



**Western Cape
Government**

Human Settlements



Annual Report 2012/2013
Department of Human Settlements

DEPARTMENT
OF HUMAN
SETTLEMENTS

WESTERN CAPE GOVERNMENT

VOTE 08

**ANNUAL
REPORT
2012/13**

CONTENTS



PART A: GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION 1

2. LIST OF ABBREVIATIONS/ACRONYMS 2

3. STRATEGIC OVERVIEW

 3.1. Vision 4

 3.2. Mission 4

 3.3. Values 4

 3.4. Strategic outcome orientated goals 4

4. LEGISLATIVE AND OTHER MANDATES 5

5. ORGANISATIONAL STRUCTURE 7

6. ENTITIES REPORTING TO THE MINISTER/MEC 8

7. FORWARD BY MEC OF THE DEPARTMENT 9

8. OVERVIEW OF THE ACCOUNTING OFFICER 11

PART B: PERFORMANCE INFORMATION

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION 13

2. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES 14

3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

 3.1. Service Delivery Environment 14

 3.2. Service Delivery Improvement Plan 15

 3.3. Organisational environment 21

 3.4. Key policy developments and legislative changes 21

4. STRATEGIC OUTCOME ORIENTED GOALS 21

5. PERFORMANCE INFORMATION BY PROGRAMME

 5.1. Programme 1: Administration 23

 5.2. Programme 2: Housing Needs, Research and Planning 27

 5.3. Programme 3: Housing Development 33

 5.4. Programme 4: Land and Asset Management 41

6. SUMMARY OF FINANCIAL INFORMATION

 6.1. Departmental receipts 47

 6.2. Programme Expenditure 48

 6.3. Transfer payments, excluding public entities 49

 6.4. Public Entities 51

 6.5. Conditional grants and earmarked funds paid 51

 6.6. Conditional grants and earmarked funds received 51

 6.7. Donor Funds 52

 6.8. Capital investment, maintenance and asset management plan 52

PART C: GOVERNANCE 53

PART D: HUMAN RESOURCE MANAGEMENT 63

PART E: ANNUAL FINANCIAL STATEMENTS

Report of the Accounting Officer 117

Report of the Auditor-General 130

Accounting Policies 136

Appropriation Statement 147

Notes to the Appropriation Statement 153

Statement of Financial Performance 155

Statement of Financial Position 156

Statement of Changes in Net Assets 157

Cash Flow Statement 158

Notes to the Annual Financial Statements 159

Disclosure Notes to the Annual Financial Statements 170

Annexures to the Annual Financial Statements 182



PART A: GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS: 27 Wale Street
Cape Town
8001

POSTAL ADDRESS: Private Bag X9083
Cape Town
8000

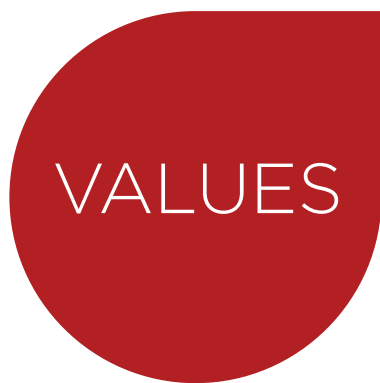
TELEPHONE NUMBER/S: 021 483 8159

EMAIL ADDRESS: shanaaaz.adams@westerncape.gov.za

WEBSITE ADDRESS: www.westerncape.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AA	Account Administrators	MPAT	Management Performance Assessment Tool
ACC	African Centre of Cities	MTEC	Medium Term Expenditure Committee
AG	Auditor General	NHBRC	National Home Builders Regulatory Council
AO	Accounting Officer	NRF	National Revenue Fund
BAC	Bid Adjudication Committee	OHASA	Occupational Health and Safety Act
BCP	Business Continuity Plan	OPSCAP	Operating Capital Budget
BEC	Bid Evaluation Committee	OSD	Occupational Specific Dispention
BESP	Built Environment Support Programme	PA	Performance Agreement
CDW	Community Development Workers	PERSAL	Personnel Salary System
CGRO	Corporate Governance Review and Outlook	PILIR	Policy on Incapacity Leave and Ill-Health Retirement
CSC	Corporate Service Centre	PSO	Provincial Strategic Objective
DPSA	Department of Public Service and Administration	PT	Provincial Treasury
ERMCOM	Enterprise Risk Management Committee	PWD	People with Disability
FIU	Forensic Investigative Unit	SCM	Supply Chain Management
FGRO	Finance Governance Review and Outlook	SDF	Spatial Development Framework
GAP	Governance Action Plan	SDP	Standard Operating Procedures
HCE	Housing Consumer Education	SHEQ	Safety Health Environment and Quality
HCT	HIV Counselling and Testing	SHRA	Social Housing Regulatory Authority
HR	Human Resource	SLA	Service Level Agreement
HRD	Human Resource Department	TRA	Temporary Residential Area
HSP	Human Settlement Plans	UNAIDS	United Nations Programme on HIV and AIDS
IDP	Integrated Development Plan	VCT	Voluntary Counselling and Testing
IYM	In Year Monitoring	WCG	Western Cape Government
M&E	Monitoring and Evaluation	WCHDDIP	Western Cape Housing Demand Data Improvement Programme
MMS	Middle Management Services	WCSD	Western Cape Suppliers Database
MOU	Memorandum of Understanding		



3. STRATEGIC OVERVIEW

3.1. Vision

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

3.2. 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.

3.3. Values

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

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

3.4. Strategic outcome orientated goals

The Department of Human Settlements has 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: | A fully functional department capacitated to deliver services. |

4. LEGISLATIVE AND OTHER MANDATES

4.1 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 Constitution further provides that housing is a competency that is held concurrently by national and provincial governments.

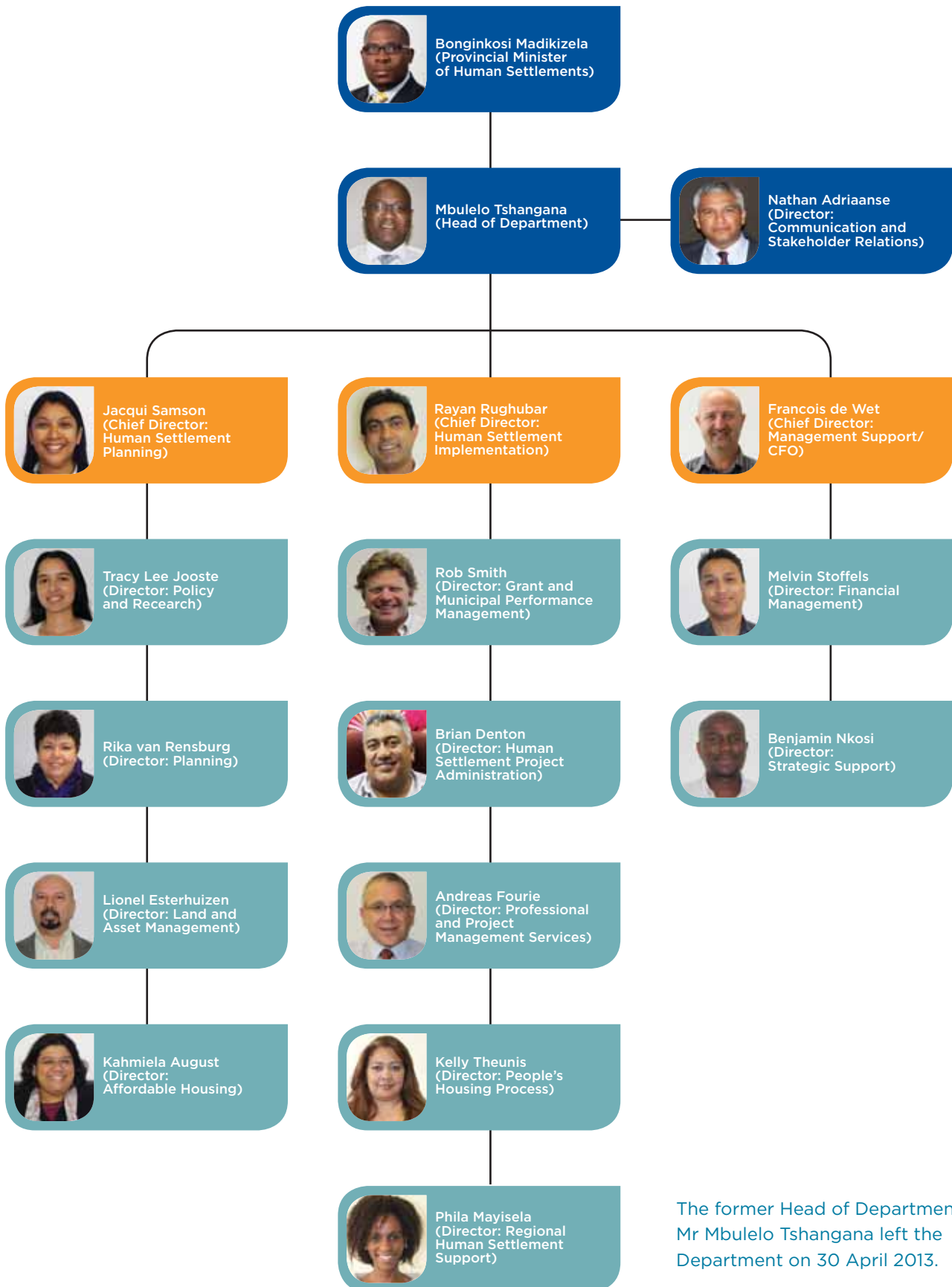
4.2 Statutory Mandates

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



5. ORGANISATIONAL STRUCTURE



The former Head of Department, Mr Mbulelo Tshangana left the Department on 30 April 2013.

6. ENTITIES REPORTING TO THE MINISTER/MEC

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 WCHDF 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.



FOREWORD

BY MEC OF THE DEPARTMENT

It is my pleasure to present the Department of Human Settlements's Annual Report for the 2012/ 13 financial year. During the past year, our approach to the provision of human settlements was guided by the priorities contained in Strategic Objective 6, a provincial initiative that tasks the Department with 'Developing Integrated Human Settlements', as well by Outcome 8, adopted by the national government in 2010. More recently, the Department also began to incorporate the provisions contained in the National Development Plan.



In my Budget Vote speech to the Western Cape Legislature in March 2013, I highlighted a number of priority areas in which I believe that the Department had fulfilled its mandate effectively. These include receiving an unqualified audit opinion on the Western Cape Housing Development Fund as well as the the Access to Basic Services Programme, launched in January 2012. By March 2013, the program had ensured that a total of 456 standpipes and 1 179 toilets had been delivered. A total of 5 895 households, have benefitted from access to clean water, and 5 685 households have benefitted from access to sanitation.

The Western Cape Department of Human Settlements was the first in the country to pursue the incorporation of Alternate Building Technologies at scale into the subsidized housing environment. Consequently a project of approximately 2000 houses in the Delft Symphony area was identified for implementation and construction started in March 2013. It is hoped that the experience gained through this project will shape the future for such technologies to offer more affordable products for this market in the coming years.

The Department also remained committed to provide on-going support to municipalities to plan and implement human settlements projects successfully. In this regard a number of measures were put in place, during the period under review:

- The Housing Demand Data Improvement Programme commenced in 2010, with the aim of supporting and assisting municipalities to improve their housing demand data collection processes and systems and to minimise instances of unfair housing allocations. The Department subsequently developed the Western Cape Housing Demand Database, a web-based system for hosting the housing demand data of all 24 non-metro municipalities of the Western Cape. This system introduced controls which will assist in improving the quality of housing demand data captured in municipalities.
- In September 2012, the Department formally adopted the 'Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects'. This is a set of norms and standards for municipalities to select beneficiaries from municipal housing demand databases for subsidized housing. The purpose of the framework is to enhance fairness and transparency of processes used by municipalities to select subsidy beneficiaries.
- Human Settlement Pipelines were developed for all municipalities with a future horizon of five years. This enabled the Department to ensure that there are adequate projects ready in order to meet its targets, and if projects were to become blocked, other projects could be accelerated in order to mitigate the effect on delivery. Project approvals are to be evaluated against the pipelines to ensure that these are included in municipal Integrated Development Plans.

In conclusion, I want to extend my gratitude to the Department's staff complement. The professionalism and commitment of its officials were pivotal in the achievements reached in the year gone by.



Bonginkosi Madikizela

Minister for Human Settlements

Provincial Government of the Western Cape

Accounting Officer's Overview

In 2012/13 the Department expressed its commitment to the Provincial Strategic Objectives and the National Outcomes by successfully implementing a number of programmes that support these strategies and its strategic goals. While challenges have been experienced in terms of organisational restructuring and actual delivery, the Department has endeavoured to put measures in place to ensure that it delivers on its mandate.

The following is an account of some of the highlights and challenges experienced by the Department in the year under review (2012/13).



In an attempt to improve efficiency, the Department appointed contract workers additional to the establishment to address the shortcomings in the current, approved establishment, which led to a vacancy rate of only 1.4%. This intervention had a positive impact on service delivery. Furthermore, the Department introduced a regional approach to deliver services to the people of the Western Cape with a more hands-on planning and delivery model.

To support municipalities in improving their housing demand data collection processes, the Department developed the Western Cape Housing Demand Data Improvement Programme (WCHDDIP), which is a web-based system for hosting the housing demand data of all non-metro municipalities of the Western Cape. This system introduces controls which will assist in improving the quality of housing demand data capture in municipalities and to minimise situations of unfair housing allocations and data tampering. The database also assists human settlement planning processes.

In September 2012, the Department formally adopted a set of norms and standards for municipalities to select beneficiaries from municipal housing demand databases for subsidy housing projects termed

the “Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects”. The purpose of the framework was to enhance fairness and transparency of processes used by municipalities to select subsidy beneficiaries. The Framework Policy defines core principles and mechanisms for selection and requires municipalities to develop their own selection policies that are consistent with the Framework Policy.

In terms of actual delivery, the Department delivered a total of 8 248 sites against a target of 10 615 and 13 128 houses against a target of 15 567, with an additional 2 122 houses at advanced stages of construction. While the Department acknowledges that targets have not been met, it should be noted that this was largely a result of persistent community dynamics such as social unrest, community resistance, intimidation of contractors and outbreaks of violence. Other causes of delays include planning approval objections, procurement objection delays and the inability to secure tenders within the subsidy amount.

Despite these challenges, the Department is committed to improving its performance and has developed a number of mitigation strategies to improve delivery. These include the reallocation of the Human Settlements Development Grant (HSDG) to municipalities that have projects that are under construction or projects ready for construction. In addition, professional resource teams (PRTs) have been appointed to plan and package projects for the ensuing financial year and beyond, thus strengthening the Department’s ability to create a credible project pipeline and deliver on its targets. The PRTs have already had a positive impact on the pipelines and the Department is confident that the planning process will improve in the ensuing years.

The Department reduced the number of debtors by 689. The consequence of this debt reduction initiative aided in the transfer of 245 properties into the names of beneficiaries. These endeavours contribute to the strategic outcome of inculcating a sense of ownership, rights and responsibility and uplifting the poor through ownership and asset creation.



MR R RUGHUBAR

ACCOUNTING OFFICER (ACTING)

PART B:

PERFORMANCE INFORMATION

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the department's performance information and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the department for the financial year ended 31 March 2013.



MR R RUGHUBAR
Accounting Officer (Acting)

2. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary 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 132 of the Report of the Auditor General, published as Part E: Financial Information.

3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

3.1. Service Delivery Environment

In terms of actual delivery the Department delivered a total of 8 248 sites and 13 128 houses, with an additional 2 122 houses at advanced stages of construction. In addition, the Department appointed professional resource teams (PRTs) to assist with planning and implementation of human settlements projects. The value added by the PRTs is evident in the longer term human settlement plans that have been finalised for many municipalities.

The People's Housing Process (PHP) programme substantially exceeded the planned targets, as PHP projects were used to mitigate poor performance within other programmes.

Furthermore, the Department reduced the number of debtors by 689. The consequence of this debt reduction initiative aided in the transfer of 245 properties into the names of beneficiaries. These endeavours contribute to the strategic outcome of inculcating a sense of ownership, rights and responsibility and uplifting the poor through ownership and asset creation.

3.2. 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 provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Supporting Municipalities to deliver Credible Human Settlement Plans (HSPs)	Housing Planning units within municipalities		a) Providing assistance/ support to 15 municipalities in order to deliver Credible HSPs	a) 12 HSPs have been finalised. 3 draft HSPs are in the process of being finalised
Educate beneficiaries on their rights and responsibilities of home ownership and rental	Housing beneficiaries		b) 10 Workshops to be provided to housing beneficiaries	b) 13 workshops were provided for housing beneficiaries and an additional 70 workshops were held for municipalities.

