strategic Objective 6 (PSO6). Such measures included the operationalisation of the Professional Resource Teams (PRTs), which assisted municipalities with project packaging, security of tenure and unblocking of the People Housing Process programme (PHP).

During the financial year under review the Department delivered a total of 17 917 housing opportunities against a target of 20 903. A breakdown of the total figure is illustrated as follow;

- 12 681 housing units, against a target of 12 302;
- 2 528 serviced sites against a target of 6 642; and
- 2 708 other housing opportunities against a target of 1 959.

In terms of the method of calculation used by the Department to measure progress in the provision of serviced sites, in which percentage progress of civil works projects is converted to an equivalent number of sites serviced, the department delivered a total of 6 695 serviced sites for the financial year under review. However, the Auditor General found that this method of calculation to be unreliable, as the indicator required that site connections to basic services be measured. The Department therefore agreed to change its method of calculation to count only serviced sites which have been handed over to the municipality, with evidence comprising a completion certificate signed by an independent consulting engineer. As a consequence, in line with this new method of calculation, only 2 528 serviced sites are reported as connected to basic services. The balance of 4 167 represent serviced sites projects at various stages of completion, and will be counted when handed over to the developer. The department is updating its technical indicator tables and targets for serviced sites for 2014/15 in line with this change.

The PRTs were fully operational during the 2013/14 financial year and provided the Department with the necessary support in order to delivery on its mandate. They assisted local municipalities with the development of human settlement pipelines, which allowed municipalities to plan projects for a period of five years. As part of the pipeline exercise, the PRTs assisted municipalities with the drafting of geographical maps and spatial information which were used to evaluate the development of sustainable human settlements. As a result of the support offered to municipalities by the PRTs and the Department, human settlement project pipelines were developed for all municipalities and a total of 20 human settlement projects were approved aligned to Integrated Development Plans (IDPs), National and Provincial Objectives against a target of 17.

Significant progress has been made in assisting municipalities with the implementation of the housing demand database (HDDB) data improvement programme since the implementation of the HDDB in 2012. All 24 local municipalities have uploaded their housing demand data on the system. The Department embarked on a process to assist municipalities with the cleaning of their historical housing demand data and continues to provide

municipalities with the necessary user support. For the period under review, the City of Cape Town (CoCT) introduced an enhanced data platform and transferred the platform to the Department in terms of the Memorandum of Agreement (MoA) signed with the CoCT. The enhanced data platform was modified by the Centre for e-Innovation (Ce-I) to include all 24 local municipalities.

The Framework Policy for the “Selection of Housing Beneficiaries in ownership-based subsidy projects” was approved by the Provincial Cabinet in October 2013. The overall objective of the Framework Policy is to define a set of norms and standards for beneficiary selection in the Province and thereby enhance fairness and transparency in the selection of beneficiaries. As municipalities are responsible for beneficiary allocation, each municipality had to develop its own selection policy, in line with this Framework.

In addition, the Department developed and approved the following policies; Municipal guideline for responding to farm residents housing needs in the Western Cape and Policy to Improve Title Transfer in New Greenfields Subsidy Housing Projects.

During the financial year of the reporting the Department has achieved a vacancy rate of 1% as a result of the appointment of contract staff, with the objective of improving efficiency. Furthermore, the Department achieved a level 3.8 financial capability maturity rating for the financial year under review as a result of the implementation of initiatives to ensure that the Department is fully compliant to the relevant financial legislation, policies and regulations.

The Department reduced the numbers of debtors by 1 005, as a result a total of 241 rental units were transferred to qualifying beneficiaries. These endeavours contributed to the strategic outcome of inculcating a sense of rights and responsibility and uplifting the poor through ownership and asset creation.

During the period under review, the Department embarked on a process to finalize the assignment of all functions pertaining to the administration of national housing programmes to the CoCT. Consultation sessions were held with the Ministers of Local Government, Finance & Economic Development and Tourism, Provincial Treasury, Provincial SALGA, National Department of Human Settlements and members of the National Accreditation Panel to obtain their support to assign all functions to the CoCT. The Department and the CoCT are in the process of drafting the Executive Assignment Agreement.

The following is an account of the financial results of the Department during the period under review:

Departmental receipts

The Department exceeded the amount of money targeted for collection in its revenue budget for the period under review. This is attributed to the R16.708 million received from the Housing Development Agency (HDA), previously paid to the HDA for the rectification of Joe Slovo flats, R10.373 million from the Department of Transport and Public Works for vacant sites in Delft, R24.530 million for the sale of properties in Our Pride and R8.097 million in respect of returned subsidies. The balance of R17,214 million was generated through the implementation of the Extended Enhanced Discount Benefit Scheme (EEDBS) and rental of properties from the ex-Western Cape Housing Development Board (WCHDB). This tariff is in line with the provisions of the Housing Act, 107.

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2014

The table below provides a breakdown of the funds received:

Departmental receipts	2013/2014			2012/2013		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	120	116	4	30	72	(42)
Interest, dividends and rent on land	2 760	2 643	117	250	120	130
Financial transactions in assets and liabilities	72 120	87 142	(15 022)	59 720	112 674	(52 954)
Total	75 000	89 901	(14 901)	60 000	112 866	(52 866)

The Department was unable to collect the amount targeted for Interest, dividends and rent on land. This was as a result of the provision made in the Adjustments budget with regards to interest to be paid to the Department by 31 March 2014. The money was held in trust by an Accounts Administrator for a non-performing PHP project to be closed off, but was unblocked. Other revenue sources include commission received on transactions (insurance deductions) on PERSAL (2.5%), selling of waste paper and obsolete and unserviceable equipment through formal bidding processes. Therefore free services are rendered.

Programme expenditure

All provisional over-expenditures were pre-approved and do not originate from unauthorised expenditure. These over-expenditures were also indicated in the monthly In-Year-Monitoring report of the Department, and that it would be off-set with the necessary virements.

Programme 1: Administration: R 3 708 000

The over-expenditure of R1 232 000 was on Compensation of Employees, due to the filling of vacant posts and the appointment of interns and over-expenditure on Goods and Services of R2 476 000 due to increased external audit costs (R1 200 000), communication (R527 000), GG-transport (R706 000) and advertising (R43 000).

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2014

The reasons for the over-expenditure on these items are as follows:

- Audit cost: The Auditor-General submitted a pro-forma invoice for March and additional work performed on the WCHDF.
- Communication and GG-transport: The reconciliation of all outstanding accounts from the Department of Transport and Public Works led to the over-expenditure after decreasing the allocations for the line items in the Adjustment Budget.
- R143 000 was shifted from Programme 2 and R3 565 000 was shifted from Programme 4 to cover the total over-expenditure of R3 708 000 on this Programme. The shift equals 4.9% of the adjusted budget appropriated for this Programme.

Programme 2: Housing Needs, Research and Planning: (R143 000)

The under-expenditure of R143 000 was on Goods and Services due to the cost containment drive with regard to travel and subsistence costs and team building sessions. The shift equals 1% of the amount appropriated under this programme in the Adjusted Appropriation.

Programme 3: Housing Development: R1 075 000

The over-expenditure was on municipal services (R986 000) and municipal rates on vacant land (R89 000). R1 075 000 is shifted from Programme 4 to finance this over-expenditure. The shift equals 0.1% of the amount appropriated in the Adjustments Estimates for this Programme.

Programme 4: Housing Asset Management Property Management: (R4 640 000)

The under-expenditure was on municipal services and other property costs R2 700 000, legal costs (R1 851 000), advertising (R65 000) and venues and facilities (R24 000). An amount of R3 565 000 was shifted to Programme 1 and R1 075 000 was shifted to Programme 3. This virement equals 7.7% of the amount appropriated for this programme in the Adjusted Appropriation.

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2014

The table below illustrates the expenditure per programme;

Programme Name	2013/2014			2012/2013		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	80 016	79 698	318	83 235	83 235	-
2. Housing needs, research and planning	14 818	14 605	213	14 090	13 966	124
3. Housing development	2 065 303	2 065 303	-	1 841 011	1 841 011	-
4. Housing asset/property management	55 860	55 860	-	49 246	49 246	-
Total	2 215 997	2 215 466	531	1 987 582	1 987 458	124

Explanations of material variances from Amounts Voted (after virement):

Per Programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000

Programme name: 80 016 79 698 318 0.4%
Programme 1: Administration

Over-provision for finance leases (daily tariffs) in respect of permanently allocated GG-vehicles

Programme name: 14 818 14 605 213 1.4%
Programme 2: Housing needs, research and planning

Under-expenditure on Compensation of Employees of R113 000 due to a vacant post and R100 000 savings on Goods and Services due to curtailment of team building sessions as part of the cost containment measures.

The virements mentioned above was within the 8% limit terms of Section 43(2) of the PMFA. The Department did not apply for any roll-overs as the unspent amounts are uncommitted and therefore do not qualify.