Consultation arrangements with customers

Type of arrangement	Actual achievements
Municipalities to deliver Credible Human Settlement Plans (HSPs)	
a) BESP Steering Committees	a) A BESP Steering Committee is operational and is used to encourage other Departments to get involved in SDF and HS planning.
b) Site Visits/hands on support	b) Hands on support was rendered to all Municipalities. Site visits were conducted to 6 municipalities: Mossel Bay, Bitou, Hessequa, Cape Agulhas, Breede Valley and Theewaterskloof
c) BESP Project Committees per municipality	c) Using the BESP Project Committees, technical meetings were held with 12 municipalities, to develop the SDF and HSP. An additional 3 municipalities are currently in the process of formalising their Committee
d) Information sessions: District Forum meetings (once a quarter)	d) 4 Regional forums established and operational. Active participation in all forums with specific focus on HSPs, HS pipelines and planning processes
e) Provincial and local level visits	e) Municipal visits to all municipalities with specific focus on 6 BESP municipalities in 2012/13
f) Regional Coordinators	f) Close cooperation with regional personal contact managers through meetings and personal contact
Educate beneficiaries on their rights and responsibilities of home ownership and rental	
a) Telephone discussion	a) Telephone discussion
b) Emails	b) Emails
c) Formal letters	c) Formal letters
d) Workshops evaluation questionnaire	d) Workshops evaluation questionnaire
e) Meetings	e) Meetings

Type of arrangement	Actual achievements
f) Helpdesk	f) Helpdesk <ul style="list-style-type: none"> - Assisted 37 430 clients - received and resolved 194 emails and 76 Presidential Hotline enquiries - Department received a 100% success resolution rate towards Presidential Hotline - The Department offers people living in semi-urban and rural areas easier access to its services by participating in a number of Thusong mobile outreach programmes. The department participated in 29 programmes

Service delivery access strategy

Access Strategy	Actual achievements
Supporting Municipalities to deliver Credible Human Settlement Plans (HSPs)	
a) ISM Building, 10th Floor, 27 Wale Street, Cape Town	a) 10th Floor, 27 Wale Street, Cape Town
b) On-site at municipalities	b) 66 on site technical and steering committee meetings
Educate beneficiaries on their rights and responsibilities of home ownership and rental	
a) ISM Building, 10th Floor, 27 Wale Street, Cape Town	a) 13 HCE sessions at, 27 Wale Street Cape Town
b) In municipal areas	b) 70 HCE sessions held within municipal areas

Service information tool

Types of information tool	Actual achievements
Supporting Municipalities to deliver Credible Human Settlement Plans (HSPs)	
<ul style="list-style-type: none"> a) Site Visits/hands on support b) Provincial and local level visits c) Information sessions d) Workshops e) One-on-one meetings f) Quarterly District municipal meetings g) Inter-Governmental Relations Forums h) Written communication (including E-mail) i) Newsletter j) Departmental website k) Information warehouse l) Annual Report m) Road shows 	<ul style="list-style-type: none"> a) Hands on support was rendered to all municipalities. Site visits were conducted at 6 municipalities. These include Bitou, Mossel Bay, Hessequa, Cape Agulhas, Breede Valley and Theewaterskloof b) Municipal visits to all municipalities with specific focus on 6 BESP municipalities in 2012/13 c) Councillor training for 23 municipalities. d) BESP workshops were held at 8 municipalities: Matzikama, Beaufort West, Mossel Bay, Bitou, Hessequa, Cape Agulhas, Breede Valley and Theewaterskloof e) 2 meetings at Oudtshoorn and Hessequa municipalities f) 1 active meeting held at West Coast District Municipality and 1 ad hoc meeting held at Eden District Municipality g) IDP Indaba sessions were held annually per region and Working Group meetings for PSO10. Other forums include land use management, affordable housing, infrastructure and spatial information forum h) Regular written communication with municipalities and relevant departments and stakeholders i) Update on Theewaterskloof and Cape Agulhas municipalities regarding the signoff of HSPs by municipal councillors in the departmental newsletter. Training for 14 municipalities covered in the newsletter j) No information regarding this programme is available on the website k) No information regarding this programme is available on the information warehouse. l) Reported in the Annual Report under the following indicator: <i>number of municipalities capacitated and supported with regard to human settlement (housing) development planning and number of planned human settlement development projects based on IDP, National and Provincial priorities</i> m) 23 local municipalities participated in councillor training in human settlement planning.

Educate beneficiaries on their rights and responsibilities of home ownership and rental

a) Telephone

b) E-mails

c) Formal letters

d) Workshops evaluation questionnaire

e) Meetings

a) Over 10 telephone queries

b) 5 email enquiries

c) None

d) 2 Train the trainer workshops with evaluation reports received from the service provider

e) 3 Sub steering committee meetings and 7 meetings with other HCE stakeholders and municipalities



Complaints mechanism

Complaints Mechanism	Actual achievements
Supporting Municipalities to deliver Credible Human Settlement Plans (HSPs)	
<ul style="list-style-type: none"> a) Operational complaints help-desk b) Toll-free service c) Steering Committees d) Site visits/hands on support e) Verbal and written communication via MEC and HOD f) Direct contact with supervisor / manager g) Correspondence with supervisor / manager 	<ul style="list-style-type: none"> a) Helpdesk available at 27 Wale Street Cape Town b) No toll free service is available for this Programme. c) Steering Committee is operational d) Hands on support provided to municipalities, as mentioned above. e) 4 supporting documentation via MEC to support the HSPs in Hessequa, Cape Agulhas, Theewaterskloof and Breede Valley municipalities f) Ongoing contact with supervisor / manager g) Ongoing correspondence with supervisor / manager
Educate beneficiaries on their rights and responsibilities of home ownership and rental	
<ul style="list-style-type: none"> a) Help desk is available for clients to lay their complaints b) Clients are allowed to direct their complaints to the manager relevant for this project c) The workshop evaluation questionnaire also allows the beneficiaries to lay complaints and the department to redress 	<ul style="list-style-type: none"> a) Helpdesk is available at 27 Wale Street for this purpose b) Yes, director and staff c) Yes, feedback received from beneficiaries, CDW's and officials are always welcomed after a session, meeting or workshop.

3.3. Organisational environment

The department has been undergoing a process of realignment of its structure to more effectively fulfil its mandate. This is a tedious process to align the business model and the organisational structure. This process has not been finalised as yet, but key challenges have been identified and addressed in the proposed structure.

3.4. Key policy developments and legislative changes

No policy or legislative changes have occurred in the reporting year.

4. STRATEGIC OUTCOME ORIENTED GOALS

Strategic Outcome Oriented Goals	Progress Made
Fully functional department capacitated to deliver services	The Department appointed contract workers additional to the establishment to address the shortcomings in the current approved establishment. These appointments are funded by the vacancies on the permanent structure. The vacancy rate including contract appointments amounts to 1,4%.
Introduce a coordinated approach for human settlements through effective Integrated Development Planning / Human Settlement Planning	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. A number of municipalities have improved their planning processes and built robust human settlement project pipelines.
Accelerate the provision of housing opportunities including the prioritisation of serviced sites	<p>A number of projects were delayed for the following reasons:</p> <ul style="list-style-type: none">- Planning approval objections- Community relocation delays- Procurement objection delays- Inability to secure tenders within the subsidy amount <p>The delays caused by the issues listed above resulted in a number of municipalities not being able to meet the agreed targets, which in turn hindered the Department's ability to meet its targets.</p>



5. PERFORMANCE INFORMATION BY PROGRAMME

5.1. 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:

To facilitate delivery through sound administration.

Performance overview

The Department of the Premier is currently developing a new organisational structure for the Department. This is a tedious process to align the business model and the organisational structure. The Department appointed contract workers additional to the establishment to address the shortcomings in the current approved establishment leading to a vacancy rate of only 1.4% of the funded posts on the approved establishment. This intervention had a positive impact on service delivery whereby the Department introduced a regional approach to deliver services to the people of the Western Cape and a more hands on delivery model. Regional staff is now accountable for the total delivery in the respective regions – from pipeline development to implementation.

The above intervention also contributed to ensuring that the Department attained a level 3 financial management capability rating. The turnaround of the Western Cape Housing Development Fund's audit outcome of a disclaimer in 2010/11 to an unqualified opinion for 2011/12 is the direct result of appointing staff with the necessary skills and qualifications in a changed environment while the new structure is still being developed. The WCHDF regressed to a qualified audit opinion for the financial year under review. The regression was due to valuations of certain vacant land and the Deeds Office information not being updated.

The Department also finalised the successful transfer of the financial functions and the movable assets to the Department of Local Government at the end of the financial year. This was highlighted by the Auditor General as a risk in the previous audits. The final stage is the transfer of the general support services (transport, registry and accommodation).

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives

Programme 1: Administration						
Strategic objectives	Strategic objectives Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Fully functional department capacitated to deliver services	Percentage of funded posts vacant	3.7%	Less than 12%	1.4%	-	-
Attaining a level 3 and beyond financial management capability rating	Overall level of financial capability maturity achieved in a given year	2.92	3	3	-	-

Performance indicators

Programme 1: Administration

Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from planned target to actual achievement for 2012/13	Comments on deviations
Percentage of funded posts vacant	3.7%	Less than 12%	1.4%	-	-
Overall level of financial capability maturity achieved in a given year	2.92	3	3	-	-
Supply chain and asset management	2.23	2.5	2.5	-	-
Cooperative governance	2.87	3	3	-	-
Financial accounting	3.36	3.5	3.5	-	-
Supporting and interlinked financial systems	2.84	3	3	-	-

Strategy to overcome areas of under performance

There was no under- performance for the year. The Department will however strive to improve on existing delivery initiatives and to introduce new and more effective and efficient ways of supporting the line functions.

Changes to planned targets

The Department based the financial maturity targets and indicators on the FGRO. This was subsequently replaced by the CGRO with other indicators. The Annual Performance Plan for 2013/14 was updated to effect the change. No targets have been adjusted during the financial year under review. The MPAT assessment was taken into consideration.

Linking performance with budgets

2012/2013				2011/2012		
Sub-Programme Name	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	5 778	5 778	-	4 920	4 898	22
Corporate Services	77 457	77 457	-	70 866	70 866	-
Total	83 235	83 235	-	75 786	75 764	22

5.2. 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 a provincial Multi-Year Housing Development Plan
Research:	To conduct research on demand for housing.

Strategic Objectives:

Integrate the work of different departments involved in human settlement development, using the Integrated Development Plans (IDPs) as the basis.

Performance Review

During the 2012/13 financial year, the Department made substantial gains towards meeting Strategic Objective 6.

A Memorandum of Agreement was signed with the African Centre for Cities (ACC) at the University of Cape Town, to provide research and facilitation support in key policy areas of human settlements. The ACC partnership allowed the Department to access a wide array of expert inputs from academics and practitioners working in South Africa via workshops, consultation sessions and interviews. The partnership has also assisted in building capacity internally and improving government's linkages with a wider range of stakeholders.

The Housing Demand Data Improvement Programme commenced in 2010, with the aim of supporting and assisting municipalities to improve their housing demand data collection processes and systems and to minimise situations of unfair housing allocations and data tampering. During the financial year under review the Department finalised the development of the Western Cape Housing Demand Data Improvement Programme (WCHDDIP) which is a web-based system for hosting the housing demand data of all 24 non-metro municipalities of the Western Cape. This system introduces controls which may assist in improving the quality of housing demand data captured in municipalities. The database also assists human settlement planning processes. During the financial year under review, housing demand data from non-metro municipalities of the Western Cape was loaded onto the WCHDDIP and these municipalities were trained on the system's functionality. Through this programme all municipalities now have access to an online platform for capturing and receiving their own housing demand data. A series of database enhancements are planned for the next year.

In September 2012, the Department formally adopted a set of norms and standards for municipalities to select beneficiaries from municipal housing demand databases for subsidy housing projects termed the “Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects”. The purpose of the framework was to enhance fairness and transparency of processes used by municipalities to select subsidy beneficiaries. The Framework Policy defines core principles and mechanisms for selection and requires municipalities to develop their own selection policies that are consistent with the Framework Policy.

Human Settlement Pipelines were developed for all municipalities with a future horizon of 5 years. This enables the Department to constructively focus on working towards the implementation readiness of these projects. Over the year, an increasing amount of housing projects were aligned to PSO 6 and Outcome 8. This was because the municipalities realised the importance of the housing pipelines and the coordinating role of the IDPs.

Underpinning these achievements were support rendered to municipalities to empower and capacitate officials in human settlement planning and development through formal courses and continuous interaction with individual municipalities.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives

Programme 2: Housing Needs, Research and Planning						
Strategic objectives	Strategic Objective Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Performance 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Integrate the work of different departments involved in human settlement development, using Integrated Development Plans (IDPs) as the basis.	Number of planned human settlement (housing) development projects based on IDPs, National and Provincial priorities approved	-	20	36	16	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 pipelines, producing more projects ready for implementation.
	Number of municipalities capacitated and supported with regard to Human Settlement (housing) development planning	-	14	14		-



Performance indicators

Programme 2: Housing Needs, Research and Planning

No.	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from planned target to actual achievement for 2012/13	Comments on deviations
2.1.	Number of Acts and/or policies approved	-	1	1	-	Note should be taken of the fact that the initial intention was to review the Western Cape Housing Development Act, however given the process by the National Department of Human Settlement to review the National Housing Act, the review of the Western Cape Housing Development Act was postponed. The Department however, proceeded to review the Western Cape Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership based subsidy projects.
2.2	A Multi-Year Housing Development Plan / APP developed by October	1	1	1	-	-
2.3	Number of planned human settlement (housing) development based on IDP's and National and Provincial Priorities approved	-	20	36	16	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 a 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	14	-	-
2.5	Number of research papers completed	1	1	1	-	-

Strategy to overcome areas of under performance

Programme 2 has achieved all its targets. Focussed attention to continue and improve the current initiatives are included in the plans of the next financial year.

Changes to planned targets

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

Linking performance with budgets

2012/2013				2011/2012		
Sub- Programme Name	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	8 872	8 748	124	9 975	8 530	1 445
Planning	5 218	5 218	-	4 049	4 049	-
Total	14 090	13 966	124	14 024	12 579	1 445

5.3. 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 five sub programmes, namely:

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

Strategic Objectives:

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

The Department had set ambitious targets for sites and houses based on projects being planned as well as those that were ready to commence construction. During the course of the year it became apparent that many projects planned to upgrade the conditions within informal settlements would be delayed by the unwillingness of some community members to relocate. The Joe Slovo and Boystown projects being undertaken by the department suffered substantial delays and costs due to this.

In an effort to test the use of alternate building technologies within the subsidised housing environment, a project of approximately 2 000 houses was identified. This required intense specification development and bid procedures which also impacted on the implementation timeline.

The Department then reallocated funds through the mid-year adjustment budget to projects that were able to accelerate delivery.

At the end of March 2013, a total of 8 248 sites and 13 128 houses were completed with an additional 2 122 houses at advanced stages of construction. In addition, 1257 CRU units were upgraded and 1 215 units were rectified.

In further developing the strategy to support and capacitate municipalities through regional structures, the department appointed professional resource teams (PRTs) to assist with planning and implementation of human settlements projects. The value added by the PRTs is evident in the longer term human settlement plans that have been finalised for many municipalities. These plans translate into implementable projects that are prioritised for execution, thereby leading to credible business plans and ultimately to realistic performance targets.

The emphasis placed on supporting and developing communities has been demonstrated in the achievements of the Peoples' Housing Process (PHP) programme that was able to substantially exceed the planned targets. The programme now includes the support of the NHBRC in ensuring the quality delivered by smaller contractors that are contracted by communities.

In terms of Social Rental Housing, development usually occurs in the form of high density blocks on a single site. Although a block may be completed, the site cannot be handed over until all the blocks are done as the site remains a construction site. Using the Steenberg project as an example, some of the blocks were completed in the third quarter, however the units were only counted in the fourth quarter, when all the units were completed and the site could be handed over.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives

Programme 3: Housing Development

Strategic objectives	Strategic Objective Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Upscale the provision and implementation of serviced sites	Total number of serviced sites delivered across the Province	8 686	10 615	8 248	-2 367	<p>A number of projects were delayed for the following reasons;</p> <ul style="list-style-type: none"> - planning approval objections - community relocation delays - Procurement objection delays - Inability to secure tenders within the subsidy amount <p>The delays caused by the issues listed above resulted in a number of municipalities not being able to meet the agreed targets, which in turn hindered the Department's ability to meet its targets.</p>
Increase beneficiary involvement of housing opportunities	Number of PHP units built	4 267	4 468	5 449	981	<p>A number of projects aimed at delivering top structures were delayed as a result of social unrest and administrative backlogs. In order to mitigate the possible shortfall on the top structures target, a number of active PHP projects were accelerated.</p>



Performance indicators

Programme 3: Housing Development

No.	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from planned target to actual achievement for 2012/13	Comments on deviations
3.1	Total number of new housing units completed across all housing programmes being utilised in the Province	11 065	15 567	13 128	-2 439	A number of projects were delayed as a result of persistent community dynamics, i.e. social unrest and community resistance, intimidation of contractors, violence breaking out in some areas and the inability to secure tenders within the subsidy amount. These delays resulted in the Department not being able to meet its target.
3.2	Total number of serviced sites	8 686	10 615	8 248	-2 367	A number of projects were delayed for the following reasons; <ul style="list-style-type: none"> - planning approval objections - community relocation delays - Procurement objection delays - Inability to secure tenders within the subsidy amount The delays caused by the issues listed above resulted in a number of municipalities not being able to meet the agreed targets, which in turn hindered the Department's ability to meet its targets.
3.3	Total number of emergency housing and other housing opportunities provided	2 852	3 648	2 895	-753	The Department and municipalities have implemented a number of mitigators to manage disasters such as floods and fires. As a result, the need for emergency housing has decreased.
Financial Interventions						
3.4	Number of housing units rectified post 1994	508	1 702	1 215	-487	The rectification policy has been revised and as a result all existing applications had to be reviewed based on the new guidelines. In addition, a number of municipalities prioritised the construction of new housing opportunities as opposed to the rectification of existing structures

Programme 3: Housing Development

No.	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from planned target to actual achievement for 2012/13	Comments on deviations
Incremental Housing						
3.5	Number of new serviced sites connected to basic water and sanitation services as part of the Integrated Residential Development Programme (IRDP)	4 539	2 884	3668	784	A number of projects have been accelerated under the IRDP to mitigate the shortfall for projects under the UISP, that were not able to meet the targets as agreed.
3.6	Number of housing units completed (IRDP Phase 4)	3 359	10 409	6 868	-3 541	A number of projects were delayed as a result of community dynamics, i.e. social unrest and community resistance, intimidation of contractors and violent uprisings in certain areas. These persistent delays contributed to the Department not being able to meet the target.
3.7	Number of households connected to basic services as part of the Informal Settlement Upgrading Programme (UISP)	3 359	7 731	4 039	-3 692	A number of projects were delayed for the following reasons; <ul style="list-style-type: none"> - planning approval objections - community relocation delays - Procurement objection delays - Inability to secure tenders within the subsidy amount These persistent delays resulted in the Department not being able to meet the target.
3.8	Number of sites serviced to households needing temporary assistance (EHP)	-	946	423	-523	As a result of community objections for the construction of the Temporary Residential Area (TRA) in Delft as planned, the Department was not able to meet the target.

Programme 3: Housing Development

No.	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from planned target to actual achievement for 2012/13	Comments on deviations
Social and Rental Housing						
3.9	Number of housing units completed (Institutional)	60	120	-	-120	The implementation of the Amakhaya Ngoku project has been postponed as a result of governance and property management issues. The Social Housing Regulatory Authority (SHRA) will be undertaking a Due Diligence Assessment to establish a way forward.
3.10	Number of housing units completed (Social)	-	270	270	-	-
3.11	Number of new housing units completed (CRU)	-	300	-	-300	The finalization of the application was delayed as a result of community dynamics, i.e. social unrest and community resistance. Furthermore, the City of Cape Town reallocated funds from this project.
3.12	Number of CRU units refurbished	1 865	1 000	1 257	257	CRU refurbishment projects were accelerated where possible in order to mitigate unexpected time delays caused by community dynamics and violence in areas. Furthermore, the City of Cape Town reallocated funding to refurbishment projects, which resulted in the over performance.
Peoples Housing Process						
3.13	Number of housing units completed (PHP)	4 267	4 468	5 449	981	A number of projects aimed at delivering top structures were delayed as a result of social unrest and administrative backlogs. In order to mitigate the possible shortfall on the top structures target, a number of active PHP projects were accelerated.