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2014

Unauthorised, fruitless and wasteful expenditure

No unauthorised or fruitless and wasteful expenditure was incurred by the Department for the year under review.

Accreditation of the City of Cape Town

In the event that the City of Cape Town gets full accreditation status (assignment) in 2014/15 the funding will flow directly from the National Department of Human Settlements to the metro. This will lead to a reduction in the delivery, targets and budget of the Department. The Department will however continue to provide an oversight role in respect of the CoCT, which will enable the Department to provide additional and improved support to the non-metro municipalities.

Public Private Partnerships (PPP's)

The Department has not entered into any PPP's during the financial year.

Discontinued activities/activities to be discontinued

No activities to be discontinued.

New or proposed activities

No new/proposed activities were noted during the year under review.

Supply chain management

- The Department sold one property based on an unsolicited bid proposal during the year under review. The intention to sell was duly advertised as prescribed and no objections were received. The value of the transaction was R3 million and was in excess of the current market value of R2.5 million. The property had no development value for the Department as it was a business site in Woodstock leased to Canon for customer parking.
- SCM processes and systems are in place to prevent irregular expenditure.
- The implementation of Chapter 16(2)(b) of the National Treasury Regulations governing infrastructure projects were dealt with by employing contract staff additional to the establishment in anticipation of a new organisational structure. The Department is also implementing the Infrastructure Development Management System (IDMS) and is assisted by the Provincial Treasury and the Department of Transport and Public Works with the implementation thereof.

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2014

Gifts and Donations received in kind from non-related parties

No in kind goods and services were provided by the Department or received from parties other than related parties.

Exemptions and deviations received from the National Treasury

No exemption from the PFMA or TR or deviation from the financial reporting requirements were applied for or received for the current and/or previous financial year.

Events after the reporting date

There are no events (adjusting and non-adjusting), favourable and unfavourable that occurred after the reporting date and the date of approval of the Annual Financial Statements.

Related party transactions

See Note 25 of the Annual Financial Statements (AFS).

The Department occupies a building at 27 Wale Street, Cape Town at no cost. The building is owned by the WCG: Department of Transport and Public Works (DTPW). All maintenance costs, municipal rates and taxes as well as cleaning and security services thereof is covered by the DTPW. Parking space within the building is provided to government officials at an approved fee, which is not market related.

The Department received corporate services from the Corporate Services Centre (CSC) of the WCG: Department of the Premier (DoTP), in respect of the following service areas: Information and Communication Technology, Organisational Development, Provincial Training (transversal), Human Resource Management, Enterprise Risk Management, Internal Audit, Forensic Investigations, Legal Services and Corporate Communication. In addition, the Department also received security advisory services and security operations from the WCG: Department of Community Safety (DCS). Furthermore, the Department rendered a free agency service in respect of financial and support functions to the WCG: Department of Local Government (DoLG).

The Department also has distant relationship with the Forensic Investigating Unit, responsible for the investigation of alleged fraudulent activities relating to the Department.

A related party relationship exists between the Department and Government Motor Transport (GMT) with regard to the management of government vehicles allocated to the Department by GMT. This relationship is based on a distant transaction in terms of the tariffs approved by the Provincial Treasury. The Department made use of 74 GG-vehicles during the financial year. Furthermore, R16.483m was paid to the Housing Development Agency (HDA) for project management in respect of the N2 Gateway infrastructure and housing projects (2012/13: R10.943m).

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2014

The Department has a related party relationship with the Western Cape Housing Development Fund (WCHDF) with whom significant transactions are concluded as the fund does not operate its own bank account. The fund is administered by the Directorates: Asset and Property Management and Financial Management within the Department.

The George regional housing office occupies a building in George (York Park) and the Department occupies accommodation offices in Goodwood. These buildings are owned by the DTPW and are occupied at no cost to the Department. The DTPW is responsible for all Telkom lines and equipment within the buildings. An amount of R1.330m was paid to the DTPW for telephone and fax calls.

The amount for payables to related parties is in respect of the WCHDF.

Agency-Principal Arrangements (Department acting as principal)

See Note 30 of the Annual Financial Statements (AFS).

The Department is mandated to develop of integrated and sustainable human settlements based on National Priority Outcome 8 and Provincial strategic objective 6 (PSO 6). In this regard, the Department provides funding to municipalities from the Human Settlement Development Grant (HSDG) received from the National Department of Human Settlements (NDoHS). Funding is allocated to municipalities on condition that certain conditions are met, which includes; the submission of a municipal business plan supported by a list of projects per housing programme highlighting the readiness of projects for implementation, cash flow projections and compliance certificates. The Department enters into Service Delivery Agreement (SLA) with the municipalities regarding their delivery targets. The funding and the conditions thereto is Gazetted in the Provincial Gazette. Furthermore, some of the responsibilities of the Department include the; monitoring of provincial and municipal financial and non-financial performance and control systems. The Department also provides support to municipalities to assist with human settlement planning and delivery.

The above-mentioned description of the nature, circumstances and terms relating to the agency relationships with the municipalities is the same for each individual municipality. The municipalities as agents of the Department carry the management and administrative costs in the execution of housing delivery on behalf of the Department.

In terms of a written agreement between the National Department of Human Settlements and the South African Post Office, clients of the Department can pay their rental instalments at the Post Office. An agency service is paid to the Post Office to cover their overheads

Other

There are no other material facts or circumstances, which may have an effect on the understanding of the financial state of affairs that is not addressed elsewhere in this report.

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2014

Acknowledgement/s or Appreciations

I would like to express our gratitude to the Provincial Minister of Human Settlements, departmental staff, staff of the Auditor General, the Audit Committee, Provincial Parliament, Corporate Service Centre (CSC) and Provincial Treasury for assisting the Department in achieving a clean audit and achieving its targets for the year under review.

Approval and sign off

The Annual Financial Statements set out on pages 117 to 185 have been approved by the Accounting Officer.

A handwritten signature in black ink, appearing to be 'Thando Mguli', written in a cursive style.

Thando Mguli
Accounting Officer

REPORT OF THE AUDITOR-GENERAL TO WESTERN CAPE PROVINCIAL PARLIAMENT ON VOTE No. 8: WESTERN CAPE DEPARTMENT OF HUMAN SETTLEMENTS.

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Western Cape Department of Human Settlements set out on pages 133 to 174, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

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

REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2014

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Department of Human Settlements as at 31 March 2014, and its financial performance and cash flows for the year then ended, in accordance with the MCS prescribed by National Treasury and the requirements of the PFMA and DoRA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 18 to the financial statements, the Department was a defendant in a land-claim lawsuit of R87,1 million and at the time of this report, which the Department are disputing. The ultimate outcome of this matter cannot currently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2013 were restated as a result of errors discovered during the 2013-2014 financial year, in the financial statements of the Western Cape Department of Human Settlements at, and for the year ended, 31 March 2013.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

11. The supplementary information set out on pages 173 to 185 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for the selected programme presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my test was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters

REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2014

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2014.

Programme 3: Housing development on pages 39 to 45.

14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

15. I evaluated the usefulness of the reported performance to determine whether it was presented in accordance with the National Treasury's annual reported principles and whether the reported performance is consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable and time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

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

17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Additional matters

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

Achievement of planned targets

19. Refer to the annual performance report on pages 40 to 44 for information on the achievements of planned targets for the year.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of Programme 3: Housing development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2014

Compliance with legislation

21. I performed procedures to obtain evidence that the department has complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of PAA.

Internal Control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

OTHER REPORTS

Investigations

23. The forensic investigation unit certified that it is in the process of investigating seven cases as at 31 March 2014. Three of the cases still in progress related to alleged corruption and the balance related to various allegations. The finalisation of these cases has not yet been determined.

24. The forensic investigations unit concluded 11 investigations during the year under review. Six cases resulted in non-compliance and related to irregularities and corruption, two cases were referred back to the department for finalisation and there were no findings for the remaining three cases.

Auditor-General

Cape Town

30 July 2014



ACCOUNTING POLICIES

for the year ended 31 March 2014

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

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

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment/receipt.

6. Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

ACCOUNTING POLICIES

for the year ended 31 March 2014

7. Revenue

7.1 Appropriated funds

Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

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

The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and/penalties) is measured at amounts receivable from collecting agents.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

ACCOUNTING POLICIES
for the year ended 31 March 2014

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.

Accrued expenditure payable is measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

ACCOUNTING POLICIES
for the year ended 31 March 2014

9. Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position.

For purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13. Investments

Investments are recognised in the statement of financial position at cost.

ACCOUNTING POLICIES
for the year ended 31 March 2014

14. Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15. Payables

Loans and receivables are recognised in the statement of financial position at cost.

16. Capital Assets

16.1 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

16.2 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

ACCOUNTING POLICIES
for the year ended 31 March 2014

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

17. Provisions and Contingents

17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

17.4 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

ACCOUNTING POLICIES

for the year ended 31 March 2014

19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

20. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons for this are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. Prior period errors

An automatic programme adjustment of the rental debtor accounts on the National Debtor System occurred at the beginning of 2013/14 retrospectively adjusting the rental debtors accounts for 2012/13. The relevant accounts on BAS could only be adjusted per journal in 2013/14 as BAS was already closed for 2012/13.