Strategy to overcome areas of under performance

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 the delivery of human settlements:

- the reallocation of the Human Settlement Development Grant (HSDG) to municipalities that have projects under construction or projects ready for construction,
- engagement sessions held with all municipalities by the Regional Managers and the Professional Resource Teams (PRTs), to plan and package projects for the ensuing financial year and beyond,
- the development of planning and implementation pipelines, and
- the calculation for the allocations to municipalities for the 2013/14 financial year has been based on the readiness of individual projects ready for implementation.

Changes to planned targets

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

Linking performance with budgets

2012/2013				2011/2012		
Sub- Programme Name	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	115 831	115 831	-	60 409	59 770	639
Financial Interventions	185 677	185 677	-	194 805	194 805	-
Incremental interventions	1 160 529	1 160 529	-	1 237 054	1 237 054	-
Social and Rental Interventions	378 974	378 974	-	206 987	206 987	-
Total	1 841 011	1 841 011	-	1 699 255	1 698 616	639

5.4. Programme 4: Land and Asset Management

Purpose:

To plan, facilitate and develop integrated and sustainable human settlements.

Sub-Programmes:

This programme consists of two sub programmes, namely:

Administration:

To provide administrative 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

The Department is continuing with the process to promote security of tenure by selling and transferring its saleable rental stock to qualifying tenants and debtors. During the year under review the Department managed to reduce the number of debtors by 689. This debt reduction initiative, aided in the transfer of 245 properties into the names of beneficiaries. These endeavours contribute to the strategic outcome of inculcating a sense of ownership, rights and responsibility and uplifting of the poor through ownership and asset creation.



Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives

Programme 4: Land and Asset Management

Strategic objectives	Strategic Objective Indicators	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
To promote security of tenure through effecting transfer to qualifying beneficiaries	Number of rental units sold to beneficiaries	-	120	99	-21	<p>The Department is in the process of addressing a number of challenging cases which has resulted in the Department not being able to meet its target.</p> <p>A number of people did not qualify to purchase property for various reasons, namely;</p> <ul style="list-style-type: none"> • earn more than the salary threshold • illegal occupation of properties and • estate cases, in which a number of beneficiaries have passed on and the Department has to find their next of kin.

Performance indicators

Programme 4: Land and Asset Management

Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Number of rental units sold to beneficiaries	-	120	99	-21	<p>The Department is in the process of addressing a number of challenging cases which has resulted in the Department not being able to meet its target. A number of people did not qualify to purchase property for various reasons, namely;</p> <ul style="list-style-type: none"> • earn more than the salary threshold, • illegal occupation of properties and • estate cases, in which a number of beneficiaries have passed on and the Department has to find their next of kin.
Number of rental units transferred	-	60	245	185	<p>The Department resolved the pertinent capacity issues with the State Attorney which delayed the processing of the transfers in the past. Furthermore, new processes introduced by SARS and the City of Cape Town (rates clearance certificates) expedited the process.</p>
Number of debtors reduced	-	1000	689	-311	<p>The allocation of the EEDBS to qualifying beneficiaries has now reached the difficult stage where debtors either do not qualify for the EEDBS because of their income exceeding the threshold, or they do not have the funding to pay in the amounts not covered by the subsidy or are not living in the houses anymore.</p>

Strategy to overcome areas of under performance

The transfer of the rental stock is receiving priority attention in the Department and the State Attorney's office, which will ensure that these transfers are registered as soon as possible.

With regard to the debt reduction, the Department has already taken steps to increase the performance. Unfortunately these measures (in respect of 340 cases) could not be processed on the National Debtors' System before 31 March 2013, but have since been finalized.

Changes to planned targets

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

Linking performance with budgets

2012/2013				2011/2012		
Sub- Programme Name	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	17 711	17 711	-	17 194	17 194	-
Housing Property maintenance	31 535	31 535	-	30 247	30 247	-
Total	49 246	49 246	-	47 441	47 441	-



6. SUMMARY OF FINANCIAL INFORMATION

6.1. Departmental receipts

Departmental receipts	2012/2013			2011/2012		
	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	30	72	(42)	30	316	(286)
Interest, dividends and rent on land	250	120	130	1500	338	1 162
Financial transactions in assets and liabilities	59 720	112 674	(52 954)	58 470	182 528	(124 058)
Total	60 000	112 866	(52 866)	60 000	183 182	(123 182)

Included in transactions in assets and liabilities is R63 million received from the City of Cape Town relating to the funding of bulk infrastructure for the N2 Gateway (Joe Slovo and Boys Town).

6.2. Programme Expenditure

2012/2013				2011/2012		
Programme Name	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	83 235	83 235	-	75 786	75 764	22
Housing Needs, Research and Planning	14 090	13 966	124	14 024	12 579	1 445
Housing Development	1 841 011	1 841 011	-	1 699 255	1 698 616	639
Housing Asset Management and Property Management	49 246	49 246	-	47 441	47 441	-
Total	1 987 582	1 987 458	124	1 836 506	1 834 400	2 106

6.3. Transfer payments, excluding public entities

The table below reflects the transfer payments made for the period 1 April 2012 to 31 March 2013

Name of transferee	Purpose for which the funds were used	Compliance with Sect.38(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	Settlement assistance	Yes	1 000	1 000	
City of Cape Town	Accreditation assistance	Yes	10 000	10 000	
City of Cape Town	Acceleration of housing delivery	Yes	500	500	
Mun: Beaufort West	Acceleration of housing delivery	Yes	2	2	
Mun: Bitou	Acceleration of housing delivery	Yes	3 882	3 882	
Mun: Cape Agulhas	Acceleration of housing delivery	Yes	2 500	2 500	
Mun: Cederberg	Acceleration of housing delivery	Yes	5 000	5 000	
Mun: George	Acceleration of housing delivery	Yes	20 500	20 500	
Mun: Kannaland	Acceleration of housing delivery	Yes	5 000	5 000	
Mun: Laingsburg	Acceleration of housing delivery	Yes	504	504	
Mun: Langeberg	Acceleration of housing delivery	Yes	5 000	5 000	
Mun: Mossel Bay	Acceleration of housing delivery	Yes	1 500	1 500	
Mun: Oudtshoorn	Acceleration of housing delivery	Yes	5 000	5 000	
Mun: Saldanha Bay	Acceleration of housing delivery	Yes	2 580	2 580	
Mun: Stellenbosch	Acceleration of housing delivery	Yes	15 000	15 000	
Mun: Witzenberg	Acceleration of housing delivery	Yes	2 000	2 000	
City of Cape Town	Municipal rates and taxes	No	19 847	19 847	
Mun: Beaufort West	Municipal rates and taxes	No	1	1	
Mun: Bitou	Municipal rates and taxes	No	9	9	

Name of transferee	Purpose for which the funds were used	Compliance with Sect.38(1)(j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Mun: Cederberg	Municipal rates and taxes	No	49	49	
Mun: Drakenstein	Municipal rates and taxes	No	140	140	
Mun: George	Municipal rates and taxes	No	9	9	
Mun: Hessequa	Municipal rates and taxes	No	159	159	
Mun: Matzikama	Municipal rates and taxes	No	23	23	
Mun: Overstrand	Municipal rates and taxes	No	8	8	
Mun: Saldanha Bay	Municipal rates and taxes	No	230	230	
Mun: Stellenbosch	Municipal rates and taxes	No	119	119	
Mun: Swartland	Municipal rates and taxes	No	11	11	
Mun: Swellendam	Municipal rates and taxes	No	3	3	
Mun: Witzenberg	Municipal rates and taxes	No	35	35	
SA Housing Foundation	Sponsorship of international housing conference (R100 000) and Human Settlement Academic Forum (R167 000)	No	267	267	
University of Cape Town	Housing research	Yes	1 000	1 000	
Households: Employee social benefits	Leave gratuity	No	329	329	
Households: Employee social benefits	Post- retirement benefits	No	345	345	
Households	Claims against the State	No	74	74	
Households	Human Settlement Development Grant	Yes	1 641 829	1 641 829	

Name of transferee	Purpose for which the funds were used	Compliance with Sect.38(1)(j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Households	Donor funding for Solar water heaters on N2 Gateway projects	No	15 054	4 121	R15,054 million was received via the RDP fund from National Treasury. This is in accordance with the bilateral agreement signed between the governments of Denmark and South Africa and wherein it was agreed by the Danish that the funds received would be dealt with in accordance with the relevant law of SA which requires that the unspent funds be surrendered at the end of the financial year. The Department will now reapply for the funds as it is committed towards solar heating on the N2 projects. R4,121 million was transferred and the balance of R10,933 million was surrendered to the RDP for re-allocation in 2013/14.
Mbekweni Primary School	Paint for school	No	34	34	
Technician	Act of Grace Burglary	No	2	2	

6.4. Public Entities

None

6.5. Conditional grants and earmarked funds paid

None

6.6. Conditional grants and earmarked funds received

The table below describes each of the conditional grants and earmarked funds paid by the department

Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	The creation of sustainable human settlements that enables an improved quality of household life
Expected outputs of the grant	10 615 sites and 15 567 units
Actual outputs achieved	8 248 sites and 13 128 units
Amount per amended DORA	R1. 725 180 billion
Amount received (R'000)	R1.725 180 billion
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R1.725 180 billion
Reasons for the funds unspent by the entity	N/A

6.7. Donor Funds

Donor Fund: DANIDA

Name of donor	Danish Government (via RDP fund)
Full amount of the funding	R15. 054 million
Period of the commitment	3 years
Purpose of the funding	To provide solar water heaters on N2 Gateway projects
Expected outputs	2169 solar water heaters
Actual outputs achieved	588 solar water heaters
Amount received in current period (R'000)	R15.054 million
Amount spent by the department (R'000)	R4.121 million
Reasons for the funds unspent	Multi-year projects
Monitoring mechanism by the donor	Annual reporting to be made

6.8. Capital investment, maintenance and asset management plan

2012/2013				2011/2012		
Infrastructure projects	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
- Maintenance and repairs	-	4 499	-	-	12 876	-
Total	-	4 499	-	-	12 876	-

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 adequate controls are in place, to manage and mitigate risks 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) is accountable for realising Enterprise Risk Management (ERM) in accordance with the National Treasury Public Sector Risk Management Framework. The Directorate Enterprise Risk Management (D: ERM) in the Department of the Premier provides a centralised strategic support service to the Department and systematically drives a sustainable ERM journey.

In compliance with the National Treasury framework and in order to further embed risk management, the Western Cape Government adopted an ERM Policy which sets out the province's overall intention with regard to ERM.

An ERM Implementation Strategy had been developed in order to attain the Enterprise Risk Management Plan of the Department of Human Settlements. This will ultimately enable the Department to deliver on its goals, objectives and targets, enhance risks, 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.

In the Department of Human Settlements, the HOD together with the Chief Directors serves as the Enterprise Risk Management Committee (ERMCOM), and members have been formally appointed as such. During the year under review, the ERMCOM met on a quarterly basis to monitor the risk profile and risk treatments of the Department.

Risk assessments are conducted on a strategic and programme level on a quarterly basis, in order to review and update existing risks and identify emerging risks. Significant risks relevant to the objectives are assessed in terms of their likelihood and impact; risk treatment plans are developed and risk owners are allocated, who are held responsible for the treatment of the risks.

The D: ERM further works closely with the appointed risk champion that assists in driving the ERM process in the Department.

3. FRAUD AND CORRUPTION

The Western Cape Government adopted an Anti-Corruption Strategy which confirms the Province's zero tolerance stance toward fraud and corruption. The Departmental fraud prevention plan was approved and implemented during the year under review. The fraud prevention plan will be reviewed and updated on an annual basis or as the need arises.

Departmental officials were made aware of the plan during awareness training sessions conducted by the Forensic Investigative Unit (FIU) of the Province. The official launch of the fraud prevention plan will take place in due course. The Department also approved and implemented a fraud risk register for the period under review.

Forensic investigations continued to be offered by the shared FIU that was corporatised in the Corporate Service Centre in the Department of the Premier. Various channels for reporting allegations of fraud and corruption exist, and are described in detail in the Anti-Corruption Strategy and the Departmental Fraud Prevention Plan. Each allegation received by the Forensic Investigating Unit is recorded in a Case Management System which is used as a management tool to report on progress made regarding pending cases, relating to the Department.

Officials were made aware of the process to be followed in respect of the whistle blowing mechanism within the Department with reference to the fraud prevention plan. Officials were also informed about the national anti-corruption hotline. Officials were further made aware of confidential disclosures on suspected fraud and corruption, and how to go about reporting these issues.

The Department has adopted a zero tolerance approach on fraud and corruption, and all cases reported in the year under review were handed over to the FIU or SIU for further investigation. Once fraud or corruption is confirmed after completion of an investigation, the relevant employee who participated in these acts will be subjected to a disciplinary hearing. Where prima facie evidence of criminal conduct is detected, a criminal matter is reported at the South African Police Services.

4. MINIMISING CONFLICT OF INTEREST

During the year under review, the Department received a Persal report on a quarterly basis, verified against the WCSD (Western Cape Suppliers Database) to identify WCG (Western Cape Government) officials who are shareholders of the approved suppliers database. The purpose of this exercise is to identify if any departmental officials have business interest with suppliers on the WCSD and, if any, to investigate the concern and address it.

The Department also requests that all SMS, MMS and 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 held to evaluate bids received. If there is a conflict of interest the relevant member is expected to recuse him/herself from the meeting when the bid is being evaluated.

5. CODE OF CONDUCT

The Department distributed the Explanatory Manual on the Code of Conduct for the Public Service to all employees during 2012. The manual is also dealt with and handed 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 drafted and submitted to management with the relevant recommendations to rectify shortcomings after compliance audits in the buildings were conducted.
- The Draft Business Continuity Plan (BCP) was completed.
- Two (2) prescribed evacuation exercises were conducted (announced and un-announced).
- Four (4) prescribed Occupational health and safety meetings were held.
- OHASA training (FIRST AID, FLOOR MARSHAL, FIRE MARSHAL) were provided to all volunteers to ensure compliance, 61 officials were trained at the department.
- A waste management implementation plan was drafted and approved for implementation by the CFO in the Department

7. INTERNAL CONTROL UNIT

During the year under review, the sub directorate: Internal Control played a valuable role in respect of the linkage between the external auditors and departmental staff during the audit process. All the requested documentation, comafs, departmental responses and related matters were co-ordinated and quality assured by this unit in a timely manner. This contributed to a smooth and almost problem free audit process.

On the compliance side, this unit performed a 100% post checking on all payments made by the department to ensure correctness and value for money. This unit also ensured that these payments are being paid within the prescribed 30 days by co-ordinating the flow of invoices from suppliers to the department on a monthly basis.

Based on the qualification of PDOs where the correctness, reliability and accuracy of reporting information were questioned, this issue became a priority within the Department. This unit assisted the M&E Directorate with the task of physical verification of houses at housing projects on a quarterly basis.

During the year under review, this unit was also responsible for co-ordinating and reporting on the CGRO-GAP to ensure that all the findings previously raised by the AG were addressed to prevent the re-occurrence thereof.

Internal Control was also responsible for co-ordinating the SCOPA resolutions and presentations to SCOPA during the year under review.

Reporting on all the above issues was done in a timeous manner to the different stake holders/ role players (eg. SCOPA. Audit Committee, PT).

8. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2013.

Audit Committee Members and Attendance

In terms of Cabinet Resolution 55/2007, the Department of Human Settlements is served by the Social Cluster Audit Committee. The Audit Committee consists of the members listed below and should meet at least four times per annum as per its approved terms of reference. During the financial year under review, eight meetings were held.

Name of Member	Number of Meetings Attended
Mr R Kingwill (Chairperson)	8
Mr Z Hoosain (Resigned 30 November 2012)	6
Mr M Burton	8
Mr L van der Merwe	8
Ms J Gunther (Appointed 01 January 2013)	2
Mr F Barnard (Appointed 01 January 2013)	2

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

The Effectiveness of Internal Control

We have reviewed the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA).

Significant control deficiencies were highlighted in the following internal audit reports:

- Human Settlements Planning
- Human Settlements Implementation

We previously mentioned that the Department has taken full responsibility and ownership for the implementation of the Enterprise-wide Risk Management (ERM) methodology and function. The challenge remains to institutionalise ERM throughout the Organisation. The Audit Committee noted a number of emerging risks and will be monitoring these on a regular basis. We have reviewed and concur with management's acceptance of the AGSA's management report. We can confirm there are no unresolved issues.

The Audit Committee is satisfied with the content and quality of quarterly reports in respect of in year management reports submitted in terms of the PFMA and the Division of Revenue Act prepared and issued by the Accounting Officer of the Department during the year under review. We note the AGSA's findings on predetermined objectives. The Audit Committee has, as was the case in the prior year, prioritised the focus on corrective action and will continue to do so. We have fulfilled our mandate with regards to the annual financial statements as mentioned below.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Officer;
- reviewed the AGSA's Management Report and Management's response thereto;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the Department's processes for 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 2012

The Audit Committee concurs and accepts the AGSA'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 AGSA.

Internal Audit

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by a risk based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the audit committee monitoring implementation of corrective actions.

The following internal audits were approved and completed during the year under review:

- Human Settlements Planning
- Human Settlements Implementation
- Consulting engagement on Strategic Support
- Consulting engagement on the Governance Action Plan for the Western Cape Housing Development Fund.

The Audit Committee remains concerned that further audit coverage is required to cover a significant percentage of high risk areas. The Audit Committee will encourage increased assurance over significant risks by overseeing the implementation of combined assurance principles.

Auditor General's Report

We have reviewed the department's implementation plan for audit issues raised in the prior year on a quarterly basis. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings emanating from the current regulatory audit will be monitored by the Audit Committee on a quarterly basis.

Appreciation

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



Mr R Kingwill

Chairperson of the Social Cluster Audit Committee

August 2013



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:

- **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.

- **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.

- **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 Human Resource Matters

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.

It is within this context that the Department's strategic HR Plan was developed and implemented for the period 1 April 2011 to 31 March 2016 and was adjusted for the period 1 April 2012 – 2016. The HR Plan was reviewed to determine whether the human resource strategic objectives were still valid and whether it addressed the HR priorities in the department. Bi-annual progress reports monitored the implementation of the key activities contained within the HR Plan and were submitted to DPSA as directed.

By means of workforce planning, the Department identified the current and future human resource needs and flagged the potential challenges that could impact on the achievement of the Department's strategic objectives.