The daily tariffs which were paid to Government Motor Transport in 2012/13 for the hire of GG-vehicles were erroneously classified as goods and services in the previous year's Annual Financial Statements. The daily tariffs are treated as finance leases in the books of account and as such treated as capital.

22. Non-adjusting events after the reporting date

There were no non-adjusting events after the reporting date.

23. Agent-Principal arrangements

The municipalities in the Western Cape provide a free agency service to the Department. The nature, circumstances and terms are explained in Note No. 30 of the Annual Financial Statements.

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Programmes	Appropriation per programme							2012/13	
	2013/14			Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000						
1. Administration									
Current payment	70,874	(38)	3,708	74,544	74,544	-	100.0	77,655	77,655
Transfers and subsidies	200	137	-	337	337	-	100.0	224	224
Payment for capital assets	4,534	-	-	4,534	4,216	318	93.0	5,129	5,129
Payment for financial assets	700	(99)	-	601	601	-	100.0	227	227
	76,308	-	3,708	80,016	79,698	318	-	83,235	83,235
2. Housing, Needs, Research and Planning									
Current payment	14,878	-	(143)	14,735	14,522	213	98.6	14,055	13,931
Transfers and subsidies	83	-	-	83	83	-	100.0	35	35
	14,961	-	(143)	14,818	14,605	213	-	14,090	13,966
3. Housing Development									
Current payment	134,090	(12,560)	986	122,516	122,516	-	100.0	117,707	117,707
Transfers and subsidies	1,930,138	12,560	89	1,942,787	1,942,787	-	100.0	1,723,304	1,723,304
	2,064,228	-	1,075	2,065,303	2,065,303	-	-	1,841,011	1,841,011
4. Housing Asset Management									
Property Management									
Current payment	32,526	-	(4,631)	27,895	27,895	-	100.0	28,318	28,318
Transfers and subsidies	27,974	-	(9)	27,965	27,965	-	100.0	20,928	20,928
	60,500	-	(4,640)	55,860	55,860	-	-	49,246	49,246
Total	2,215,997	-	-	2,215,997	2,215,466	531	100.0	1,987,582	1,987,458
Reconciliation with Statement of Financial Performance									
Add: Departmental receipts				14,901				52,866	
Aid assistance				10,934				15,054	
Actual amounts per Statement of Financial Performance (Total Revenue)				2,241,832				2,055,502	
Add: Aid assistance					435				4,121
Actual amounts per Statement of Financial Performance Expenditure					2,215,901				1,991,579

APPROPRIATION STATEMENT
for the year ended 31 March 2014

Appropriation per Economic classification

Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	151,637	(2,018)	814	150,433	150,320	113	99.9	137,449	137,325
Goods and services	100,731	(10,580)	(894)	89,257	89,157	100	99.9	100,286	100,286
Transfers & subsidies									
Provinces & municipalities	90,314	11,821	-	102,135	102,135	-	100.0	100,610	100,610
Departmental agencies & accounts	-	4	-	4	4	-	100.0	267	267
Higher education institutions	1,000	-	-	1,000	1,000	-	100.0	1,000	1,000
Public corporations & private enterprises	750	-	-	750	750	-	100.0	-	-
Households	1,866,231	712	80	1,867,023	1,867,023	-	100.0	1,642,614	1,642,614
Gifts and donations	100	160	-	260	260	-	100.0	-	-
Payment for capital assets									
Machinery & equipment	4,534	(10)	-	4,524	4,206	318	93.0	4,942	4,942
Intangible assets	-	10	-	10	10	-	100.0	187	187
Payment for financial assets									
	700	(99)	-	601	601	-	100.0	227	227
Total	2,215,997	-	-	2,215,997	2,215,466	531	100.0	1,987,582	1,987,458

APPROPRIATION STATEMENT
for the year ended 31 March 2014

Detail per Programme 1 – Administration
for the year ended 31 March 2014

Details per Sub-Programme	2013/14							2012/13	
	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 Office of the MEC									
Current payment	5,585	(476)	-	5,109	5,109	-	100.0	5,556	5,556
Transfers and subsidies	-	3	-	3	3	-	100.0	-	-
Payment for capital assets	281	-	-	281	265	16	94.3	222	222
1.2 Corporate Services									
Current payment	65,289	438	3,708	69,435	69,435	-	100.0	72,099	72,099
Transfers and subsidies	200	134	-	334	334	-	100.0	224	224
Payment for capital assets	4,253	-	-	4,253	3,951	302	92.9	4,907	4,907
Payment for financial assets	700	(99)	-	601	601	-	100.0	227	227
Total	76,308	-	3,708	80,016	79,698	318	99.6	83,235	83,235

Programme 1 Per Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	54,247	-	1,232	55,479	55,479	-	100.0	56,256	56,256
Goods and services	16,627	(38)	2,476	19,065	19,065	-	100.0	21,399	21,399
Transfers & subsidies									
Departmental agencies & accounts	-	4	-	4	4	-	100.0	-	-
Households	200	78	-	278	278	-	100.0	224	224
Gifts and donations	-	55	-	55	55	-	100.0	-	-
Payment for capital assets									
Machinery & equipment	4,534	(10)	-	4,524	4,206	318	93.0	4,942	4,942
Software & other intangible	-	10	-	10	10	-	100.0	187	187
Payment for financial assets									
Payment for financial assets	700	(99)	-	601	601	-	100.0	227	227
Total	76,308	-	3,708	80,016	79,698	318	99.6	83,235	83,235

APPROPRIATION STATEMENT
for the year ended 31 March 2014

**Detail per Programme 2 – Housing Needs, Research and Planning
for the year ended 31 March 2014**

Details per sub-programme	2013/14							2012/13	
	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 Administration									
Current payment	9,510	(69)	(143)	9,298	9,085	213	97.7	8,837	8,713
Transfers and subsidies	68	1	-	69	69	-	100.0	35	35
2.2 Planning									
Current payment	5,368	69	-	5,437	5,437	-	100.0	5,218	5,218
Transfers and subsidies	15	(1)	-	14	14	-	100.0	-	-
Total	14,961	-	(143)	14,818	14,605	213	98.6	14,090	13,966

Programme 2 Per Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	13,639	-	-	13,639	13,526	113	99.2	13,152	13,028
Goods and services	1,239	-	(143)	1,096	996	100	90.9	903	903
Transfers & subsidies									
Households	83	(1)	-	82	82	-	100.0	35	35
Gifts and donations	-	1	-	1	1	-	100.0	-	-
Total	14,961	-	(143)	14,818	14,605	213	98.6	14,090	13,966

APPROPRIATION STATEMENT
for the year ended 31 March 2014

**Detail per Programme 3 – Housing Development
for the year ended 31 March 2014**

Details per sub-programme	2013/14							2012/13	
	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 Administration									
Current payment	49,891	-	986	50,877	50,877	-	100.0	46,659	46,659
Transfers and subsidies	55,100	-	89	55,189	55,189	-	100.0	69,172	69,172
3.2 Financial Interventions									
Current payment	84,199	(12,560)	-	71,639	71,639	-	100.0	71,048	71,048
Transfers and subsidies	110,258	23,428	-	133,686	133,686	-	100.0	114,629	114,629
3.3 Incremental Interventions									
Transfers and subsidies	1,339,663	21,038	-	1,360,701	1,360,701	-	100.0	1,160,529	1,160,529
3.4 Social and Rental Intervention									
Transfers and subsidies	425,117	(31,906)	-	393,211	393,211	-	100.0	378,974	378,974
Total	2,064,228	-	1,075	2,065,303	2,065,303	-	100.0	1,841,011	1,841,011

Programme 3 Per Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	67,003	(2,018)	-	64,985	64,985	-	100.0	52,628	52,628
Goods and services	67,087	(10,542)	986	57,531	57,531	-	100.0	65,079	65,079
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	63,100	11,821	-	74,921	74,921	-	100.0	79,967	79,967
Departmental agencies & accounts	-	-	-	-	-	-	-	267	267
Higher education institutions	1,000	-	-	1,000	1,000	-	100.0	1,000	1,000
Households	1,865,938	635	89	1,866,662	1,866,662	-	100.0	1,642,070	1,642,070
Gifts and donations	100	104	-	204	204	-	100.0	-	-
Total	2,064,228	-	1,075	2,065,303	2,065,303	-	100.0	1,841,011	1,841,011

APPROPRIATION STATEMENT
for the year ended 31 March 2014

**Detail per Programme 4 – Housing Asset Management Property Management
for the year ended 31 March 2014**

Details per sub-programme	2013/14							2012/13	
	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 Administration									
Current payment	20,692	-	(2,555)	18,137	18,137	-	100.0	17,711	17,711
Transfers and subsidies	760	-	(9)	751	751	-	100.0	-	-
4.2 Housing Property Maintenance									
Current payment	11,834	-	(2,076)	9,758	9,758	-	100.0	10,607	10,607
Transfers and subsidies	27,214	-	-	27,214	27,214	-	100.0	20,928	20,928
Total	60,500	-	(4,640)	55,860	55,860	-	100.0	49,246	49,246

Programme 4 Per Economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	16,748	-	(418)	16,330	16,330	-	100.0	15,413	15,413
Goods and services	15,778	-	(4,213)	11,565	11,565	-	100.0	12,905	12,905
Transfers & subsidies									
Provinces & municipalities	27,214	-	-	27,214	27,214	-	100.0	20,643	20,643
Public corporations & private enterprises	750	-	-	750	750	-	100.0	-	-
Households	10	-	(9)	1	1	-	100.0	285	285
Total	60,500	-	(4,640)	55,860	55,860	-	100.0	49,246	49,246

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

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

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

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note to Payments for financial assets to the Annual Financial Statements.

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

4.1 Per programme

Per programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. R'000
Programme 1: Administration	80,016	79,698	318	0.4%
Over-provision for finance leases (daily tariffs) in respect of permanently allocated GG-vehicles				
Programme 2: Housing needs, research and planning	14,818	14,605	213	1.4%
Under-expenditure on Compensation of Employees of R113 000 due to a vacant post and R100 000 saving on Good and Services due to curtailment of team building sessions as part of the cost containment measures.				

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

4.2 Per economic classification

Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
Current expenditure				
Compensation of employees	150,433	150,320	113	0.01
Goods and services	89,257	89,157	100	0.01
Transfers and subsidies				
Provinces and municipalities	102,135	102,135	-	-
Departmental agencies and accounts	4	4	-	-
Higher education institutions	1,000	1,000	-	-
Public corporations and private	750	750	-	-
Households	1,867,023	1,867,023	-	-
Gifts and donations	260	260	-	-
Payments for capital assets				
Machinery and equipment	4,534	4,216	318	7.00
Payments for financial assets	601	601	-	-
	2,215,997	2,215,466	531	

Under-expenditure on Compensation of employees due to a vacant post. Under-expenditure on goods and services due to the curtailment of team sessions as part of the cost containment measures and over-estimate of financial leases for permanently allocated GG-vehicles.

STATEMENTS OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
REVENUE			
Annual appropriation	1	2 215 997	1 987 582
Departmental revenue	2	14 901	52 866
Aid assistance	3	10 934	15 054
TOTAL REVENUE		2 241 832	2 055 502
EXPENDITURE			
Current expenditure			
Compensation of employees	4	150 320	137 463
Goods and services	5	89 158	100 095
Total current expenditure		239 478	237 558
Transfers and subsidies			
Transfers and subsidies	7	1 971 172	1 744 544
Aid assistance	3	435	4 121
Total transfers and subsidies		1 971 607	1 748 665
Expenditure for capital assets			
Tangible assets	8	4 205	4 942
Intangible assets	8	10	187
Total expenditure for capital assets		4 215	5 129
Payments for financial assets	6	601	227
TOTAL EXPENDITURE		2 215 901	1 991 579
SURPLUS FOR THE YEAR		25 931	63 923
Reconciliation of Net Surplus for the year			
Voted Funds		531	124
Annual appropriation		531	124
Departmental revenue and NRF Receipts	13	14 901	52 866
Aid assistance	3	10 499	10 933
SURPLUS FOR THE YEAR		25 931	63 923

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
ASSETS			
Current Assets		112 097	113 473
Cash and cash equivalents	9	59 213	35 157
Prepayments and advances	10	149	146
Receivables	11	52 735	78 170
TOTAL ASSETS		112 097	113 473
LIABILITIES			
Current Liabilities		103 735	105 031
Voted funds to be surrendered to the Revenue Fund	12	(16 721)	124
Departmental revenue to be surrendered to the Revenue Fund	13	2 280	36 308
Bank overdraft	14	45 458	15 511
Payables	15	72 718	53 088
TOTAL LIABILITIES		103 735	105 031
NET ASSETS		8 362	8 442
Represented by:			
Recoverable revenue		8 362	8 442
TOTAL		8 362	8 442

STATEMENT OF CHANGE IN NET ASSETS
for the year ended 31 March 2014

	2013/14	2012/13
NET ASSETS	R'000	R'000
Recoverable revenue		
Opening balance	8 442	8 298
Transfers	(80)	144
Irrecoverable amounts written off	(343)	-
Debts revised	(278)	(4)
Debts recovered (included in departmental receipts)	(200)	(114)
Debts raised	741	262
Closing balance	8 362	8 442
Total	8 362	8 442

CASH FLOW STATEMENT

for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
		2 299 580	2 115 502
Annual appropriated funds received	1.1	2 198 745	1 987 582
Departmental revenue received	2	87 268	112 746
Interest received	2.2	2 633	120
Aid assistance received	3	10 934	15 054
Net decrease in working capital		45 062	15 940
Surrendered to Revenue Fund		(124 053)	(148 929)
Surrendered to RDP Fund/Donor		(10 499)	(24 887)
Current payments		(239 478)	(237 611)
Payments for financial assets	6	(601)	(227)
Transfers and subsidies paid		(1 971 607)	(1 748 612)
Net cash flow available from operating activities		(1 596)	(28 824)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(4 215)	(5 129)
Net cash flows from investing activities		(4 215)	(5 129)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) in net assets		(80)	144
Net cash flows from financing activities		(80)	144
Net (decrease) in cash and cash equivalents		(5 891)	(33 809)
Cash and cash equivalents at beginning of period	17	19 646	53 455
Cash and cash equivalents at end of period		13 755	19 646

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

1. Annual Appropriation

1.1 Annual Appropriation

Programmes	2013/14			Appropriation Received 2012/13
	Final Appropriation 2013/14	Actual Funds Received 2013/14	Funds not requested/ not received 2013/14	
	R'000	R'000	R'000	R'000
ADMINISTRATION	80,016	79,402	614	83,235
HOUSING NEEDS, RESEARCH AND PLANNING	14,818	14,688	130	14,090
HOUSING DEVELOPMENT	2,065,303	2,049,225	16,078	1,841,011
HOUSING ASSET MANAGEMENT	55,860	55,430	430	49,246
PROPERTY MANAGEMENT				
Total	2,215,997	2,198,745	17,252	1,987,582

The funds not received was due to the fact that the funds were not made available timeously.

1.2 Conditional grants**

Total grants received	32	1,962,237	1,725,180
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(** It should be noted that the Conditional grants are included in the amounts per the Final Appropriation in Note 1.1)

2. Departmental Revenue

Sales of goods and services other than capital assets	2.1	116	72
Interest, dividends and rent on land	2.2	2 643	120
Transactions in financial assets and liabilities	2.3	87 142	112 674
Total revenue collected		89 901	112 866
Less: Own revenue included in appropriation	13	75 000	60 000
Departmental revenue collected		14 901	52 866

Included in Transactions in financial assets and liabilities is R16.708 million received from the Housing Development Agency, previously paid to the HDA for the rectification of the Joe Slovo flats, R10.373 million from the Department of Transport and Public Works for vacant sites in Delft, as well as R24.530 million for the sale of properties in Our Pride and R8.097 million in respect of returned subsidies.

Also included in Transactions in financial assets and liabilities are the following receipts in respect of the Western Cape Housing Development Board: R3 535 000 for rental of housing properties and R13 679 000 realised through the EEDBS (Note 2.3: Loans and advances).

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
2.1 Sales of goods and services other than capital assets	2		
Sales of goods and services produced by the department		84	72
Administrative fees		47	43
Other sales		37	29
Sales of scrap, waste and other used current goods		32	-
Total		116	72
2.2 Interest, dividends and rent on land	2		
Interest		2,633	120
Rent on land		10	-
Total		2,643	120
2.3 Transactions in financial assets and liabilities	2		
Loans and advances		24,856	19,858
Other Receipts including Recoverable Revenue		62,286	92,816
Total		87,142	112,674

Included in Interest, dividends and rent on land above is interest of R2 286 000 received from the Housing Development Agency. (Note 2.2: Interest). This was interest earned on the R16.708 million returned by the HDA. (Note 2: Transactions in financial assets and liabilities).

3. Aid Assistance

3.1 Aid assistance received in cash from RDP

Foreign

Opening Balance	-	13,954
Revenue	10,934	15,054
Expenditure	(435)	(4,121)
Transfers	(435)	(4,121)
Surrendered to the RDP	(10,499)	(24,887)
Closing Balance	-	-

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

3.2 Total

Opening Balance	-	13 954
Revenue	10 934	15 054
Expenditure	(435)	(4 121)
Transfers	(435)	(4 121)
Surrendered to RDP/Donor	(10 499)	(24 887)
Closing Balance	-	-

R10 934 000 was received from the Danish Government via the RDP fund for the provision of solar water heaters for the N2 Gateway projects. Unspent funds of R10 499 000 was surrendered to the RDP fund.