Set Human Resource 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, women 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 / strengthen Financial Management	Effective budgeting and expenditure control
5	Employee Health and Wellness including the management of sick leave	An upward curve achieved in effectively managing 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 people, the Department cannot deliver an optimum service and without an adequate budget, it cannot recruit, develop nor 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 the 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 will take 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 that earns the pay.

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.

This system represents a more equitable, fair and open process. Moreover, it sets the framework in which both the employer and employee can equally realise their goals and objectives.

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).

Policy development

The following policies were adopted during the year under review:

- a) Special Leave Policy, which sets transversal standards and conditions for leave categories that are not regulated in the national Determination on Leave of Absence (August 2012). These categories include study leave, substance abuse treatment, participation in sporting events etc.
- b) Policy on Remunerative Work Outside Public Service, which manages and regulates the conditions under which the employer would provide authorisation for employees to conduct remunerated work outside the Public Service.
- c) Policy on Secondment of Employees, which provides directives and general measures, and to prescribe uniform conditions for secondment.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1 PERSONNEL RELATED EXPENDITURE

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowners allowances and medical aid.

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.

Programme	Programme Designation
Programme 1	ADMINISTRATION
Programme 2	HOUSING NEEDS RESEARCH & PLANNING
Programme 3	HOUSING DEVELOPMENT
Programme 4	HOUSING ASSET MANAGEMENT AND PROPERTY MANAGEMENT

Table 3.1.1: Personnel expenditure by programme, 2012/13

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	83 291	56 132	627	21 402	67.4	222	253
Programme 2	14 165	13 028	103	1 102	92.0	352	37
Programme 3	1 840 874	52 669	987	65 069	2.9	315	167
Programme 4	49 184	15 372	3	12 797	31.3	248	62
Total	1 987 514	137 201	1 720	100 370	6.9	264	519

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, 2012/13

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)	1 819	1.3	39	47
Skilled (Levels 3-5)	19 649	14.3	148	133
Highly skilled production (Levels 6-8)	41 116	30.0	248	166
Highly skilled supervision (Levels 9-12)	59 737	43.6	388	154
Senior management (Levels 13-16)	14 644	10.7	771	19
Total	136 965	100.0	264	519

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, 2012/13

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	36 329	26.5	1 729	1.3	1 360	1.0	2 636	1.9
Programme 2	8 925	6.5	19	0	205	0.1	492	0.4
Programme 3	35 464	25.9	455	0.3	977	0.7	1 999	1.5
Programme 4	10 811	7.9	789	0.6	408	0.3	740	0.5
Total	91 529	66.8	2 992	2.2	2 950	2.2	5 867	4.3

Note: Salaries, overtime, housing allowance and medical assistance are calculated as a percentage of the total personnel expenditure which appears in Table 3.1.2 above.

Table 3.1.4: Salaries, Overtime, Housing Allowance and Medical Assistance by salary bands, 2012/13

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)	1 492	1.1	131	0.0	72	0.1	52	0.0
Skilled (Levels 3-5)	12 766	9.3	568	0.4	934	0.7	1 464	1.1
Highly skilled production (Levels 6-8)	28 267	20.6	1 408	1.0	1 305	1.0	2 563	1.9
Highly skilled supervision (Levels 9-12)	39 462	28.8	984	0.7	639	0.5	1 614	1.2
Senior management (Levels 13-16)	9 543	7.0	0	0.0	0	0.0	168	0.1
Total	91 530	66.8	2 991	2.2	2 950	2.2	5 861	4.3

Note: The totals of table 3.1.3 and 3.1.4 should balance.

The total for Salaries, Overtime as well as Medical Assistance in table 3.1.3 and 3.1.4 are the same. However, due to the fact that the data is grouped either by programme or salary band, and 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 2013

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	194	170	12.4	22	1.0
Programme 2	39	31	20.5	2	15.4
Programme 3	146	129	11.6	19	0.0
Programme 4	59	58	1.7	1	0.0
Total	438	388	11.4	44	1.4

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

Employment and Vacancies

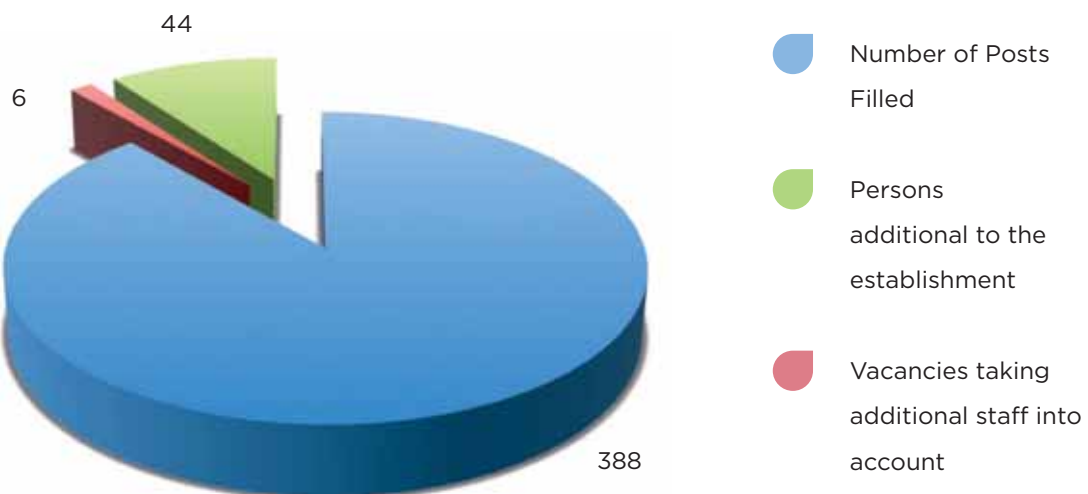


Table 3.2.2: Employment and vacancies by salary bands, as at 31 March 2013

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)	14	13	7.1	0	7.1
Skilled (Levels 3-5)	125	115	8.0	11	0.0
Highly skilled production (Levels 6-8)	164	145	11.6	11	4.9
Highly skilled supervision (Levels 9-12)	118	98	16.9	21	0.0
Senior management (Levels 13-16)	17	17	0.0	1	0.0
Total	438	388	11.4	44	1.4

Note: The information in each case reflects the situation as at 31 March 2013. 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 2013

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
Engineer	4	2	50.0	1	25.0
Architect	1	1	0.0	0	0.0
Construction	6	6	0.0	0	0.0
Project Manager					
Architect	2	2	0.0	0	0.0
Technician					
Total	13	11	15.4	1	7.7

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

3.3 JOB EVALUATION

The Public Service Regulations, 2001 as amended, introduced job 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. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for Public Service and Administration that all Senior Management Service (SMS) posts must be evaluated before 31 December 2002.

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 2012 to 31 March 2013

Salary Bands	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)	14	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	125	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	164	20	4.6	13	3.0	0	0.0
Highly skilled supervision (Levels 9-12)	118	5	1.1	0	0.0	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
Senior Management Service Band D (Level 16)	0	0	0.0	0	0.0	0	0.0
Total	438	25	5.7	13	3.0	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 (i.e. affected posts). 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 provides a summary of the number of employees by race, gender and disability whose salary positions were upgraded due to their posts being upgraded.

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2012 to 31 March 2013

Beneficiaries	African	Indian	Coloured	White	Total
Female	2	0	3	0	5
Male	3	0	4	1	8
Total	5	0	7	1	13
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 2012 to 31 March 2013

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
Chief Works Inspector	1	8	0	6 notch increment	Retention
Senior Admin Officer	1	8	0	11 notch increment	Counter Offer (VC3)
Infrastructure Co-ordinator	1	9	10	11 notch increment	Retention
Admin Clerk	1	5	0	9 notch increment	Counter Offer (VC3)
Total number of employees whose salaries exceed the level determined by job evaluation (including awarding of higher notches) in 2012/2013			4		
Percentage of total employment			1,0		

Table 3.3.4: Employees who have been granted higher salaries than those determined by job evaluation per race group, 1 April 2012 to 31 March 2013

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	0	1	1
Male	1	0	1	1	3
Total	1	0	1	2	4
Employees with a disability					0

3.4. EMPLOYMENT CHANGES

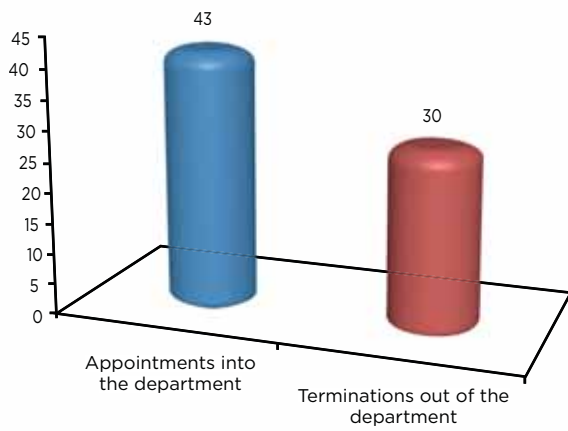
Turnover rates provide an indication of trends in the employment profile of the department during the year under review. The following tables provide a summary of turnover rates by salary band (Table 3.4.1) and by critical occupations (Table 3.4.2).

Table 3.4.1: Annual turnover rates by salary band, 1 April 2012 to 31 March 2013

Salary Band	Number of employees per band as at 31 March 2012	Turnover rate 2011/12 by salary band	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2012/13 by salary band
Lower skilled (Levels 1-2)	10	0.0	1	2	0	1	10.0
Skilled (Levels 3-5)	116	13.5	20	2	11	3	12.1
Highly skilled production (Levels 6-8)	155	5.4	12	4	6	5	7.1
Highly skilled supervision (Levels 9-12)	137	11.7	7	2	12	7	13.9
Senior Management Service Band A (Level 13)	10	10.0	3	0	1	0	10.0
Senior Management Service Band B (Level 14)	3	0.0	0	0	0	0	0.0
Senior Management Service Band C (Level 15)	1	0.0	0	0	0	0	0.0
Senior Management Service Band D (Level 16)	0	0.0	0	0	0	0	0.0
Total	432	9.2	43	10	30	16	10.6
				53		46	

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

Appointments versus Terminations



Transfers In versus Transfers Out

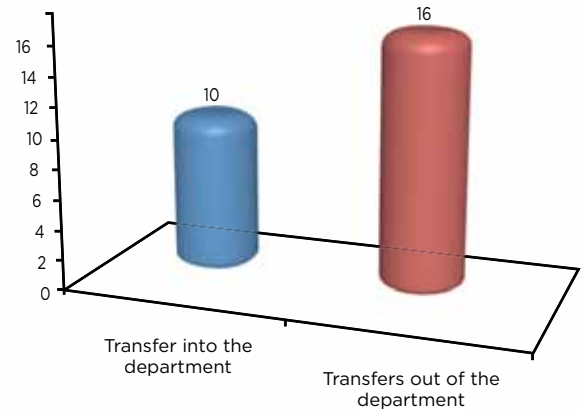


Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2012 to 31 March 2013

Critical Occupation	Number of employees per band as at 31 March 2012	Turnover rate 2011/12 by salary band	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2012/13 by salary band
Engineer	7	7.0	0	0	2	2	57.1
Architect	5	2.0	0	0	4	0	80.0
Construction Project Manager	6	9.0	0	0	0	1	16.7
Engineer Technician	0	0	0	0	0	0	0.0
Architect Technician	2	0	0	0	0	0	0.0
Construction Project Manager Technician	0	0	0	0	0	0	0.0
Total	20	20.8	0	0	6	3	45.0
				0		9	

Table 3.4.3: Staff leaving the employ of the department, 1 April 2012 to 31 March 2013

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2012
Death	1	2.2	0.2
Resignation *	18	39.1	4.2
Expiry of contract	6	13.0	1.4
Dismissal - operational changes	0	0.0	0.0
Dismissal - misconduct	1	2.2	0.2
Dismissal - inefficiency	0	0.0	0.0
Discharged due to ill-health	1	2.2	0.2
Retirement	3	6.5	0.7
Employee initiated severance package	0	0.0	0.0
Transfer to Statutory	0	0.0	0.0
Transfers to other Public Service departments	16	34.8	3.7
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 exiting the employ of Department

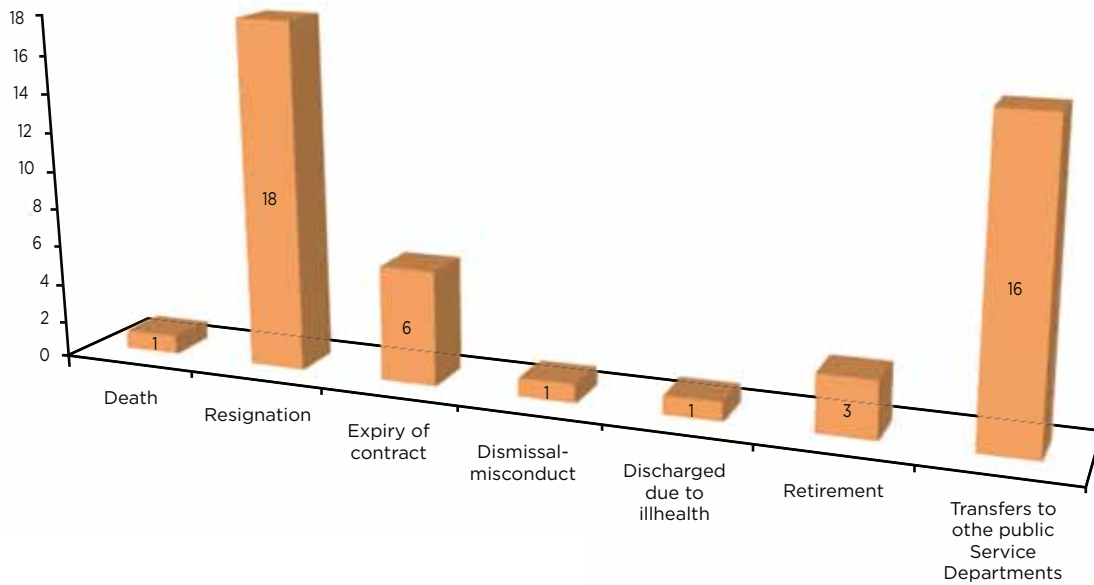


Table 3.4.4: Reasons why staff resigned, 1 April 2012 to 31 March 2013

Resignation Reasons	Number	% of total resignations
Better remuneration	15	83.3
Resigning of position	1	5.6
No Reason	2	11.1
Total	18	100.0

Table 3.4.5: Different age groups of staff who resigned, 1 April 2012 to 31 March 2013

Age group	Number	% of total resignations
Ages <19	0	0
Ages 20 to 24	1	5.6
Ages 25 to 29	4	22.2
Ages 30 to 34	4	22.2
Ages 35 to 39	3	16.7
Ages 40 to 44	3	16.7
Ages 45 to 49	1	5.6
Ages 50 to 54	1	5.6
Ages 55 to 59	0	0
Ages 60 to 64	0	0
Ages 65 >	1	5.6
Total	18	100.0

Age distribution of staff who resigned

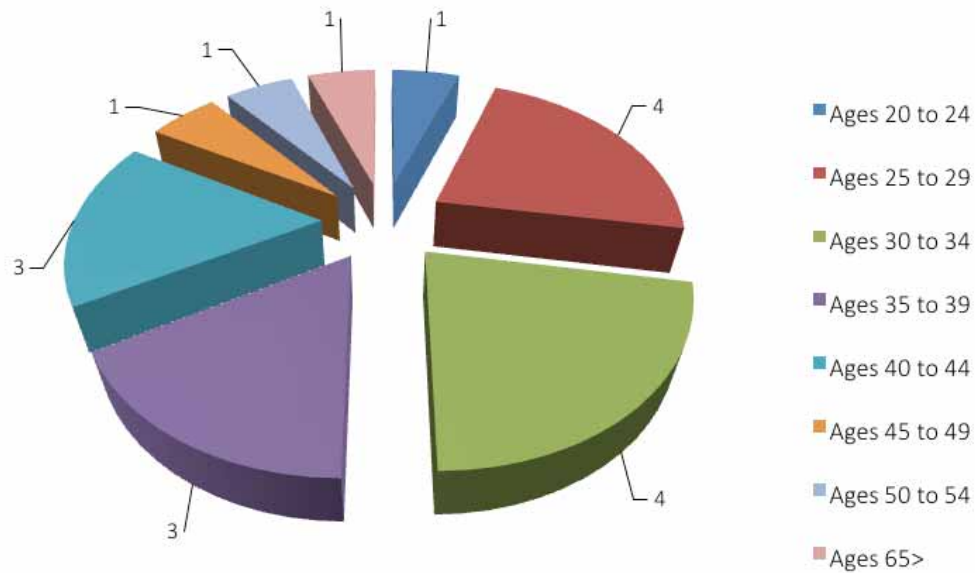


Table 3.4.6: shows that during the year under review no employee initiated severance packages were granted.