4. Compensation of employees

4.1 Salaries and wages

Basic salary	102,034	92,366
Performance award	2,247	2,954
Service Based	6,296	5,713
Compensative/circumstantial	4,615	5,264
Periodic payments	2,661	1,531
Other non-pensionable allowances	15,707	13,551
Total	133,560	121,379

4.2 Social contributions

Employer contributions

Pension	10,937	10,187
Medical	5,794	5,872
Bargaining council	29	25
Total	16,760	16,084

Total compensation of employees

150,320 **137,463**

Average number of employees

454 **432**

The increase in Compensation of employees is due to normal salary increases and an increase in the number of employees. The average remuneration per employee increased by 4.1% to R331 000 (2012/13: 6.4% to R318 000). The lower increase in 2013/14 is partly due to the Accounting Officer's post being vacant for six months in 2013/14. An amount of R138 000 in respect of compensation of interns, included in other operating expenditure under Goods and services in 2012/13, has been restated as Compensative/circumstantial under Compensation of employees. This was due to a change in the Standard Chart of Accounts (SCOA) in 2013/14.

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
5. Goods and services			
Administrative fees		245	261
Advertising		1 142	2 442
Minor assets	5.1	291	397
Bursaries (employees)		226	391
Catering		599	757
Communication		3 448	2 635
Computer services	5.2	1 326	1 077
Consultants, contractors and agency/outsourced services	5.3	50 185	57 080
Entertainment		43	38
Audit cost – external	5.4	10 491	9 280
Inventory	5.5	2 103	2 420
Operating leases		1 524	1 483
Property payments	5.6	8 457	10 216
Rental and hiring		47	65
Travel and subsistence	5.7	8 067	9 405
Venues and facilities		165	563
Training and development		419	1 330
Other operating expenditure	5.8	380	255
Total		89 158	100 095

R138 000 included under other operating expenditure in 2012/13 has been restated as Compensative/ circumstantial under Compensation of employees. In addition, an amount of R53 000, also included under Other operating expenditure in 2012/13, has been reclassified as Gifts, donations and sponsorships made under Transfers and subsidies. This was due to a change in the Standard Chart of Accounts (SCOA) in 2013/14.

5.1 Minor assets	5		
Tangible assets		291	361
Machinery and equipment		291	361
Intangible assets		-	36
Total		291	397

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
5.2 Computer services	5		
SITA computer services		287	572
External computer service providers		1 039	505
Total		1 326	1 077
5.3 Consultants, contractors and agency/outsourced services	5		
Business and advisory services		43 141	50 346
Infrastructure and planning		28	353
Legal costs		3 355	2 539
Contractors		138	528
Agency and support/outsourced services		3 523	3 314
Total		50 185	57 080

The increase in legal costs is due to an increase in the number of sales of properties, in respect of which the Department carries the transfer costs.

5.4 Audit cost – external	5		
Regularity audits		8 522	6 394
Investigations		1 969	2 886
Total		10 491	9 280

The expenditure in respect of investigations is for work performed by the FIU in terms of their agreement with the Department. The increase in regularity audit costs is due to the Department paying for anticipated work to be done by the Auditor General (AG) in March 2014, previously only paid in April of the next financial year.

5.5 Inventory (Western Cape ONLY)	5		
Learning and teaching support material		-	3
Food and food supplies		68	-
Fuel, oil and gas		17	8
Other consumables		68	118
Materials and supplies		43	43
Stationery and printing		1 907	2 248
Total		2 103	2 420

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
5.6 Property payments	5		
Municipal services		3 779	4 531
Property management fees		25	4
Property maintenance and repairs		3 672	4 499
Other		981	1 182
Total		8 457	10 216

The amount of R981 000 for "Other" is for Deed searches.

	Note	2013/14 R'000	2012/13 R'000
5.7 Travel and subsistence	5		
Local		7 448	8 791
Foreign		619	614
Total		8 067	9 405
5.8 Other operating expenditure	5		
Professional bodies, membership and subscription fees		53	-
Resettlement costs		169	88
Other		158	167
Total		380	255

An amount of R53 000 in respect of Gifts in 2012/13 has been reclassified as Gifts, donations and sponsorships made under Transfers and subsidies.

6. Payments for financial assets			
Other material losses written off	6.1	601	227
Total		601	227

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
6.1 Other material losses written off	6		
Nature of losses			
Vehicle and vehicle accessories damage		114	201
Overpayment of suppliers		44	-
Ex-employees: Salary overpayment & T&S (Uneconomical to recover)		31	23
Employees: PILAR (2 cases)		242	-
Ex-employees: State guarantee, bursary, income tax		27	3
Ex-employees: Private telephone debt		3	-
Duplicate payment		18	-
Theft of laptops (2 cases)		23	-
Employees: Private telephone debt		14	-
Previous years irregular expenditure (1 case)		85	-
Total		601	227

The implementation of the Policy and Procedure on incapacity Leave and Ill-health Retirement (PILAR) was suspended for part of the financial year.

PILAR provides for the appointment of a Panel of Accredited Health Risk Managers, by the Department of Public Service and Administration, as service providers available to a department to investigate and assess the applications made by employees.

The appointment of these service providers was delayed due to legal challenge brought to the High Court against the appointment process.

Therefore for the first half of the financial year no timeous decision could be made on the validity of the incapacity and/or ill-health retirement applications received from employees.

Although the Panel was formally established on 1 November 2013 there is a possibility that the amounts paid to employees on incapacity and/or ill-health retirement may be recoverable if the applications, made in the first part of the financial year, are not subsequently recommended by the service providers.

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
7. Transfers and Subsidies			
Provinces and municipalities	ANNEXURE 1A	102 135	100 611
Departmental agencies and accounts	ANNEXURE 1B	4	267
Higher education institutions	ANNEXURE 1C	1 000	1 000
Public corporations and private enterprises	ANNEXURE 1D	750	-
Households	ANNEXURE 1E	1 867 023	1 642 577
Gifts, donations and sponsorships made	ANNEXURE 1G	260	89
Total		1 971 172	1 744 544

The amount transferred to the municipalities, but not yet spent/paid to contractors amounts to R362 240 000 as at 31/3/2014. R87 977 000 is for PHP and R274 263 000 is for other housing projects. (Total unspent at municipalities 2012/13: R367 148 000).

The increase in transfers to Provinces and municipalities are mainly due to arrear rates and taxes paid.

An amount of R53 000 in respect of Gifts, disclosed under operating expenditure in 2012/13, has been reclassified as Gifts, donations and sponsorships under this note.

8. Expenditure for capital assets

Tangible assets

Machinery and equipment	8.1	4 205	4 942
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Intangible assets

Software	8.1	10	187
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Total

		4 215	5 129
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8.1 Analysis of funds utilised to acquire capital assets - 2013/14

	Note	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets		4 205	-	4 205
Machinery and equipment	8	4 205	-	4 205
Intangible assets		10	-	10
Software	8	10	-	10
Total		4 215	-	4 215

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

8.2 Analysis of funds utilised to acquire capital assets - 2012/13

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	4 942	-	4 942
Machinery and equipment	4 942	-	4 942
Intangible assets	187	-	187
Software	187	-	187
Total	5 129	-	5 129

8.3 Finance lease expenditure included in Expenditure for capital assets

	2013/14 R'000
Tangible assets	3 444
Machinery and equipment	3 444
Total	3 444

9. Cash and Cash Equivalents

	2013/14 R'000	2012/13 R'000
Investments (Domestic)	59 213	35 157
Total	59 213	35 157

Investments (domestic) represents cash not required by the Department for immediate use and is invested by the WCG: Provincial Treasury at various commercial banks. Interest earned on these investments is reflected in the financial statements of the Western Cape Government. Included in these investments is a total amount of R15 027 000 which was invested on behalf of the former Western Cape Housing Development Board.

10. Prepayments and Advances

	2013/14	2012/13
Travel and subsistence	149	146
Total	149	146

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

	Note	2013/14			Total	2012/13
		Less than one year	One to three years	Older than three years		
		R'000	R'000	R'000		
11. Receivables						
Claims recoverable	11.1	7 091	36 495	8 385	51 971	77 339
Recoverable expenditure	11.2	114	32	249	395	400
Staff debt	11.3	53	-	316	369	428
Other debtors	11.4	-	-	-	-	3
Total		7 258	36 527	8 950	52 735	78 170

	Note	2013/14	2012/13
		R'000	R'000
11.1 Claims recoverable	11		
National departments		1 665	-
Provincial departments		124	967
Public entities		17	10
Private enterprises		46 126	46 200
Households and non-profit institutions		164	197
Local governments		3 875	29 965
Total		51 971	77 339

The amount in respect of private enterprises relates to the fraudulent use of PHP subsidies which were held in trust by Accounts Administrators (R6 771 000) and developers of housing projects (R39 343 000).