Total number of employee initiated severance packages in 2012/ 2013

None

Table 3.4.7: Promotions by salary band, 1 April 2011 to 31 March 2012

Salary Band	Employees as at 31 March 2012	Promotions to another salary level	Promotions as a % of employees by salary band	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	10	0	0	7	70.0
Skilled (Levels 3-5)	116	1	0.9	70	60.3
Highly skilled production (Levels 6-8)	155	5	3.2	95	61.3
Highly skilled supervision (Levels 9-12)	137	3	2.2	69	50.4
Senior management (Levels 13-16)	14	2	14.3	11	78.6
Total	432	11	2.5	252	58.3

Table 3.4.8: Promotions by critical occupation, 1 April 2012 to 31 March 2013

Critical Occupation	Employees as at 31 March 2012	Promotions to another salary level	Promotions as a % of employees by salary band	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Engineer	7	0	0	2	28.6
Architect	5	0	0	1	20.0
Construction Project Manager	6	0	0	6	100.0
Engineer Technician	0	0	0	0	0
Architect Technician	2	0	0	2	100.0
Construction Project Manager Technician	0	0	0	0	0
Total	20	0	0	11	55.0

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 2013

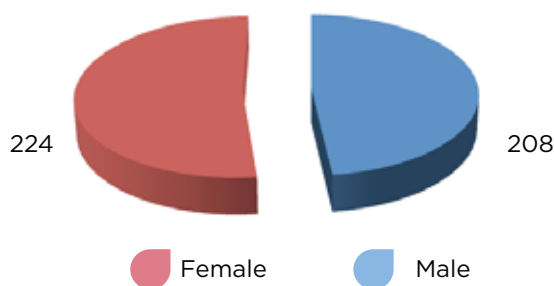
Occupational Levels	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
Top management (Levels 15-16)	1	0	0	0	0	0	0	0	0	0	1
Senior management (Levels 13-14)	1	4	1	5	1	4	0	1	0	0	17
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	15	40	1	23	7	23	2	6	6	7	130
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	20	36	0	8	26	54	1	10	0	0	155
Semi-skilled and discretionary decision making (Levels 3-5)	14	24	1	3	28	43	1	7	0	0	121
Unskilled and defined decision making (Levels 1-2)	2	3	0	0	2	1	0	0	0	0	8
Total	53	107	3	39	64	125	4	24	6	7	432
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	53	107	3	39	64	125	4	24	6	7	432

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 gender



Distribution by race (excl foreign nationals)

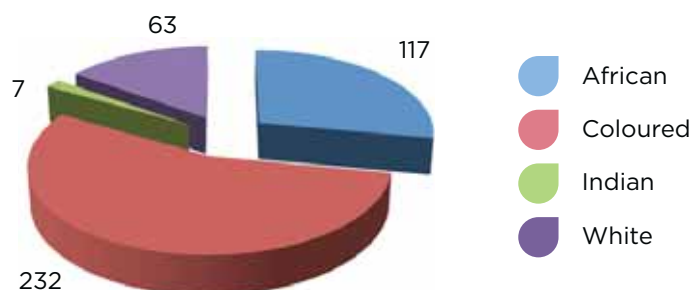


Table 3.5.2: Total number of employees (with disabilities only) in each of the following occupational levels, as at 31 March 2013

Occupational Levels	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
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)	1	0	0	0	0	0	0	1	0	0	2
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	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 2012 to 31 March 2013

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	2	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	2	1	0	2	1	3	0	0	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	2	1	0	1	6	6	0	0	0	0	16
Semi-skilled and discretionary decision making (Levels 3-5)	2	3	0	0	4	12	0	1	0	0	22
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	1	2	0	0	0	0	3
Total	7	5	0	3	12	25	0	1	0	0	53
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	7	5	0	3	12	25	0	1	0	0	53

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 2012 to 31 March 2013

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

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 2012 to 31 March 2013

Occupational Levels	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
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	1	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	3	2	0	4	2	0	0	4	2	2	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	2	3	0	1	0	5	0	0	0	0	11
Semi-skilled and discretionary decision making (Levels 3-5)	4	3	0	0	2	2	1	2	0	0	14
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	1	0	0	1
Total	9	8	0	5	5	7	1	7	2	2	46
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	9	8	0	5	5	7	1	7	2	2	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 2012 to 31 March 2013

Occupational Levels	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	Total
	2	2	0	0	1	0	0	0	0	0	5

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

Note: The disciplinary actions total refers to formal outcomes only. 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 2012 to 31 March 2013

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	2	0	2	0	3	0	0	7
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	8	27	0	16	4	12	1	9	77
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	6	12	0	1	8	16	0	1	44
Semi-skilled and discretionary decision making (Levels 3-5)	7	16	0	1	16	23	0	4	67
Unskilled and defined decision making (Levels 1-2)	1	0	0	0	0	0	0	0	1
Total	22	57	0	20	28	54	1	14	196
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	22	57	0	20	28	54	1	14	196

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 2012

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	1	1	100.0
Salary level 16, but not HOD	0	0	0	0
Salary Level 15	0	0	0	0
Salary Level 14	3	3	3	100.0
Salary Level 13	13	10	10	100.0
Total	17	14	14	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 2012

Reasons for not concluding Performance Agreements with all SMS

None required

Table 3.6.3: Disciplinary steps taken against SMS Members for not having concluded Performance Agreements on 31 May 2012

Disciplinary steps taken against SMS Members for not having concluded Performance Agreements

None required

3.7. FILLING OF SMS POSTS

Table 3.7.1: SMS posts information, as at 30 September 2012

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	10	76.92	3	23.08
Total	17	14	82.35	3	17.65

Table 3.7.2: SMS posts information, as at 31 March 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	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 2013

SMS Level	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	0	0	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	2	0	1
Total	2	0	1

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	
Salary level 16, but not HOD	
Salary Level 15	
Salary Level 14	
Salary Level 13	<p>Strategic Management Support – The post became vacant in the previous reporting period and was advertised on the 16 April 2012 outside the timeframe. However the post has been filled with effective date 01 November 2012.</p> <p>Human Settlement Project Admin – The post became vacant in the previous reporting period and was advertised on the 16 April 2012 which was outside the reporting timeframe. However the post has been filled with effective date 01 October 2012.</p>

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 required

3.8. EMPLOYEE PERFORMANCE

Table 3.8.1: Notch progressions by salary band, 1 April 2011 to 31 March 2012

Salary Band	Employees as at 31 March 2012	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	10	7	70.0
Skilled (Levels 3-5)	116	70	60.3
Highly skilled production (Levels 6-8)	155	95	61.3
Highly skilled supervision (Levels 9-12)	137	69	50.4
Senior management (Levels 13-16)	14	11	78.6
Total	432	252	58.3

Table 3.8.2: Notch progressions by critical occupation, 1 April 2011 to 31 March 2012

Salary Band	Employees as at 31 March 2012	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Engineer	7	2	28.6
Architect	5	1	20
Construction Project Manager	6	6	100
Engineer Technician	0	0	0
Architect Technician	2	2	100
Construction Project Manager Technician	0	0	0
Total	20	11	55

To encourage good performance, the Department has granted the following performance rewards allocated to personnel for the performance period 2011/12, but paid in the financial year 2012/13. 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 2012 to 31 March 2013

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March	% of total within group	Cost (R'000)	Average cost per beneficiary
African	35	112	31.3	252	7 207
Male	20	54	37.0	155	7 766
Female	15	58	25.9	97	6 461
Coloured	114	224	50.9	1 150	10 085
Male	60	114	52.6	626	10 426
Female	54	110	49.1	524	9 706
Indian	3	8	37.5	35	11 445
Male	1	3	33.3	12	11 558
Female	2	5	40.0	23	11 388
White	33	84	39.3	596	18 057
Male	19	48	39.6	402	21 134
Female	14	36	38.9	194	13 881
Employees with a disability	1	4	25.0	7	6 731
Total	186	432	43.1	2 040	10 962

Note: The above table relates to performance rewards for the performance year 2011/12 and payment effected in the 2012/13 reporting period.

Performance rewards by race

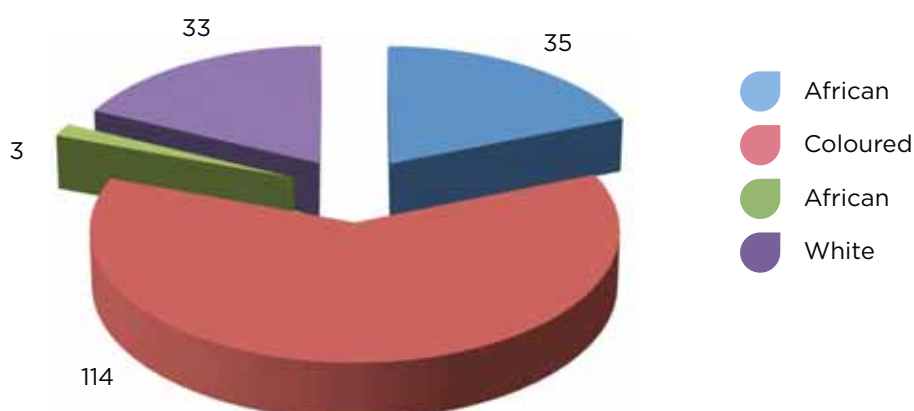


Table 3.8.4: Performance rewards by salary bands for personnel below Senior Management Service level, 1 April 2012 to 31 March 2013

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March	% of total within group	Cost (R'000)	Average cost per beneficiary	Cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	8	10	80.0	26	3 228	0
Skilled (Levels 3-5)	38	116	32.8	192	5 060	0.2
Highly skilled production (Levels 6-8)	64	155	41.3	531	8 299	0.4
Highly skilled supervision (Levels 9-12)	66	137	48.2	909	13 778	0.7
Total	176	418	42.1	1 658	9 424	1.4

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 2012 to 31 March 2013

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March	% of total within group	Cost (R'000)	Average cost per beneficiary	Cost as a % of the total personnel expenditure
Senior Management Service Band A (Level 13)	9	10	90.0	305	33 931	2.1
Senior Management Service Band B (Level 14)	1	3	33.3	75	74 923	0.5
Senior Management Service Band C (Level 15)	0	1	0	0	0	0
Senior Management Service Band D (Level 16)	0	0	0	0	0	0
Total	10	14	71.4	380	38 030	2.6

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 2012 to 31 March 2013**

Critical Occupation	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2012	% of total within salary bands	Cost (R'000)	Average cost per beneficiary	Cost as a % of the total personnel expenditure
Engineer	2	7	28.6	55	27 595	0.1
Architect	1	5	20.0	19	18 636	0
Construction Project Manager	3	6	50.0	54	18 059	0
Engineer Technician	0	0	0	0	0	0
Architect Technician	2	2	100.0	21	10 367	0
Construction Project Manager Technician	0	0	0	0	0	0
Total	8	20	40.0	149	18 592	0.1

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 2012 to 31 March 2013

Salary Band	1 April 2012		31 March 2013		Change	
	Number	% change	Number	% change	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)	17	100.0	13	100.0	-4	0.0
Senior management (Levels 13-16)	0	0.0	0	0.0	0	0.0
Total	17	100.0	13	100.0	-4	0.0

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 2012 to 31 March 2013

Salary Band	1 April 2012		31 March 2013		Change	
	Number	%	Number	%	Number	%
Architect	4	23.5	0	0.0	-4	0.0
Engineer	1	5.9	1	7.7	0	0.0
Project Administrator				7.7	1	100.0
Technical Advisor	12	70.6	11	84.6	-1	0.0
Total	17	100.0	13	100.0	-4	0.0

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 2012 TO 31 DECEMBER 2012

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 2012 to 31 December 2012

Salary Band	Total days	% days with medical certifications	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)	86	72.1	11	9	122.2	8	23
Skilled Levels 3-5)	961	78.3	113	133	85.0	9	404
Highly skilled production (Levels 6-8)	1040	76.3	128	166	77.1	8	734
Highly skilled supervision (Levels 9-12)	652	76.4	103	149	69.1	6	691
Senior management (Levels 13-16)	42	64.3	14	19	73.7	3	86
Total	2781	76.7	369	476	77.5	8	1 938

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 2012 to 31 December 2012

Salary Band	Total days	% days with medical certifications	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)	7	100.0	1	9	11.1	7	2
Skilled Levels 3-5)	105	100.0	11	133	8.3	10	44
Highly skilled production (Levels 6-8)	400	100.0	14	166	8.4	29	293
Highly skilled supervision (Levels 9-12)	83	100.0	4	149	2.7	21	76
Senior management (Levels 13-16)	0	0.0	0	19	0.0	0	0
Total	595	100.0	30	476	6.3	20	415

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 2012 to 31 December 2012

Salary Band	Total days taken	Total number employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	242	11	22
Skilled (Levels 3-5)	2412	127	19
Highly skilled production (Levels 6-8)	3530	160	22
Highly skilled supervision (Levels 9-12)	2773	143	19
Senior management (Levels 13-16)	340	18	19
Total	9297	459	20

Table 3.10.4: Capped leave, 1 January 2012 to 31 December 2012

Salary Band	Total capped leave available as at 31 Dec 2011	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 2012	Total capped leave available as at 31 Dec 2012
Lower skilled (Levels 1-2)	2	0	0	0	2	2
Skilled (Levels 3-5)	105	4	2	2	5	105
Highly skilled production (Levels 6-8)	2 196	15	8	2	51	1 910
Highly skilled supervision (Levels 9-12)	2 168	10	5	2	40	2 055
Senior management (Levels 13-16)	369	0	0	0	7	516
Total	4 840	29	15	2	105	4 588

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 2012 to 31 March 2013

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave pay-outs for 2012/13 due to non-utilisation of leave for the previous cycle	46	3	15 262
Capped leave pay-outs on termination of service for 2012/13	124	2	61 903
Current leave pay-outs on termination of service 2012/13	54	2	27 221
Total	224	7	32 005

3.11. HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1: Steps taken to reduce the risk of occupational exposure, 1 April 2012 to 31 March 2013


Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
<p>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>	<p>HIV/AIDS Counselling and Testing [HCT] and Wellness screenings were delivered 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] 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 counselling • Training, coaching and targeted Interventions where these were required.

Table 3.11.2: Details of Health Promotion and HIV and AIDS Programmes, 1 April 2012 to 31 March 2013

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>Due to the corporatisation of the Employee Health and Wellness function, the Acting Director: Organisational Behaviour, Denver Heynes (Department of the Premier), fulfilled this role.</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</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 Human Settlements.</p>

Question	Yes	No	Details, if yes
<p>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>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, four (4) team members and one (1) intern who has since left the Directorate Organisational Behaviour in the fourth quarter to further her studies.</p> <p>Budget : R2,5 million</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 CSC has entered into a service level agreement with ICAS [Service Provider] to render an Employee Health and Wellness Service to the eleven departments serviced by the Corporate Services Centre (CSC).</p> <p>The department conducted interventions namely, Managerial Induction, Employee Induction, Stress Management, Abuse and Sexual Health Awareness, Work Life Balance, Employee Advocacy Awareness, Personal Finance, Managerial Referral, Substance Abuse Financial Wellbeing 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 2012/13. The reports were based on the utilisation of the EHWP 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, including managers and supervisors.</p>

Question	Yes	No	Details, if yes
			<p>The Department also provided information sessions, as requested by various departments in the Western Cape Government (WCG) to inform employees of the EHWP service and how to access it. Promotional material such as pamphlets, posters and brochures were distributed.</p>
<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> <ul style="list-style-type: none"> • 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 Visser • Health: S Newman & C Van Willing • Human Settlements: J Roberts, S Moolman & T Jabaar • Local Government: F Matthee & W Bingham • Department of the Premier: D Heynes & Z Norushe • Provincial Treasury: D Sass & S Sixuba • Social Development: T Mtheku • Transport & Public Works: C Marx & K Love • Western Cape Education: R Oosthuizen & N Mxoli
<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 developed several national policy documents in 2007/8 that govern Employee Health and Wellness (EHWP) in the Public Service, and that coordinate the programmes and services in a uniform manner.</p>

Question	Yes	No	Details, if yes
			<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 developed a Transversal Employee Health and Wellness policy. The draft document is being consulted on ratification.</p> <p>Further to this, the Department of Health has approved the Transversal HIV and AIDS/STI Workplace Policy and Programme that will be applicable to all departments of the Western Cape Government. The document is in line with the four pillars of the EHW Strategic Framework 2008.</p>
<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 existing legislative and policy frameworks as well as Monitoring and Evaluation guidelines, which have been developed by DPSA. The overarching aim of these frameworks 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>The CSC is conducting the HCT and Wellness screenings to ensure that every employee in the Departments of the Western Cape Government is tested for HIV and screened for TB, at least annually,</p> <p>The aim is to:</p> <ul style="list-style-type: none"> • Reduce HIV and TB discrimination in the workplace. This includes campaigns against unfair discrimination and for empowerment of employees. • Reduce unfair discrimination in access to

Question	Yes	No	Details, if yes
			<p>services. This includes ensuring that the Employee Relations Directorate addresses complaints or grievances and provides training to employees.</p> <ul style="list-style-type: none"> • Other key elements that address 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 achieved.</p>	✓		<p>HCT SESSIONS</p> <p>The following screening sessions were conducted: Blood pressure, Glucose, Cholesterol, TB, BMI [body mass index] and spot talks.</p> <ul style="list-style-type: none"> • The Department of the Human Settlements participated in 7 HCT and Wellness screenings. • 89 Employees were tested and counselled for HIV, Tuberculosis and Sexually Transmitted Infections (STI's). • There were 0 clinical referrals for TB, HIV or any other STIs.
<p>8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.</p>	✓		<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 2012 – 31 March 2013.</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 2012 to 31 March 2013

Total collective agreements
None

Table 3.12.2: Misconduct and disciplinary hearings finalised, 1 April 2012 to 31 March 2013

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0.0
Verbal warning	0	0.0
Written warning	0	0.0
Final written warning	0	0.0
Suspension without pay	4	80.0
Fine	0	0.0
Demotion	0	0.0
Dismissal/ desertion	1	20.0
Not guilty	0	0.0
Case withdrawn	0	0.0
Total	5	100.0
Percentage of total employment		1.3

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

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2012 to 31 March 2013

Type of misconduct	Number	% of total
Misuse of GG Vehicle	1	20.0
Falsification/Tampering with Medical Certificates	2	40.0
Misuse of State Property	1	20.0
Alleged Irregularities in the Allocation iro PHP	1	20.0
Total	5	100.0

Table 3.12.4: Grievances lodged, 1 April 2012 to 31 March 2013

Grievances lodged	Number	% of total
Number of grievances resolved	8	88.9
Number of grievances not resolved	1	11.1
Total number of grievances lodged	9	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 2012 to 31 March 2013

Disputes lodged with Councils	Number	% of total
Number of disputes upheld	1	25.0
Number of disputes dismissed	3	75.0
Total number of disputes lodged	4	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 2012 to 31 March 2013

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 2012 to 31 March 2013

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 reflects the training needs as at the beginning of the period under review, and Table 3.13.2 reflects /provides the actual training provided.

Table 3.13.1: Training needs identified, 1 April 2012 to 31 March 2013

Occupational Categories	Gender	Number of employees as at 1 April 2012	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	5	0	10	0	10
	Male	9	0	8	0	8
Professionals	Female	25	0	18	0	18
	Male	49	0	36	0	36
Technicians and associate professionals	Female	75	0	70	0	70
	Male	53	0	28	0	28
Clerks	Female	90	0	21	0	21
	Male	49	0	22	0	22
Service and sales workers	Female	7	0	0	0	0
	Male	21	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	3	0	0	0	0
	Male	27	0	24	0	24
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
	Male	12	0	0	0	0
Sub Total	Female	209	0	119	0	119
	Male	220	0	118	0	118
Total		429	0	237	0	237
Employees with disabilities	Female	0	0	0	0	0
	Male	0	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 2012 to 31 March 2013

Occupational Categories	Gender	Number of employees as at 31 March 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	2	0	2
	Male	12	0	2	0	2
Professionals	Female	24	0	4	0	4
	Male	41	0	2	0	2
Technicians and associate professionals	Female	79	0	21	0	21
	Male	56	0	53	0	53
Clerks	Female	99	0	115	0	115
	Male	43	0	76	0	76
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	3	0	0	0	0
	Male	25	0	1	0	1
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	1	0	2	0	2
Elementary occupations	Female	4	0	1	0	1
	Male	10	0	1	0	1
Sub Total	Female	224	0	143	0	143
	Male	208	0	137	0	137
Total		432	0	280	0	280
Employees with disabilities	Female	1	0	0	0	0
	Male	2	0	0	0	0

3.14. INJURY ON DUTY

Table 4.15.1 provides basic information on injury on duty.

Table 3.14.1: Injury on duty, 1 April 2012 to 31 March 2013

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 2012 to 31 March 2013

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Establishment of a Programme/Project Management unit within the Department of Human Settlements	6	12 months	9 450 885
Historical Market Valuation	10	2 weeks	20 520
Town Planner & Land Surveyor	3	24 months	73 000
Integrated Public Sector Governance	8	2 days	47 992
Render services to the Housing Demand Data Improvement Program	3	8 Months	393 600
Preparation of HS Project "Pipeline" Development and Preliminary feasibility Assessments	10	18 months	3 191 000
Status Quo and a needs Analysis	6	20 months	1 207 771
On-going Monthly support for Regional Managers	4	36 months	2 827 086
Provision for Professional Resources for Routine work	2	7 months	3 500 000
Total number of projects	Total individual Consultants	Total duration of Work days	Total Contract value in Rand
9	52	126 mnths	20 711 854

Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs), 1 April 2012 to 31 March 2013

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Establishment of a Programme/ Project Management unit within the Department of Human Settlements	51	76	2
Historical Market Valuation	31	39	10
Town Planner & Land Surveyor	100	100	1
Integrated Public Sector Governance	100	100	2
Render services to the Housing Demand Data Improvement Program	18	24	0
Preparation of HS Project "Pipeline" Development and Preliminary feasibility Assessments	32	40	9
Preparation of HS Project "Pipeline" Development and Preliminary feasibility Assessments	100	100	1
Preparation of HS Project "Pipeline" Development and Preliminary feasibility Assessments	32	35	2
Status Quo and a needs Analysis	100	100	1
Status Quo and a needs Analysis	48	48	7
Status Quo and a Needs Analysis	32	40	9
On-going Monthly support for Regional Managers	48	48	7
On-going Monthly support for Regional Managers	100	100	1
Levels 1 & 2 Accreditation	100	100	1
Municipal Accreditation	31	35	2
Provision for Professional Resources for Routine work	100	100	1
Provision of Professional Resources to conduct an environmental impact Assessment	100	100	1



PART E: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

PART E: ANNUAL FINANCIAL STATEMENTS

Report of the Accounting Officer	117
Report of the Auditor-General	130
Accounting Policies	136
Appropriation Statement	147
Notes to the Appropriation Statement	153
Statement of Financial Performance	155
Statement of Financial Position	156
Statement of Changes in Net Assets	157
Cash Flow Statement	158
Notes to the Annual Financial Statements	159
Disclosure Notes to the Annual Financial Statements	170
Annexures to the Annual Financial Statements	182



REPORT BY THE ACCOUNTING OFFICER to the Executive Authorities and the Members of the Provincial Parliament of the Western Cape.

for the year ended 31 March 2013

1. General review of the state of financial affairs

Through the formulation of Provincial Strategic Objective 6, the Department focused its efforts on promoting the provision of basic services, security of tenure and upscaling the People's Housing Programme. While this strategy aims to provide more opportunities to more people, capacity constraints in both the department as well as municipalities were experienced.

In addition, the Department implemented standardised minimum criteria for the selection of beneficiaries, specifically designed for municipal use. This ensured that housing opportunities are allocated in a fair and transparent fashion while also taking the demographic profile and housing needs of local communities into account.

The introduction of an integrated Portfolio Management Office also played an integral part in improving service delivery.

Municipal planning and Project packaging and implementation have improved significantly in all districts in the Province, as well as the City of Cape Town, due to the appointment of dedicated departmental Regional Directors, their teams and Professional Resource Teams (PRTs) providing direct support to municipalities.

The expenditure i.r.o. the PRTs are funded via the Operating Capital (OPSCAP) Budget that forms 5% of the Human Settlement Development Grant. The value added by the PRTs is highlighted in disclosure note 20 of the financial statements (commitments) whereby the Department and Municipalities have created a pipeline of approved projects in excess of R710 million.

Expenditure on non-core business was interrogated and adjusted so that direct spending on service delivery is not adversely affected. This was done in consultation with the Provincial Treasury and other role players through the MTEC process.

Also during the review year, a study was commissioned to determine the backlog of title deeds and to identify methods to reduce the backlog. This project will be implemented as a priority project in the 2013/14 financial year.

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

The revised PHP policy has been implemented which addressed the shortcomings identified, as all houses are now registered with the NHBRC to ensure that quality houses are built and transferred to beneficiaries. Municipalities are now appointed as Account Administrators ensuring that the funds are utilized for its intended purpose.

The Department serviced 8 248 sites against a target of 10 615 (a total of 78%) and delivered 13 128 houses against a target of 15 567 (84%).

In addition, the Access to Basic Services Programme is progressing well, with 67% of targeted water stand pipes and 24% of the targeted toilets in informal settlements in B-municipalities installed.

The Department continued with the closing of the Western Cape Housing Development Fund, including the devolution and transfer of assets to the beneficiaries, municipalities and other end users. This is being done in terms of the Housing Act and in a structured manner, supported by Provincial Cabinet approvals, if required. This would lead to substantial savings i.r.o. municipal services and rates, maintenance and administrative costs.

Consultation with the Department of Transport and Public Works is ongoing to ensure that assets required for provincial projects/programmes are not alienated.

With a view to improve the integrity of housing demand information in the province, the Department implemented the Housing Demand Database, an electronic demand management system, to municipalities.

General view on spending for the financial year

	2012/13	2011/12
	R'000	R'000
Final appropriation		
Total	1 987 582	1 836 506
Administration	83 235	75 786
Housing needs, research and planning	14 090	14 024
Housing development	1 841 011	1 699 255
Housing asset/property management	49 246	47 441
Under-spending		
Total	124	2 106
Administration	-	22
Housing needs, research and planning	124	1 445
Housing development	-	639
Housing asset/property management		

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

All programmes and sub-programmes remained within their approved budgets. The reasons for the under spending are discussed under 'Notes to the appropriation statement'. The virements, as indicated in the appropriation statements, were approved by the delegated authority and applied to utilise savings under a main division to cover over expenditure on another main division.

2. Service rendered by the department

2.1 Free Services

No free services were rendered during the year under review. However, some finance and support service staff rendered an agency service to the Department of Local Government. This agreement expired on 31 March 2013, but the Department continues to assist in establishing the necessary capacity through training of newly appointed LG staff.

3. Capacity constraints

It is anticipated that the revised establishment would be implemented w.i.f 1 April 2014. Any capacity constraints are mitigated via the PRT appointments.

4. Utilisation of donor funds

R15,054 million was received via the RDP fund from National Treasury. This is in accordance with the bilateral agreement signed between the governments of Denmark and South Africa and wherein it was agreed by the Danish Donor Agency that the funds received would be dealt with in accordance with the relevant law of SA which requires that the unspent funds be surrendered at the end of the financial year. The Department will now reapply for the funds as it is committed towards solar water heating on the N2 projects. R4,121 million was transferred and the balance of R10,933 million was surrendered to the RDP for re-allocation in 2013/14.

5. Trading entities and public entities

The Western Cape Housing Development Board (WCHDB) was abolished in October 2005. The Western Cape Housing Development Fund (WCHDF) was dormant during

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

the 2012/13 financial year. All expenditure relating to assets was expensed under Programme 4: Housing Asset/Property Management. The income derived from the ex WCHDB assets and debtors was accounted as departmental revenue and subsequently paid over to the Provincial Revenue Fund. All transactions i.r.o. the WCHDF are regarded as related party transactions.

The financial statements of the Western Cape Housing Development Fund will be tabled in a separate report to the Provincial Parliament.

The Department entered into an agreement with the Housing Development Agency to act as project manager on the N2 housing projects as from the 2010/11 financial year.

6. Organisations to whom transfer payments have been made

All transfer payments and the purpose of the payments made are reported in Annexure 1A - 1F of the Notes to the Annual Financial Statements.

Based on the audit findings i.r.o. 2011/12, the Department implemented the following control measures i.r.o. 2012/13 to mitigate the risk and concern of making payments to municipalities without obtaining the necessary assurance i.t.o section 38(1)(j) of the PFMA.

The Department took ownership of the risk and it was taken up in the departmental risk register with the following mitigating measures:

- To ensure constantly that entities provide written assurance of effective efficient and transparent financial management and internal control systems.
- Physical verification at Municipalities and entities (account administrators).
- Obtain regular monthly compliance certificates from Municipalities and entities (account administrators).
- In cases of non-compliance, funds will be withheld from the Municipalities and the Entities (account administrators).

To demonstrate the commitment to address the concerns and to establish the necessary controls at municipalities i.r.o. transferring of funds, the department visited the following municipalities during the period under review: Cederberg, Swellendam and Kannaland.

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

7. There is an agency relationship with the municipalities in the Western Cape Province to act as the developers/ implementation agents of human settlements within municipalities.

A municipality is an agent when the provincial department:

- is still ultimately responsible for the construction of assets;
- has the risks and rewards of ownership including construction risk;
- is responsible for the identification and transfer of the assets to beneficiaries; and
- it is specified in the SLA/MoU between the two parties.

The following municipalities acted as agents for the Department:

City of Cape Town	George	Overstrand
Beaufort West	Kannaland	Prince Albert
Bergrivier	Knysna	Saldanha Bay
Bitou	Laingsburg	Stellenbosch
Langeberg	Hessequa	Swartland
Breede Valley	Matzikama	Swellendam
Cape Agulhas	Mossel Bay	Theewaterskloof
Cederberg	Oudtshoorn	Witzenberg
Drakenstein		

8. Public private partnerships (PPP)

The Department did not enter into any PPPs during the year under review.

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

9. Corporate governance arrangements

The Department places a very high emphasis on good governance and is striving towards a clean audit. The Department demonstrated the endeavour and commitment towards this by achieving the following:

- Early book closure before 30 April 2013 on 22 April 2013.
- The submission of Quarterly Interim Financial Statements.

The above initiatives should result in minimizing the material misstatements with the final submission of AFS i.r.o. 2012/13 financial year.

The Department embarked on the following processes to address the 2011/12 financial year audit findings:

- Determined the root causes of the audit findings with the assistance of Internal Audit from the Department of the Premier;
- Compiled action plans in accordance with the GAP (Governance Action Plan) and CGRO (Corporate Governance Review and Outlook);
- Regular monitoring and updating of the GAP and CGRO, which included ongoing reporting to the Accounting Officer and the Provincial Minister; and
- Quarterly reporting to Provincial Treasury and the Audit Committee.

The Department has a good professional partner relationship with Internal Audit and the Audit Committee to ensure that all the previous year's shortcomings identified by the AGSA are addressed and resolved. Regular financial, non-financial and governance reports are submitted to the MEC, Standing Committees, management and the Audit Committee. The quarterly meetings between the AGSA, management and the MEC also ensure that the Executive Authority is alerted to any key control shortcomings that might lead to audit risks.

The Department formally adopted an Anti-fraud and Corruption Strategy comprising the following:

- The Fraud and Corruption Policy
- The Fraud and Corruption Prevention Plan
- The Fraud Response Plan
- The Fraud Risk Register
- Code of Conduct

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

The departmental fraud prevention plan was reviewed, approved and implemented during the year under review. The department also approved and implemented a fraud risk register for the period under review. The above was achieved in conjunction with the Forensic Investigating Unit (FIU) in the Office of the Premier.

The ERM (Enterprise Risk Management) performed a strategic risk assessment as a tool to be used by the Department in identifying and mitigating the business risks of the Department. The updated risk register also informed the internal audit plan for the year under review 2012/13.

The purpose of the Risk Management Committee is to assist the Accounting Officer in creating a strong culture in the Department to fight fraud and corruption, which undercuts service delivery and threatens our sense of justice.

The Department had regular engagements with the Audit Committee and other governance structures throughout the year.

The Department will restate the stance of a zero tolerance i.r.o fraud and corruption through an awareness campaign within the department.

Through excellent co-operation between the Department and the Forensic Investigative Unit of the Department of the Premier, we are also making good progress in the investigation of alleged corruption into low-cost housing and the recovery of losses, which occurred in the past. These actions are vital to restore the integrity of our public service and human settlements programmes.

The Department had regular engagements with the Audit Committee and other governance structures throughout the year.

The Department identifies if any departmental officials have business interests with suppliers on the WCSD and, if any, investigates the concern and addresses it. The Department also requires that all the SMS, MMS and Supply Chain Management officials submit a declaration of interest on an annually 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.

10. Discontinued activities/activities to be discontinued

No activities were discontinued or are to be discontinued.

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

11. New/proposed activities

None.

12. Asset management

The Supply Chain Management (SCM) unit within the Department of Human Settlements allocates the Department's assets with unique asset numbers for purposes of verification, reconciliation and location. All assets have been captured in the asset register and monthly reconciliations were performed between LOGIS and BAS. The asset register of LOGIS complies with the minimum requirements.

The assets of the Department of Local Government that were recorded on the asset register of the Department of Human Settlements, were verified and transferred to the Department of Local Government. This process was performed i.t.o. Section 42 of the PFMA and the departments were assisted by the Provincial Treasury.

The fixed properties of the ex-Western Cape Housing Development Board are separately disclosed in the financial statements of the Western Cape Housing Development Fund.

13. Inventories

Two types of inventory are classified by LOGIS, consisting of store items and furniture and equipment. The value of the inventory of store items as at 31 March 2013 amounted to R275 000 (31 March 2012: R325 000). The inventories were valued at the weighted average price. Inventories are issued on the first in, first out (FIFO) basis. Excluded from the above is expenditure of R332 million i.r.o. infrastructure/housing projects on the N2 Gateway and R249 million on other Departmental projects not yet transferred to beneficiaries.

14. Events after the reporting date

No events occurred between 31 March 2013 and the date of approval of the financial statements that necessitated adjusting the financial statements as on 31 March 2013.

15. Information on predetermined objectives

The Auditor-General identified shortcomings on reliability and usefulness of performance

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

information. The Standard Operating Procedures (SOP) that governs the process was signed off by the Accounting Officer on 18 January 2012, into effect from 1 February 2012. It should be noted that the Department utilises the National Guide for the Implementation of Provincial Quarterly Performance Reports.

The Department enhanced its performance information collection, collation and analysis processes by ensuring that vigorous data verification processes were built in through physical verification of completed top structures, serviced sites and the submission of the Quarterly Performance Reports (QPR). The performance data are analysed and inconsistencies identified. Managers are then interviewed during one-on-one meetings to clarify the inconsistencies and provide performance evidence. This is followed by quarterly performance assessment discussions by chief directorates (Programme Managers); known as round tables, where managers have a final opportunity to address performance inconsistencies, submit outstanding performance evidence and detailed corrective measures to be implemented.

The Internal Control unit assisted in the performance information verification processes whereby physical counts were done on the various sites to verify the information. There has been a significant improvement in the implementation of the new processes. The Department introduced changed management processes to ensure that the components submit, together with their performance information, performance evidence that is reliable, accurate and complete on a quarterly basis for all indicators during the year under review.

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

16. SCOPA resolutions

Auditor-General report on the 2011/12 annual financial statements

Background and SCOPA concerns	Recommendations	Action Plan
<p>The Committee shares the concerns raised by the Auditor-General relating to the deficiencies found in terms of usefulness, accuracy, completeness and validity of performance information.</p>	<p>The Department presents an in-depth presentation on its Predetermined Objectives to the Committee; The Department documents and approves its internal policies and procedures and that this includes monitoring, review and adequate credibility assessments of information reported, and includes all other "National Treasury Framework Management Programme Performance Information" (NT-FMPPI) requirements.</p>	<p>Presentation done on 15 May 2013 to SCOPA</p>
<p>The Department is very descriptive in its highlighting of facts and figures. The Committee would be more appreciative if more graphs (pie charts, etc.) could be inserted that would highlight important activities and for ease of reference.</p>	<p>The Department includes in its Annual Report more detailed depictions in the form of graphs, to assist with visual interpretation of the value for money factors which can be extracted from its programmes.</p>	<p>The Department will include graphs to better illustrate the utilization of the budget and delivery against it.</p>
<p>The Committee shares the concern expressed by the Audit Committee, the Minister and HOD's of all departments that further audit coverage is required and that there is a need for additional capacity, particularly financial, to support the increased coverage of high risk areas. The audit coverage for the 2011/12 financial year is at 42,11%, compared to 44,44% for the 2010/11 financial year. The Committee noted that in order not to obtain a qualified audit opinion, the Department, opted to submit the Annual Report of the</p>	<p>The Minister and HOD continue to engage with Cabinet and Provincial Treasury in this regard with the view of significantly increasing audit coverage over the medium term, in order to reduce the negative impact on future audit outcomes, service delivery and on the achievement of predetermined objectives, particularly in high risk areas.</p> <p>The Department commits to meeting all PFMA and audit related deadlines set for the compilation, submission and</p>	<p>This issue was again raised with the Audit Committee when approving the Internal Audit Plan for 2013/14. The combined assurance model whereby all governance structures combine their capacity to address the risk of the department was implemented and the department is comfortable that the risks are adequately covered.</p> <p>The necessary capacity was created within the department to address the need and the WCHDF's Annual Financial Statements</p>

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

Background and SCOPA concerns	Recommendations	Action Plan
<p>Housing Development Fund to the Auditor-General some 6 weeks after the deadline.</p> <p>The Committee thanks the Department for addressing the Committee's resolutions in the previous year and for including these in the annual report for the period under review.</p>	<p>auditing of Annual Financial Statements and annual reports.</p> <p>A new report template be designed relating to the Departments actions on SCOPA Resolutions and requests that the Department replaces the old report template with this for the 2012/13 annual report onwards, once received.</p>	<p>will be submitted by the due date of 31 May 2013.</p> <p>This was taken up with the Committee co-ordinator and he mentioned that the Committee is still busy designing a new template.</p>
<p>The Committee shares the Auditor-General's concern that the Accounting Officer transferred funds to entities in relation to PHP's without first obtaining written assurance that the entity implements effective, efficient and transparent financial management of internal control systems.</p>	<p>The Committee requests that the Department addresses this concern without delay, and submits a report to the Committee detailing all transfer payment and transferee information, including the mechanisms introduced to address this concern.</p>	<p>During 2011 the Department revised its approach to the implementation of PHP Projects in the Province and one of the elements recommends that Private Account Administrators will no longer be allowed to be utilized in this capacity. In this regard all new PHP projects that have been approved since then have included the condition that the Municipality has to act as the Accounts Administrator. In negotiations with the Municipalities they have also agreed to this condition but have insisted that it only apply to new projects within their jurisdiction. In this respect the Department has retained the services of only four Private Account Administrators who are assisting the Department to finalise and complete the old, blocked and dormant PHP projects that form part of the Department's unblocking strategy for PHPs.</p>

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

Background and SCOPA concerns	Recommendations	Action Plan
<p>The Committee is concerned that the Department's senior management has not performed regular monitoring and evaluation of compliance to Supply Chain Management ("SCM") and procurement processes.</p>	<p>The Department undertakes and logs regular M&E checks to ensure compliance with SCM and procurement processes. The Department prepares an in-depth presentation on its Financial and Performance Management Strategy to the Committee.</p>	<p>The four Private AA's account to the Department on a monthly basis in terms of the Housing Code which requires the monthly reconciliation and statements on all expenditure and savings or interest earned on subsidy and grant funds transferred to these entities for disbursement on PHP projects.</p> <p>This presentation was done on 15 May 2013.</p>
<p>The Committee congratulates the Department for complying with generally accepted creditor-payment periods and legislated requirements for payment of creditors within 30 days of receipt of invoice.</p>	<p>The Department drafts a clause to be inserted into the Accounting Policies of the Department confirming its commitment to complying with generally accepted creditor-payment periods and legislated requirements for payment of creditors within 30 days of receipt of invoice.</p>	<p>An internal circular was issued during the year to instill the culture of settling accounts within 30 days in order to ensure that the money reach the suppliers bank accounts within 30 days. Regular inspections of registers performed by Internal control.</p>
<p>The Committee is concerned that the Department does not have a policy that guides the receipt, assessment and awarding or refusal of applications for gifts, donations and sponsorships to be made.</p>	<p>The Department drafts and adopts a policy that guides the HOD regarding the receipt, assessment and awarding or refusal of applications for gifts, donations and sponsorships to be made, and that it presents this to the Committee for deliberation; further that the Department includes more details relating to this in future annual reports.</p>	<p>A revised Gifts Policy was drafted and we are awaiting comment from key stakeholders.</p>

REPORT BY THE ACCOUNTING OFFICER

for the year ended 31 March 2013

17. Prior modifications to audit reports

None.