The amount in respect of Local Governments is recoverable from the Bitou Municipality.

	Note	2013/14	2012/13
		R'000	R'000
11.2 Recoverable expenditure (disallowance accounts)	11		
Disallowance account: Damages and losses		395	400
Total		395	400

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
11.3 Staff debt	11		
Breach of contract: Study bursaries		16	20
Salary related debt		31	36
Private telephone		53	69
Private 3G card costs		3	-
Irregular expenditure not condoned		266	247
Lost cameras		-	39
Cash fraud		-	17
Total		369	428
11.4 Other debtors	11		
Salary clearing account: SARS		-	3
Total		-	3
11.5 Impairment of receivables	27		
Estimate of impairment of receivables		47 000	11 518
Total		47 000	11 518
12. Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		124	2 106
Transfer from statement of financial performance (as restated)		531	124
Voted funds not received		(17 252)	-
Paid during the year		(124)	(2 106)
Closing balance		(16 721)	124

The Provincial Treasury underfunded the provincial bank account with R17.2million in March 2014 and only paid it to the Department in April 2014. This led to the Department not receiving its full allocation as appropriated by the Provincial Parliament for 2013/14.

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

13. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Opening balance	36 308	70 265
Transfer from Statement of Financial Performance (as restated)	14 901	52 866
Own revenue included in appropriation	75 000	60 000
Paid during the year	(123 929)	(146 823)
Closing balance	2 280	36 308

14. Bank Overdraft

Consolidated Paymaster General Account	45 458	15 511
Total	45 458	15 511

The amount relating to the Consolidated Paymaster General Account indicates a bank overdraft and current liability after the consolidation of the PMG account on the closing date of the financial year. This is due to the fact that the receipt of the funds requested from the Provincial Treasury to cover the amount, only reflects in the Department's bank account immediately after this date. This amount was covered by the investment as per Note 9.

	Note	2013/14 R'000	2012/13 R'000
15. Payables - current			
Clearing accounts	15.1	44	39
Other payables	15.2	72 674	53 049
Total		72 718	53 088
15.1 Clearing accounts	15		
PERSAL clearing accounts		44	39
Total		44	39
15.2 Other payables	15		
Western Cape Housing Development Fund		35,596	36,306
WC: Department of Transport and Public Works		-	692
Department of Local Government		1,021	-
City of Cape Town		36,056	12,000
WC: Department of Transport and Public Works		-	4,051
EC: Department of Human Settlements		1	-
Total		72,674	53,049

The amount of R36.056 million was received from the City of Cape Town for bulk services still to be rendered.

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

16. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance	25 931	63 923
Add back non cash/cash movements not deemed operating activities	(27 527)	(92 747)
Decrease in receivables – current	25 435	(119)
(Increase) in prepayments and advances	(3)	(103)
Increase in payables – current	19 630	16 162
Expenditure on capital assets	4 215	5 129
Surrenders to Revenue Fund	(124 053)	(148 929)
Surrenders to RDP Fund/Donor	(10 499)	(24 887)
Voted funds not requested/not received	(17 252)	-
Own revenue included in appropriation	75 000	60 000
Net cash flow generated by operating activities	(1 596)	(28 824)

	Note	2013/14 R'000	2012/13 R'000
17. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(45 458)	(15 511)
Cash with commercial banks (Local)		59 213	35 157
Total		13 755	19 646

18. Contingent liabilities and contingent assets

Contingent liabilities

Liable to

Claims against the department	ANNEXURE 2	16 113	17 064
Intergovernmental payables (unconfirmed balances)	ANNEXURE 4	-	701
Other	ANNEXURE 2	87 158	87 158
Total		103 271	104 923

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
19. Commitments		
Current expenditure		
Approved and contracted	104 604	75 886
Approved but not yet contracted	-	419
	104 604	76 305
Capital Expenditure		
Approved and contracted	2 611 111	1 907 915
Approved but not yet contracted	419 789	1 080 142
	3 030 900	2 988 057
Total Commitments	3 135 504	3 064 362

The majority of commitments for Capital expenditure are in respect of infrastructure/housing projects, which are approved subject to the availability of funds. The allocations are gazetted as transfers to households.

The approved, but not contracted amount of R419.789 million is in respect of infrastructure projects. Of the total commitments of R3.136 billion, approximately R1.2 billion is for longer than a year, which is for infrastructure/housing projects.

20. Accruals and payables not recognised

Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	6 928	292	7 220	3 495
Transfers and subsidies	47 971	16 811	64 782	94 635
Capital assets	12	-	12	36
Total	54 911	17 103	72 014	98 166

Listed by programme level

Programme 1: Administration	707	2 878
Programme 2: Housing needs, research & planning	11	14
Programme 3: Housing development	66 250	84 438
Programme 4: Housing asset management, property management	5 046	10 836
Total	72 014	98 166

Accruals are based on the invoice date. Invoices are paid within 30 days of receipt, but with housing subsidies, payment is effected within 30 days of certification of a claim by the Department's inspectors as per agreement with the municipalities.

Therefore, in respect of subsidies, the 30 days commences after certification of a claim.

Confirmed balances with departments	Annex 4	31	123
Total		31	123

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
21. Employee benefits		
Leave entitlement	3 876	2 851
Service bonus (Thirteenth cheque)	3 331	2 974
Performance awards	2 274	2 078
Capped leave commitments	5 120	4 882
Total	14 601	12 785

Included in the amount for leave entitlement are leave credit balances amounting to R499 000.

The amount for performance awards equals 1.5% of actual expenditure on Compensation of Employees in 2013/14.

22. Lease Commitments

22.1 Operating leases commitments

	Specialised military assets R'000	Land R'000	Buildings & other fixed structures R'000	Machinery and equipment R'000	Total R'000
2013/14					
Not later than 1 year	-	-	-	908	908
Later than 1 year and not later than 5 years	-	-	-	609	609
Total lease commitments	-	-	-	1,517	1,517
2012/13					
Not later than 1 year	-	-	-	1,062	1,062
Later than 1 year and not later than 5 years	-	-	-	717	717
Total lease commitments	-	-	-	1,779	1,779

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

22.2 Finance lease commitments

	Specialised military assets R'000	Land R'000	Buildings & other fixed structures	Machinery and equipment R'000	Total R'000
2013/14					
Not later than 1 year	-	-	-	104	104
Later than 1 year and not later than 5 years	-	-	-	15	15
Total lease commitments	-	-	-	119	119
	Specialised military assets R'000	Land R'000	Buildings & other fixed structures	Machinery and equipment R'000	Total R'000
2012/13					
Not later than 1 year	-	-	-	55	55
Later than 1 year and not later than 5 years	-	-	-	18	18
Total lease commitments	-	-	-	73	73

The nett present value of the leased assets (datacard agreements) under finance leases is R216 700 (2012/13: R125 000).

22.3 Finance lease commitments: Permanently allocated GG vehicles

The arrangement between the Department of Human Settlements and GMT constitutes finance leases. The obligation in respect of the finance leases are presented below:

	Within 1 year R'000	2 - 5 years R'000	More than 5 years R'000
2013/14			
Total future daily tariffs	3,423	13,003	1,736
Correction of prior year balances	(41)	(187)	-
	3,382	12,816	1,736
	Within 1 year R'000	2 - 5 years R'000	More than 5 years R'000
2012/13			
Total future daily tariffs	3,199	12,573	2,403

The Department of Human Settlements leased 74 vehicles from GMT during 2013/14 (2012/13: 76). Daily tariffs are payable on a monthly basis, covering the operational costs and capital costs toward replacement of vehicles and the implicit finance costs i.r.o. this type of arrangement.

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
23. Accrued departmental revenue		
Transactions in financial assets and liabilities	22 836	22 348
Total	22 836	22 348

The opening balance of R22 274 000 (2012/13) has been restated as R22 348 000 in 2013/14 due to an adjustment on the National Debtors System in 2012/13, which was incorrectly reflected in the AFS of 2012/13.

Included in the total amount of R22.836 million for Accrued departmental revenue are fraudulent subsidies previously allocated to non-qualifying beneficiaries which are being recovered by the Special Investigating Unit (SIU). To date a total amount of R8 831 904 (excluding interest) was claimed by the SIU, of which R4 885 712 was received by the Department. (In 2008/09 an amount of R459 825 was paid into the National Revenue Fund by the SIU.) The total amount still to be recovered from the non-qualifying beneficiaries by the SIU is R7 357 293, i.e. capital: R2 854 279 and accumulated interest: R4 503 014.

	2013/14 R'000	2012/13 R'000
23.1 Analysis of accrued departmental revenue		
Opening balance	22 348	22 647
Less: Amounts received	4 697	4 944
Add: Amounts recognised	6 443	5 288
Less: Amounts written-off/reversed as irrecoverable	1 258	643
Closing balance	22 836	22 348
23.2 Accrued department revenue written off		
Nature of losses		
Irrecoverable rental income written off	1 258	643
Total	1 258	643
23.3 Impairment of accrued departmental revenue		
Estimate of impairment of accrued departmental revenue	6,754	7,364
Total	6,754	7,364

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
24. Irregular expenditure		
24.1 Reconciliation of irregular expenditure		
Opening balance	43	565
Add: Irregular expenditure - relating to current year	-	43
Less: Prior year amounts condoned	(43)	-
Less: Current year amounts condoned	-	(565)
Irregular expenditure awaiting condonation	-	43
Analysis of awaiting condonation per age classification		
Current year	-	43
Total	-	43
		2013/14 R'000
24.2 Details of irregular expenditure condoned		
Incident	Condoned by (condoning authority)	
Procurement of goods and services without inviting at least 3 written price quotations.	Accounting Officer.	43
		43
25. Related party transactions		
Payments made		
Goods and services	7,167	20,546
Purchases of capital assets	3,366	3,819
Transfers	16,483	-
Total	27,016	24,365
Year end balances arising from revenue/payments		
Receivables from related parties		
Payables to related parties	35,596	36,306
Total	35,596	36,306

See Accounting Officers report for detail under related party transactions (refer to page 133)

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

	No. of Individuals	2013/14 R'000	2012/13 R'000
26. Key management personnel			
Political office bearers (provide detail below)	1	1,668	1,654
Officials:			
Level 15 to 16	1	763	1,199
Level 14 (incl CFO if at a lower level)	3	3,429	3,899
Total		5,860	6,752

Included in the aggregate remuneration of key management personnel is performance bonuses of R134 000.

The comparatively low amount for level 15 to 16 in 2013/14 is due to the post of Head of Department being vacant for 6 months.

27. Impairment: other

Potential irrecoverable debts:

Households (Out of service staff debtors)	11.1	164	196
Private enterprises	11.1	46,125	10,538
Staff debtors	11	316	384
Recoverable expenditure (Disallowance: damages & losses)	11.2	395	400
Total		47,000	11,518

28. Movable Tangible Capital Assets

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2014**

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	47	(47)	-	-	-
Heritage assets	47	(47)	-	-	-
MACHINERY AND EQUIPMENT	36,043	242	2,275	3,895	34,665
Transport assets	10,101	(122)	1,502	1,411	10,070
Computer equipment	21,623	(2,195)	696	1,706	18,418
Furniture and office equipment	2,820	2,917	49	632	5,154
Other machinery and equipment	1,499	(358)	28	146	1,023
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	36,090	195	2,275	3,895	34,665

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

28.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash R'000	Non-cash R'000	(Capital work- in-progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year R'000	Total R'000
MACHINERY AND EQUIPMENT	4,205	1,502	(3,444)	12	2,275
Transport assets	3,366	1,502	(3,366)	-	1,502
Computer equipment	684	-	-	12	696
Furniture and office equipment	49	-	-	-	49
Other machinery and equipment	106	-	(78)	-	28
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4,205	1,502	(3,444)	12	2,275

R4.58 million in respect of assets located at the Disaster Management Centre is still to be transferred to the Department of Local Government. However, the transfer of these assets is still in dispute.

Twenty eight major assets (mostly computer equipment) to the value of R328 000 are recorded on the asset register, but have been identified as part of the losses register. These items are under investigation.

28.2 DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received R'000
MACHINERY AND EQUIPMENT	-	3,895	3,895	-
Transport assets	-	1,411	1,411	-
Computer equipment	-	1,706	1,706	-
Furniture and office equipment	-	632	632	-
Other machinery and equipment	-	146	146	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	3,895	3,895	-

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

28.3 Movement for 2012/13

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2013

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	60	-	-	13	47
Heritage assets	60	-	-	13	47
MACHINERY AND EQUIPMENT	41,235	(101)	3,625	8,716	36,043
Transport assets	13,652	-	2,611	6,162	10,101
Computer equipment	22,605	(15)	773	1,740	21,623
Furniture and office equipment	2,957	(56)	176	257	2,820
Other machinery and equipment	2,021	(30)	65	557	1,499
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	41,295	(101)	3,625	8,729	36,090

28.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	347	75	10,234	-	10,656
Curr Year Adjustments to Prior Yr Balances	-	-	11	519	-	530
Additions	-	5	-	291	-	296
Disposals	-	-	86	1,101	-	1,187
TOTAL MINOR ASSETS	-	352	-	9,943	-	10,295

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	6	-	6
Number of minor assets at cost	-	112	-	7,565	-	7,677
TOTAL NUMBER OF MINOR ASSETS	-	112	-	7,571	-	7,683

35 Minor assets to the total value of R46 000 are recorded on the assets register, but have been identified as part of the losses register, which assets are under investigation.

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	330	89	11,330	-	11,749
Curr Year Adjustments to Prior Yr Balances	-	-	(3)	(234)	-	(237)
Additions	-	17	-	367	-	384
Disposals	-	-	11	1,229	-	1,240
TOTAL MINOR ASSETS	-	347	75	10,234	-	10,656

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	1	5	-	6
Number of minor assets at cost	-	114	68	8,344	-	8,526
TOTAL NUMBER OF MINOR ASSETS	-	114	69	8,349	-	8,532

Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2014

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	234	-	234
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	234	-	234

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2013

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	1,148	-	1,148
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	1,148	-	1,148

for the year ended 31 March 2014

29. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	696	(48)	10	45	613
TOTAL INTANGIBLE CAPITAL ASSETS	696	(48)	10	45	613

29.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash	Non-cash	(Development work-in- progress current costs)	Received current, not paid (Paid current	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	10	-	-	-	10
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	10	-	-	-	10

29.2 DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
SOFTWARE	-	45	45	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	-	45	45	10

29.3 Movement for 2012/13

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	645	-	51	-	696
TOTAL INTANGIBLE CAPITAL ASSETS	645	-	51	-	696

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

30.	Agent-Principal arrangements	2013/14 R'000
30.1	Department acting as Principal	
	Western Cape Municipalities	
	City of Cape Town	623 269
	Matzikama	20 504
	Cederberg	10 113
	Bergriver	7 340
	Saldanha Bay	50 398
	Swartland	36 851
	Witzenberg	38 919
	Drakenstein	67 968
	Stellenbosch	43 625
	Breede Valley	64 296
	Langeberg	14 356
	Theewaterskloof	48 677
	Overstrand	25 700
	Cape Agulhas	21 924
	Swellendam	46 814
	Kannaland	11 065
	Hessequa	8 354
	Mossel Bay	59 966
	George	68 375
	Oudtshoorn	27 295
	Bitou	76 190
	Knysna	56 262
	Laingsburg	3 011
	Prince Albert	17 428
	Beaufort West	21 196
		1 469 896
	SA Post Office	69
	Total	1 469 965

See Accounting Officers report for detail under Agent-Principal arrangement (refer to page 134)

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

31. Prior period errors

31.1 Correction of prior period error for secondary information

2012/13
R'000

The comparative amounts in Note 23.1 were restated as follows:

Less: Amounts received	(643)
Add: Amounts recognised	74
Less: Amounts written-off/reversed as irrecoverable	643

Net effect on the note

74

The comparative amounts in Note 25 were restated as follows:

Goods and services	(2,612)
Purchases of capital assets	3,819

Net effect on the note

1,207

Note 23.1: An automatic programme adjustment of the rental debtor accounts occurred on the National Debtor System at the beginning of 2013/14, retrospectively adjusting the rental debtors accounts for 2012/13. The relevant accounts on BAS could only be adjusted per journal in 2013/14 as BAS was already closed for 2012/13.

Note 25: The daily tariffs which were paid to Government Motor Transport in 2012/13 for the hire of GG-vehicles were erroneously classified as goods and services in the previous year's Annual Financial Statements. The daily tariffs are treated as finance leases in the books of account and as such treated as capital.