18. Exemptions and deviations received from the National Treasury

None.

19. Interim Financial Statements

The compilation and submission of interim financial statements contributed to the enhancement of the quality of the Annual Financial Statements. It does however put much strain on compilers, as the statements are not system generated but have to be compiled manually. It is recommended that the interim statements replace the quarterly IYM reporting as it is a duplication of reporting and due simultaneously.

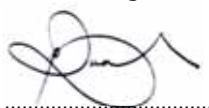
20. Investigations

The Department entered into a Memorandum of Agreement with the Forensic Investigating Unit, which commenced on 1 April 2012 for a period of two (2) years. The Department is extending the agreement for a further 3 years. All issues are being channeled through the Office of the Chief Financial Officer. The reasoning behind the decision to use one Directorate as a nodal point was to ensure that proper control and monitoring is exercised over matters referred to the FIU in terms of the agreement.

Good progress was achieved in the investigation of alleged corruption into low-cost housing and the role played by AAs (Account Administrators). The recovery of losses through excellent co-operation between the Department and the Forensic Investigative Unit were also addressed. These actions are vital to restore the integrity of the public service and human settlement programmes.

21. Approval

The Annual Financial Statements set out on pages 136 to 190 have been approved by the Accounting Officer.



.....
R RUGHUBAR
Accounting Officer (Acting)
Date: 2013.05.31

REPORT OF THE AUDITOR-GENERAL to Western Cape Provincial Parliament on Vote No. 8: Western Cape Department of Human Settlements

for the year ended 31 March 2013

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 136 to 190, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and 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 of these financial statements in accordance with the Departmental financial reporting framework 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, 2012 (Act No. 5 of 2012) (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 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

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

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.

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 2013, and its financial performance and cash flows for the year then ended in accordance with the Departmental financial reporting framework prescribed by National Treasury and in the manner required by 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 19 to the financial statements, the department is a defendant in a land-claim lawsuit of R87 158 000 and a fire claim lawsuit of R14 000 000, which the department are disputing. The ultimate outcome of these matters cannot currently be determined and no provision for any liability that may result has been made in the financial statements.

Payables

9. Payables which exceeded the payment term of 30 days as required in Treasury Regulation 8.2.3 amounted to R19 853 000. This amount, in turn, exceeded the voted funds to be surrendered of R124 000 as per the statement of financial performance by R19 729 000. The amount of R19 729 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in a timely manner.

Additional matters

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

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

Unaudited supplementary schedules

11. The supplementary information set out on pages 147 to 154 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.

Financial reporting framework

12. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they “present fairly”. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 13 to 52 of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability for the programmes selected for auditing. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury’s annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information (FMPPI).
16. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

17. The material findings are as follows:

Usefulness of information Measurability

Performance indicators not well defined

18. The FMPPI requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. None of the indicators were well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.

Performance indicators not verifiable

19. The FMPPI requires that it must be possible to validate the processes and systems that produced the indicator. None of the indicators were verifiable in that valid processes and systems that produce the information on actual performance did not exist.

Reliability of information Reported performance not reliable

20. The FMPPI 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.

Additional matter

21. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Material adjustments to the annual performance report

22. Material audit adjustments in the annual performance report were identified during the audit, of which some were corrected by management and those that were not corrected have been reported accordingly.

Compliance with laws and regulations

23. I performed procedures to obtain evidence that the entity has complied with applicable

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Human resource management and compensation

24. Employees were appointed without following a proper process to verify the claims made in their applications, in contravention of Public Service Regulation 1/VII/D.8.

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

26. The definitions of the indicators were not clear, thus every staff member did not have the same understanding, and as a result, the department did not collect the information consistently and accurately. The systems relating to reporting on predetermined objectives were not fully effective. Control weaknesses were not analysed and appropriate follow-up actions were not taken that address inadequacies in validation of performance data as oversight that should be performed by senior management over data validation did not occur in all instances. Roles and responsibilities were not adequately enforced by senior management to ensure that accountability was taken to guarantee that performance data was valid, accurate and complete.
27. Although an action plan was formulated to address the internal control deficiencies, it was found to lack sufficient detail with regard to the implementation of the processes involved in the data collection and as a result the findings in this regard have recurred. The accounting officer did not adequately evaluate, in all instances, whether management had implemented effective internal controls to ensure that senior management had met their responsibilities.

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2013

Financial and performance management

28. The material misstatements in the annual performance report were not detected by internal controls due to line managers not taking responsibility for the reported information, as well as insufficient review by line managers to ensure that the information is valid, accurate and complete. Record management of evidence for predetermined objectives was not adequate in all instances and contributed to the material misstatements identified. Furthermore, the validating process of the monitoring and evaluation section did not identify these misstatements.
29. Management in the human resources department did not implement adequate monitoring and review controls to ensure compliance with applicable acts and regulations for the appointment process.

OTHER REPORTS Investigations

30. The following cases were being investigated by the Western Cape Forensic Investigative Unit:
- 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
 - Alleged irregularities of allocation of houses

Cape Town
31 July 2013

Auditor General



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ACCOUNTING POLICIES

for the year ended 31 March 2013

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2012.

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.5 Comparative figures - Appropriation Statement

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

2. Revenue

2.1 Appropriated funds

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

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

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

ACCOUNTING POLICIES

for the year ended 31 March 2013

Any amount owing to the Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Direct Exchequer payments

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

2.5 Aid assistance

Aid assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

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

All Criminal Asset Recovery Fund (CARA) funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

ACCOUNTING POLICIES

for the year ended 31 March 2013

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at their face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

ACCOUNTING POLICIES

for the year ended 31 March 2013

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

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

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

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

3.5 Transfers and subsidies

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

3.6 Unauthorised expenditure

When confirmed, unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is de-recognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

ACCOUNTING POLICIES

for the year ended 31 March 2013

Where the amount is approved without funding, it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable, it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

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

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

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

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

ACCOUNTING POLICIES

for the year ended 31 March 2013

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are de-recognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

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

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost formula.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

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

ACCOUNTING POLICIES

for the year ended 31 March 2013

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

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

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.3 Intangible assets

Initial recognition

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

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.

ACCOUNTING POLICIES

for the year ended 31 March 2013

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

5. Liabilities

5.1 Payables

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

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

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

5.5 Accruals

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

ACCOUNTING POLICIES

for the year ended 31 March 2013

5.6 Employee benefits

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

5.7 Lease commitments

Finance lease

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

Operating lease

5.7.2 Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 Impairment and provisions

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows/service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

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

ACCOUNTING POLICIES

for the year ended 31 March 2013

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

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

9. Key management personnel

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

10. Public private partnerships

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

11. GG vehicle expenditure and commitments

The National Treasury approved a departure from the disclosure of apportioning finance lease expenditure and future financial commitments between capital and interest as prescribed by the accounting policy in paragraph 5.7 above, due to the difference of interpretation on the accounting treatment for GG vehicles. Future finance lease commitments have been disclosed using the CPIX rate as the basis for annual increments.

APPROPRIATION STATEMENT

for the year ended 31 March 2013

Programmes	Appropriation per programme							2011/12	
	2012/13							Final	Actual
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	75 488	(19)	2 186	77 655	77 655	-	100,0	68 770	68 748
Transfers and subsidies	395	(171)	-	224	224	-	100,0	375	375
Payment for capital assets	4 440	263	426	5 129	5 129	-	100,0	6 397	6 397
Payment for financial assets	300	(73)	-	227	227	-	100,0	244	244
	80 623	-	2 612	83 235	83 235	-	-	75 786	75 764
2. Housing, Needs, Research and Planning									
Current payment	14 687	(35)	(597)	14 055	13 931	124	99,1	13 874	12 429
Transfers and subsidies	-	35	-	35	35	-	100,0	150	150
	14 687	-	(597)	14 090	13 966	124	-	14 024	12 579
3. Housing Development									
Current payment	117 868	(2 004)	1 843	117 707	117 707	-	100,0	90 159	89 520
Transfers and subsidies	1 721 096	2 004	204	1 723 304	1 723 304	-	100,0	1 609 096	1 609 096
	1 838 964	-	2 047	1 841 011	1 841 011	-	-	1 699 255	1 698 616
4. Housing Asset Management Property Management									
Current payment	36 008	(3 628)	(4 062)	28 318	28 318	-	100,0	32 446	32 446
Transfers and subsidies	17 300	3 628	-	20 928	20 928	-	100,0	14 995	14 995
	53 308	-	(4 062)	49 246	49 246	-	-	47 441	47 441
Total	1 987 582	-	-	1 987 582	1 987 458	124	100,0	1 836 506	1 834 400
Reconciliation with Statement of Financial Performance									
Add: Departmental receipts				52 866				123 182	
Aid assistance				15 054				13 954	
Actual amounts per Statement of Financial Performance (Total Revenue)				2 055 502				1 973 642	
Add: Aid assistance					4 121				-
Actual amounts per Statement of Financial Performance Expenditure					1 991 579				1 834 400

APPROPRIATION STATEMENT

for the year ended 31 March 2013

Economic classification	Appropriation per Economic classification							2011/12	
	2012/13						Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	138 537	(2 185)	1 097	137 449	137 325	124	99,9	124 444	122 338
Goods and services	105 492	(3 479)	(1 727)	100 286	100 286	-	100,0	80 792	80 792
Interest and rent on land	22	(22)	-	-	-	-	-	13	13
Transfers & subsidies									
Provinces & municipalities	97 268	3 342	-	100 610	100 610	-	100,0	42 325	42 325
Departmental agencies & accounts	600	(333)	-	267	267	-	100,0	601	601
Universities & technikons	1 000	-	-	1 000	1 000	-	100,0	1 000	1 000
Non-profit institutions	-	-	-	-	-	-	-	11	11
Households	1 639 923	2 487	204	1 642 614	1 642 614	-	100,0	1 580 679	1 580 679
Payment for capital assets									
Machinery & equipment	4 304	212	426	4 942	4 942	-	100,0	6 359	6 359
Software & other intangible assets	136	51	-	187	187	-	100,0	38	38
Payment for financial assets	300	(73)	-	227	227	-	100,0	244	244
Total	1 987 582	-	-	1 987 582	1 987 458	124	100,0	1 836 506	1 834 400

APPROPRIATION STATEMENT

for the year ended 31 March 2013

Detail per Programme 1 - Administration for the year ended 31 March 2013

Details per Sub-Programme	2012/13							2011/12	
	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	5 472	84	-	5 556	5 556	-	100.0	4 920	4 898
Payment for capital assets	360	(138)	-	222	222	-	100.0	-	-
1.2 Corporate Services									
Current payment	70 016	(103)	2 186	72 099	72 099	-	100.0	63 850	63 850
Transfers and subsidies	395	(171)	-	224	224	-	100.0	375	375
Payment for capital assets	4 080	401	426	4 907	4 907	-	100.0	6 397	6 397
Payment for financial assets	300	(73)	-	227	227	-	100.0	244	244
Total	80 623	-	2 612	83 235	83 235	-	100.0	75 786	75 764

Programme 1 Per Economic classification	2012/13							2011/12	
	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	55 139	-	1 117	56 256	56 256	-	100.0	46 189	46 167
Goods and services	20 333	(3)	1 069	21 399	21 399	-	100.0	22 568	22 568
Interest and rent on land	16	(16)	-	-	-	-	-	13	13
Transfers & subsidies									
Provinces & municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies & accounts	100	(100)	-	-	-	-	-	100	100
Non-profit institutions	-	-	-	-	-	-	-	11	11
Households	295	(71)	-	224	224	-	100.0	264	264
Payment for capital assets									
Machinery & equipment	4 304	212	426	4 942	4 942	-	100.0	6 359	6 359
Software & other intangible	136	51	-	187	187	-	100.0	38	38
Payment for financial assets									
Payment for financial assets	300	(73)	-	227	227	-	100.0	244	244
Total	80 623	-	2 612	83 235	83 235	-	100.0	75 786	75 764

APPROPRIATION STATEMENT

for the year ended 31 March 2013

Detail per Programme 2 - Housing Needs, Research and Planning for the year ended 31 March 2013

Details per sub-programme	2012/13							2011/12	
	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	9 976	(542)	(597)	8 837	8 713	124	98,6	9 825	8 380
Transfers and subsidies	-	35	-	35	35	-	100,0	150	150
2.2 Planning									
Current payment	4 711	507	-	5 218	5 218	-	100,0	4 049	4 049
Total	14 687	-	(597)	14 090	13 966	124	99,1	14 024	12 579

Programme 2 Per Economic classification	2012/13							2011/12	
	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	13 431	-	(279)	13 152	13 028	124	99,1	12 888	11 443
Goods and services	1 256	(35)	(318)	903	903	-	100,0	986	986
Transfers & subsidies									
Households	-	35	-	35	35	-	100,0	150	150
Total	14 687	-	(597)	14 090	13 966	124	99,1	14 024	12 579

APPROPRIATION STATEMENT

for the year ended 31 March 2013

Detail per Programme 3 – Housing Development for the year ended 31 March 2013

Details per sub-programme	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	2012/13			Expenditure as % of final appropriation %	2011/12	
				Final Appropriation R'000	Actual Expenditure R'000	Variance R'000		Final Appropriation R'000	Actual Expenditure R'000
3.1 Administration									
Current payment	44 816	-	1 843	46 659	46 659	-	100,0	44 127	43 488
Transfers and subsidies	68 968	-	204	69 172	69 172	-	100,0	16 282	16 282
3.2 Financial Interventions									
Current payment	73 052	(2 004)	-	71 048	71 048	-	100,0	46 032	46 032
Transfers and subsidies	137 549	(22 920)	-	114 629	114 629	-	100,0	148 773	148 773
3.3 Incremental Interventions									
Transfers and subsidies	1 154 972	5 557	-	1 160 529	1 160 529	-	100,0	1 237 054	1 237 054
3.4 Social and Rental Intervention									
Transfers and subsidies	359 607	19 367	-	378 974	378 974	-	100,0	206 987	206 987
Total	1 838 964	-	2 047	1 841 011	1 841 011	-	100,0	1 699 255	1 698 616

Programme 3 Per Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	2012/13			Expenditure as % of final appropriation %	2011/12	
				Final Appropriation R'000	Actual Expenditure R'000	Variance R'000		Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	53 673	(2 185)	1 140	52 628	52 628	-	100,0	50 407	49 768
Goods and services	64 189	187	703	65 079	65 079	-	100,0	39 752	39 752
Interest and rent on land	6	(6)	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	79 968	(1)	-	79 967	79 967	-	100,0	27 330	27 330
Departmental agencies & accounts	500	(233)	-	267	267	-	100,0	501	501
Universities & technikons	1 000	-	-	1 000	1 000	-	100,0	1 000	1 000
Households	1 639 628	2 238	204	1 642 070	1 642 070	-	100,0	1 580 265	1 580 265
Total	1 838 964	-	2 047	1 841 011	1 841 011	-	100,0	1 699 255	1 698 616

APPROPRIATION STATEMENT

for the year ended 31 March 2013

Detail per Programme 4 - Housing Asset Management Property Management for the year ended 31 March 2013

Details per sub-programme	2012/13							2011/12	
	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	19 679		(1 968)	17 711	17 711	-	100,0	17 194	17 194
4.2 Housing Properties Maintenance									
Current payment	16 329	(3 628)	(2 094)	10 607	10 607	-	100,0	15 252	15 252
Transfers and subsidies	17 300	3 628		20 928	20 928	-	100,0	14 995	14 995
Total	53 308	-	(4 062)	49 246	49 246	-	100,0	47 441	47 441

Programme 4 Per Economic classification	2012/13							2011/12	
	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	16 294	-	(881)	15 413	15 413	-	100,0	14 960	14 960
Goods and services	19 714	(3 628)	(3 181)	12 905	12 905	-	100,0	17 486	17 486
	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	17 300	3 343	-	20 643	20 643	-	100,0	14 995	14 995
Households	-	285	-	285	285	-	100,0	-	-
Total	53 308	-	(4 062)	49 246	49 246	-	100,0	47 441	47 441

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2013

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-F) 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):

Per programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. R'000
Housing needs, research and planning	14 090	13 966	124	0.86%