32. Statement of Conditional Grants Received

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2012/13	
	Division of Revenue Act/ Provincial Grants R'000	Roll Overs R'000	DORA Adjust- ments R'000	Other Adjust- ments R'000	Total Available R'000	Amount received by depart-ment R'000	Amount spent by depart- ment R'000	Under / (over- spending) R'000	% of available funds spent by dept %	Division of Revenue Act R'000	Amount spent by department R'000
Department of Human Settlements (Housing subsidies)	1,925,971	-	33,266	-	1,959,237	1,959,237	1,959,237	-	100	1,725,180	1,725,180
Expanded Public Works Incentive Grant	3,000	-	-	-	3,000	3,000	3,000	-	100	-	-
Total	1,928,971	-	33,266	-	1,962,237	1,962,237	1,962,237	-	-	1,725,180	1,725,180

It is certified that, in terms of DORA, all transfers (Human Settlement Development Grant) were deposited into the primary bank account of the Western Cape Government.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2012/13
	Amount R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by Municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	Total Available R'000
Settlement assistance:										
Mun: City of Cape Town	1,000	-	-	1,000	1,000	100%	1,000	1,000	100%	1,000
Accreditation assistance:										
Mun: City of Cape Town	10,000	-	-	10,000	10,000	100%	10,000	10,000	100%	10,000
Provincial housing acceleration grant:										
City of Cape Town	-	-	-	-	-	-	-	-	-	500
Mun: Beaufort West	-	-	-	-	-	-	-	-	-	2
Mun: Bitou	-	-	-	-	-	-	-	-	-	3,882
Mun: Cape Agulhas	-	-	-	-	-	-	-	-	-	2,500
Mun: Cederberg	-	-	-	-	-	-	-	-	-	5,000
Mun: George	7,500	-	-	7,500	7,500	100%	7,500	7,500	100%	20,500
Mun: Kannaland	-	-	-	-	-	-	-	-	-	5,000
Mun: Laingsburg	-	-	-	-	-	-	-	-	-	504
Mun: Langeberg	-	-	-	-	-	-	-	-	-	5,000
Mun: Mossel Bay	-	-	-	-	-	-	-	-	-	1,500
Mun: Oudtshoorn	-	-	-	-	-	-	-	-	-	5,000
Mun: Prince Albert	6,000	-	-	6,000	6,000	100%	6,000	6,000	100%	-
Mun: Saldanha Bay	8,000	-	-	8,000	8,000	100%	8,000	8,000	100%	2,580
Mun: Stellenbosch	-	-	-	-	-	-	-	-	-	15,000
Mun: Swartland	5,400	-	-	5,400	5,400	100%	5,400	5,400	100%	-
Mun: Swellendam	22,000	-	-	22,000	22,000	100%	22,000	22,000	100%	-
Mun: Witzenberg	3,200	-	-	3,200	3,200	100%	3,200	3,200	100%	2,000
Municipal rates and taxes:										
Mun: City of Cape Town	26,291	-	11,683	37,974	37,974	100%	37,974	37,974	100%	19,847
Mun: Beaufort West	-	-	-	-	-	-	-	-	-	1
Mun: Bitou	62	-	-	62	62	100%	62	62	100%	9
Mun: Breede Valley	113	-	-	113	113	100%	113	113	100%	-
Mun: Cederberg	9	-	3	12	12	100%	12	12	100%	49
Mun: Drakenstein	100	-	-	100	100	100%	100	100	100%	140
Mun: George	10	-	58	68	68	100%	68	68	100%	9
Mun: Hessequa	42	-	1	43	43	100%	43	43	100%	159
Mun: Kannaland	-	-	3	3	3	100%	3	3	100%	-
Mun: Matzikama	15	-	7	22	22	100%	22	22	100%	23
Mun: Mossel Bay	4	-	-	4	4	100%	4	4	100%	-
Mun: Overstrand	5	-	-	5	5	100%	5	5	100%	8
Mun: Saldanha bay	204	-	25	229	229	100%	229	229	100%	230
Mun: Stellebosch	106	-	2	108	108	100%	108	108	100%	119
Mun: Swartland	-	-	2	2	2	100%	2	2	100%	11
Mun: Swellendam	-	-	-	-	-	-	-	-	-	3
Mun: Theewaterskloof	178	-	12	190	190	100%	190	190	100%	-
Mun: Witzenberg	75	-	25	100	100	100%	100	100	100%	35
	90,314	-	11,821	102,135	102,135	-	102,135	102,135	-	100,611

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2012/13
	Adjusted appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	Appropriation Act R'000
SA Housing Foundation	-	-	-	-	-		267
SABC (TV Licences)	-	-	4	4	4	100%	-
Total	-	-	4	4	4		267

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 1C

STATEMENT OF TRANSFERS TO HIGHER EDUCATION INSTITUTIONS

UNIVERSITY/ TECHNIKON	TRANSFER ALLOCATION				TRANSFER			2012/13
	Adjusted appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Amount not transferred R'000	% of Available runs transferred %	Appropriation Act R'000
University of Cape Town	1 000	-	-	1 000	1 000	-	100%	1 000
Total	1 000	-	-	1 000	1 000	-		1 000

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				TRANSFER				2012/13
	Adjusted appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	Capital R'000	Current R'000	Appropriation Act R'000
Private Enterprises									
Transfers									
MacSand (Claim for reimbursement of royalties)	750	-	-	750	750	100%	-	750	-
TOTAL	750	-	-	750	750	-	-	750	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Employee soc. benefits - Leave gratuity	127	-	152	279	279	100%	329
Post retirement benefits	166	-	-	166	166	100%	345
Claims against the State	-	-	-	-	-		74
	293	-	152	445	445		748
Subsidies							
Human Settlement Development Grant	1 862 938	-	640	1 863 578	1 863 578	100%	1 641 829
Expanded Public Works Incentive	3 000	-	-	3 000	3 000	100%	-
	1 865 938	-	640	1 866 578	1 866 578		1 641 829
Total	1 866 231	-	792	1 867 023	1 867 023		1 642 577

Amounts transferred to municipalities, but not yet spent as per note 7, refer to transfers to municipalities from the Human Settlements Development Grant.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000

Received in cash

Danish Government (via RDP Fund)	Solar water heaters for houses on the N2 Gateway projects		10 934	435	10 499
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TOTAL			10 934	435	10 499
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2013/14 R'000	2012/13 R'000
Paid in cash		
SA Housing Foundation. (Sponsorship of housing conference)	100	-
Khayelitsha Development Forum (Sponsorship of gala evening)	100	-
Subtotal	200	-
Made in kind		
Paint for Mbekweni primary school	-	34
T- shirts for sports day	-	25
Cooler bags for year-end function	-	7
Awards for spring day competition winners	-	4
Gift bags for Govan Mbeki awards	-	1
Pens and note pads for long service awards	-	9
Sympathy flowers and fruit baskets	8	7
Prices for staff for participation in the Virtual Resource Centre (VRC) celebration week	1	-
Gift bags for SA Housing Foundation conference	2	-
USB Stylus pens for staff at year-end function	49	-
Subtotal	60	87
Remissions, refunds and payments made as an act of grace		
Loss of personal belongings of two cuban technical advisors due to burglary	-	2
Subtotal	-	2
Total	260	89

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 2

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014

Nature of liability	Opening balance 1 April 2013	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2014
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Eureka Bricks and Blocks v. Department of Human Settlements	466	-	-	-	466
Mr. Rudolph Orton t/a Roma Construction & Civils v. The Department of Human Settlements	1,647	-	-	-	1,647
Macsand v. Department of Human Settlements	951	-	951	-	-
Agulhas National Park (Emerald Insurance Co.) v. Department of Human Settlements	14,000	-	-	-	14,000
Sub-total	17,064	-	951	-	16,113
Other					
Hawston Seafarms Foundation v. Premier and the MEC for Dept. Human Settlements	87,158	-	-	-	87,158
Subtotal	87,158	-	-	-	87,158
TOTAL	104,222	-	951	-	103,271

In the case Macsand v. Department of Human Settlements, the Department paid a settlement amount of R750 000 to Macsand

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 3

CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000
Department						
WCG: Dept of Local Government	8	11	-	-	8	11
WCG: Department of the Premier	-	-	103	-	103	-
WCG: Department of Health	-	-	13	36	13	36
WCG: Department of Community Safety	-	-	-	20	-	20
Province of the Eastern Cape: Human Settlements: Corporate Com	-	-	-	1	-	1
National Department of Environmental Affairs	-	-	22	-	22	-
National Department of Public Works	-	-	1 643	-	1 643	-
Total	8	11	1 781	956	1 789	967

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

Government entity	Confirmed balance		Unconfirmed balance		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000

DEPARTMENTS

Current

Provincial Departments:

WCG: Department of the Premier	-	123	-	-	-	123
WCG: Department of Transport & Public Works (GMT)	-	-	-	675	-	675
KZN: Human Settlements	-	-	-	3	-	3
Department of Justice and Constitutional Development	31	-	-	23	31	23
Total Departments	31	123	-	701	31	824

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 5

INVENTORY

	2013/14		2012/13	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance	19 280	275	24 965	325
(Less): Adjustments to prior year balances	-	(1)	(247)	(3)
Add: Additions/Purchases - Cash	51 142	1 276	48 471	1 193
Add: Additions - Non-cash	-	-	1 498	52
(Less): Disposals	(1)	(3)	(26)	-
(Less): Issues	(49 224)	(1 301)	(54 130)	(1 252)
(Less): Adjustments	(3)	-	(1 251)	(40)
Closing balance	21 194	246	19 280	275

The inventory above mainly consists of stationery and printing supplies. Excluded is expenditure of R183 million (2126 completed houses and 103 non-residential sites) iro. infrastructure/housing projects on the N2 Gateway not yet transferred to beneficiaries. The number of sites and houses developed by the Department other than the N2 Gateway, but not yet transferred to beneficiaries, are 359 completed housing units, as well as 171 vacant serviced sites at an approximate value of R65 million. The total value of work-in-progress relating to the afore-said projects (1014 top structures under construction) is approximately R123 million.



Notes



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