Under-expenditure due to over-budget for compensation of employees

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2013

4.2 Per economic classification

Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
Current expenditure				
Compensation of employees	137 449	137 325	124	0,09%
Goods and services	100 286	100 286	-	0,00%
Transfers and subsidies				
Provinces and municipalities	100 610	100 610	-	0,00%
Universities and technikons	1 000	1 000	-	0,00%
Households	1 642 614	1 642 614	-	0,00%
Gifts and donations	267	267	-	0,00%
Payments for capital assets				
Machinery and equipment	4 942	4 942	-	0,00%
Software and other intangible assets	187	187	-	0,00%
Payments for financial assets	227	227	-	0,00%
	1 987 582	1 987 458	124	0,01%

Under-expenditure due to over-budget for compensation of employees

4.3 Per conditional grant

Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
Human Settlements				
Human Settlements Development Grant	1 725 180	1 725 180	-	-

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
REVENUE			
Annual appropriation	1	1 987 582	1 836 506
Departmental revenue	2	52 866	123 182
Aid assistance	3	15 054	13 954
TOTAL REVENUE		2 055 502	1 973 642
EXPENDITURE			
Current expenditure			
Compensation of employees	4	137 325	122 338
Goods and services	5	100 286	80 792
Interest and rent on land	6	-	13
Total current expenditure		237 611	203 143
Transfers and subsidies			
Transfers and subsidies	8	1 744 491	1 624 616
Aid assistance	3,1	4 121	-
Total transfers and subsidies		1 748 612	1 624 616
Expenditure for capital assets			
Tangible capital assets	9	4 942	6 359
Software and other intangible assets	9	187	38
Total expenditure for capital assets		5 129	6 397
Payments for financial assets	7	227	244
TOTAL EXPENDITURE		1 991 579	1 834 400
SURPLUS FOR THE YEAR		63 923	139 242
Reconciliation of Net Surplus for the year			
Voted Funds		124	2 106
Annual appropriation		124	2 106
Departmental revenue and NRF Receipts	14	52 866	123 182
Aid assistance	3,1	10 933	13 954
SURPLUS FOR THE YEAR		63 923	139 242

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
ASSETS			
Current Assets		113 473	138 099
Cash and cash equivalents	10	35 157	60 005
Prepayments and advances	11	146	43
Receivables	12	78 170	78 051
TOTAL ASSETS		113 473	138 099
LIABILITIES			
Current Liabilities		105 031	129 801
Voted funds to be surrendered to the Revenue Fund	13	124	2 106
Departmental revenue to be surrendered to the Revenue Fund	14	36 308	70 265
Bank overdraft	15	15 511	6 550
Payables	16	53 088	36 926
Aid assistance repayable	3.3	-	13 954
TOTAL LIABILITIES		105 031	129 801
NET ASSETS		8 442	8 298
Represented by:			
Recoverable revenue		8 442	8 298
TOTAL		8 442	8 298

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
Recoverable revenue			
Opening balance		8 298	8 331
Transfers		144	(33)
Irrecoverable amounts written off		-	(7)
Debts revised		(4)	(4 518)
Debts recovered (included in departmental receipts)		(114)	(4 771)
Debts raised		262	9 263
Closing balance		8 442	8 298
Total		8 442	8 298

CASH FLOW STATEMENT

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 115 502	2 033 642
Annual appropriated funds received	1,1	1 987 582	1 836 506
Departmental revenue received	2	112 866	183 182
Aid assistance received	3	15 054	13 954
Net decrease in working capital		15 940	(58 378)
Surrendered to Revenue Fund		(148 929)	(141 056)
Surrendered to RDP Fund/Donor		(24 887)	-
Current payments		(237 611)	(203 143)
Payments for financial assets		(227)	(244)
Transfers and subsidies paid		(1 748 612)	(1 624 616)
Net cash flow available from operating activities	17	(28 824)	6 205
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(5 129)	(6 397)
Net cash flows from investing activities		(5 129)	(6 397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in net assets		144	(33)
Net cash flows from financing activities		144	(33)
Net decrease in cash and cash equivalents		(33 809)	(225)
Cash and cash equivalents at beginning of period		53 455	53 680
Cash and cash equivalents at end of period	18	19 646	53 455

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

1. Annual Appropriation		2012/13			2011/12
1,1 Annual Appropriation	Final Appropriation 2012/13 R'000	Actual Funds Received 2012/13 R'000	Funds not requested/ not received 2012/13 R'000	Appropriation Received 2011/12 R'000	
Programmes					
ADMINISTRATION	83 235	83 235	-	75 786	
HOUSING NEEDS, RESEARCH AND PLANNING	14 090	14 090	-	14 024	
HOUSING DEVELOPMENT	1 841 011	1 841 011	-	1 699 255	
HOUSING ASSET MANAGEMENT PROPERTY MANAGEMENT	49 246	49 246	-	47 441	
Total	1 987 582	1 987 582	-	1 836 506	
		Note	2012/13 R'000	2011/12 R'000	
1,2 Conditional grants**					
Total grants received		32	1 725 180	1 638 845	

(** 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	72	316	
Interest, dividends and rent on land	2,2	120	338	
Transactions in financial assets and liabilities	2,3	112 674	182 528	
Total revenue collected		112 866	183 182	
Less: Own revenue included in appropriation	14	60 000	60 000	
Departmental revenue collected		52 866	123 182	

Included in transactions in assets and liabilities is R63 million received from the City of Cape Town relating to the funding of bulk infrastructure for the N2 Gateway (Joe Slovo and Boys Town).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
2.1 Sales of goods and services other than capital assets	2		
Sales of goods and services produced by the department		72	306
Sales by market establishment		-	5
Administrative fees		43	283
Other sales		29	18
Sales of scrap, waste and other used current goods		-	10
Total		72	316
2.2 Interest, dividends and rent on land	2		
Interest		120	338
Total		120	338
2.3 Transactions in financial assets and liabilities	2		
Loans and advances		19 858	49 675
Other Receipts including Recoverable Revenue		92 816	132 853
Total		112 674	182 528

Included in the above are the following receipts in respect of the former Western Cape Housing Development Board:
R2 806 000 for rental on housing properties and R13 988 000 realised through the EEDBS. (Note 2.3: Loans and advances)

3. Aid Assistance

3.1 Aid assistance received in cash from RDP Fund

Foreign

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

3.2 Total

Opening Balance

	Note	2012/13 R'000	2011/12 R'000
Opening Balance		13 954	-
Revenue		15 054	13 954
Expenditure		(4 121)	-
Transfers		(4 121)	-
Surrendered / Transferred to retained funds		(24 887)	-
Closing Balance		-	13 954

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

3.3 Analysis of balance

Aid assistance repayable	-	13 954
RDP	-	13 954
Closing balance	-	13 954

R15 054 000 was received from the Danish government via the RDP Fund for the provision of solar water heaters for N2 Gateway projects.

4. Compensation of employees

4.1 Salaries and wages	4		
Basic salary		92 366	79 872
Performance award		2 954	2 893
Service Based		5 713	5 087
Compensative/circumstantial		5 126	5 578
Periodic payments		1 531	1 735
Other non-pensionable allowances		13 551	12 691
Total		121 241	107 856
4.2 Social Contributions	4		
Employer contributions			
Pension		10 187	9 044
Medical		5 872	5 416
Bargaining council		25	22
Total		16 084	14 482
Total compensation of employees		137 325	122 338
Average number of employees		432	409

Increase in Compensation of employee expenditure is due to normal salary increases, and an increase in the number of employees. Average remuneration per employee increased by 6.4% to R318 000. 2011/12: R299 000 Included in Compensation of Employees is overtime amounting to R3 029 000 The average number of employees of 407 in 2012 has been restated as 409, as determined on the full time equivalent basis of the number of employees at the beginning and end of the financial year, in terms of the Departmental Financial Reporting Framework Guide.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
5. Goods and services			
Administrative fees		261	104
Advertising		2 442	225
Assets less than R5,000	5,1	397	600
Bursaries (employees)		391	223
Catering		757	493
Communication		2 635	1 758
Computer services	5,2	1 077	1 063
Consultants, contractors and agency/outsourced services	5,3	57 080	36 839
Entertainment		38	57
Audit cost – external	5,4	9 280	8 510
Inventory	5,5	2 420	2 431
Operating leases		1 483	1 148
Property payments	5,6	10 216	15 648
Rental and hiring		65	2
Travel and subsistence	5,7	9 405	9 798
Venues and facilities		563	816
Training and staff development		1 330	499
Other operating expenditure	5,8	446	578
Total		100 286	80 792

Fleet services of R5 348 000 relating to the prior year have been re-stated as Travel and subsistence, in line with the Standard Chart of Accounts (SCOA).

5.1 Assets less than R5,000	5		
Tangible assets		361	562
Heritage assets		-	3
Machinery and equipment		361	559
Intangible assets		36	38
Total		397	600
5.2 Computer services	5		
SITA computer services		572	387
External computer service providers		505	676
Total		1 077	1 063

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
5.3 Consultants, contractors and agency/outsourced services	5		
Business and advisory services		50 346	30 743
Infrastructure and planning		353	1 609
Legal costs		2 539	2 798
Contractors		528	730
Agency and support/outsourced services		3 314	959
Total		57 080	36 839

Included in the above is project management fees of R10.94m paid to the Housing Development Agency (HDA) i.r.o. N2 Gateway projects. (2011/12: R18.85 million) The increase in consultants' expenditure is due to the appointment of the Professional Resource Teams (PRTs) to assist in human settlement delivery. These costs are funded via the OPSCAP budget whereby 5% of the Human Settlement Development Grant is utilised to acquire the necessary capacity to plan and implement projects. The benefits of the PRTs are explained in the disclosure note for commitments.

5.4 Audit cost – external	5		
Regularity audits		6 394	6 965
Investigations		2 886	1 545
Total		9 280	8 510

The expenditure i.r.o. investigations is for work performed by the FIU i.t.o. their agreement with the Department to provide additional dedicated resources.

5.5 Inventory	5		
Learning and teaching support material		3	-
Fuel, oil and gas		8	5
Other consumables		118	142
Materials and supplies		43	37
Stationery and printing		2 248	2 247
Total		2 420	2 431
5.6 Property payments	5		
Municipal services		4 531	1 918
Property management fees		4	-
Property maintenance and repairs		4 499	12 876
Other		1 182	854
Total		10 216	15 648

The increase in municipal services payments is due to arrears paid to the CoCT. The above excludes an amount of R20.730 million i.r.o. of municipal rates and taxes that is classified as transfers to municipalities.

The decrease in maintenance is due to the ad hoc upgrading of rental stock projects in the previous financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
5.7 Travel and subsistence	5		
Local		8 791	9 139
Foreign		614	659
Total		9 405	9 798
5.8 Other operating expenditure	5		
Learnerships		138	207
Resettlement costs		88	233
Gifts		53	29
Other		167	109
Total		446	578

Gifts mainly consist of T-shirts and drawstring bags for golfday (R25 000), pens and notepad sets for the long service award ceremony (R9 000) and awards for the spring day competition (R6 000). The rest (R13 000) was for sympathy flowers, fruit baskets, etc.

6. Interest and Rent on Land			
Interest paid		-	13
Total		-	13
7. Payments for financial assets			
Other material losses written off	7,1	227	244
Total		227	244
7,1 Other material losses written off	7		
Nature of losses			
Vehicle and vehicle accessories damage		201	83
Ex-employees: Salary overpayment & T&S (Uneconomical to recover)		23	56
Ex-employees: State guarantee, bursary, income tax		3	-
Duplicate payment		-	58
Lost items		-	47
Total		227	244

All the write-offs are done on recommendation of the State Attorney.

8. Transfers and Subsidies			
Provinces and municipalities	ANNEXURE 1A	100 611	42 275
Departmental agencies and accounts	ANNEXURE 1B	267	-
Universities and technikons	ANNEXURE 1C	1 000	1 000
Households	ANNEXURE 1D	1 642 577	1 580 679
Gifts, donations and sponsorships made	ANNEXURE 1F	36	662
Total		1 744 491	1 624 616

The amount transferred to the City of Cape Town, but not yet spent/paid to contractors amounts to R367 148 000 at 31 March 2013. R43 865 000 is for PHP and R323 283 000 is for other housing projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
9. Expenditure for capital assets			
Tangible assets		4 942	6 359
Machinery and equipment		4 942	6 359
Software and other intangible assets		187	38
Computer software		187	38
Total		5 129	6 397

9,1 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
Software and other intangible assets	187	-	187
Computer software	187	-	187
Total	5 129	-	5 129

9,2 Analysis of funds utilised to acquire capital assets - 2011/12

Tangible assets	6 359	-	6 359
Machinery and equipment	6 359	-	6 359
Software and other intangible assets	38	-	38
Computer software	38	-	38
Total	6 397	-	6 397

	Note	2012/13 R'000	2011/12 R'000
10. Cash and Cash Equivalents			
Investments (Domestic)		35 157	60 005
Total		35 157	60 005

Investments (domestic) represents cash not required by the Department for immediate use and is invested by the 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
11. Prepayments and Advances			
Travel and subsistence		146	43
Total		146	43

Included in prepayments and advances are advances of R52 000 and R60 000 for two officials who travelled to London to partake in an internship over a period of three weeks as arranged by the chartered institute for housing.

The officials returned in March 2013 and the advances could not be settled before year-end.

	Note	2012/13			Total R'000	2011/12 R'000
		Less than one year R'000	One to three years R'000	Older than three years R'000		
12. Receivables						
Claims Recoverable	12,1	59 777	14 342	3 220	77 339	77 200
Recoverable expenditure	12,2	56	34	310	400	483
Staff debt	12,3	67	323	38	428	152
Other debtors	12,4	3	-	-	3	216
Total		59 903	14 699	3 568	78 170	78 051

	Note	2012/13 R'000	2011/12 R'000
12.1 Claims recoverable	12		
Provincial departments		967	1 015
Public entities		10	-
Private enterprises		46 200	45 946
Households and non-profit institutions		197	384
Local governments		29 965	29 855
Total		77 339	77 200

The amount in respect of private enterprises relates to the fraudulent use of PHP subsidies which were held in trust by an Account Administrator (R6 750 000) and developers of housing projects (R39 272 000). The amount in respect of Local Governments is recoverable from the Bitou Municipality (R29 350 000), and City of Cape Town (R615 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
12.2 Recoverable expenditure (disallowance accounts)	12		
Disallowance account: Damages and losses		400	483
Total		400	483
12.3 Staff debt	12		
Breach of contract: Study bursaries		20	29
Salary related debt		36	31
Private telephone		69	54
Irregular expenditure not condoned		247	-
Lost cameras		39	36
Car rental		-	2
Cash fraud		17	-
Total		428	152

An amount of R384 000 classified as staff debt in 2011/12 has been re-stated as Claims recoverable: Households and non-profit institutions due to the fact that it relates to ex staff debt and external bursary holders.

12.4 Other debtors	12		
Salary clearing account: SARS		3	2
Trust account: IDP learnerships		-	214
Total		3	216
13. Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		2 106	27 275
Transfer from statement of financial performance		124	2 106
Paid during the year		(2 106)	(27 275)
Closing balance		124	2 106
14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance		70 265	864
Transfer from Statement of Financial Performance		52 866	123 182
Own revenue included in appropriation		60 000	60 000
Paid during the year		(146 823)	(113 781)
Closing balance		36 308	70 265
	Note	2012/13 R'000	2011/12 R'000
15. Bank Overdraft			
Consolidated Paymaster General Account		15 511	6 550
Total		15 511	6 550

Consolidated PMG account:
The amount 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 PT 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 10.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
16. Payables - current			
Clearing accounts	16.1	39	74
Other payables	16.2	53 049	36 852
Total		53 088	36 926
16.1 Clearing accounts	16		
PERSAL clearing accounts		39	74
Total		39	74
16.2 Other payables	16		
Western Cape Housing Development Fund		36 306	36 844
WC: Department of Transport and Public Works		692	-
Department of Local Government		-	8
City of Cape Town		12 000	-
WC: Department of Transport and Public Works		4 051	-
Total		53 049	36 852

Included other receivables is R12 million received from the CoCT for bulk services in Highbury Park and R4.051 million erroneously paid to the Department by the Department of Transport and Public Works for properties not belonging to the Department. The amount should have been paid to the CoCT.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
17. Net cash flow available from operating activities			
Net surplus as per Statement of Financial Performance		63 923	139 242
Add back non cash/cash movements not deemed operating activities		(92 747)	(133 037)
Increase in receivables – current		(119)	(56 029)
Increase in prepayments and advances		(103)	(27)
Increase in payables – current		16 162	(2 322)
Expenditure on capital assets		5 129	6 397
Surrenders to Revenue Fund		(148 929)	(141 056)
Surrenders to RDP Fund/Donor		(24 887)	-
Own revenue included in appropriation		60 000	60 000
Net cash flow generated by operating activities		(28 824)	6 205
18. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(15 511)	(6 550)
Cash with commercial banks (Local)		35 157	60 005
Total		19 646	53 455

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

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

	Note	2012/13 R'000	2011/12 R'000
19. Contingent liabilities and contingent assets			
19.1 Contingent liabilities			
Liable to	Nature		
Claims against the department	Annex 2	17 064	3 064
Intergovernmental payables (unconfirmed balances)	Annex 4	701	1 315
Other	Annex 2	87 158	87 258
Total		104 923	91 637
20. Commitments			
Current expenditure			
Approved and contracted		75 886	24 282
Approved but not yet contracted		419	11 142
		76 305	35 424
Capital Expenditure (Including transfers)			
Approved and contracted		1 907 915	1 884 848
Approved but not yet contracted		1 080 142	7 261
		2 988 057	1 892 109
Total Commitments		3 064 362	1 927 533

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

Infrastructure projects to the value of R710 million have been approved, but not yet contracted. The increase in the approved, but not yet contracted is proof of the success that the Department has achieved by appointing the PRT's to assist the municipalities in developing their housing pipelines.

This will ensure that municipalities have enough implementation ready projects if certain projects are delayed due to various factors. A further benefit is that money will not be shifted from non-performing municipalities to other municipalities as in the past, but only be shifted to other projects within the same municipality. Refer to note 5.3 - Consultants.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

				2012/13 R'000	2011/12 R'000
21. Accruals					
Listed by economic classification	30 Days	30+ Days	Total	Total	
Goods and services	2 703	792	3 495	10 569	
Transfers and subsidies	75 610	19 025	94 635	21 718	
Capital assets	-	36	36	181	
Total	78 313	19 853	98 166	32 468	
Listed by programme level					
Programme 1: Administration			2 878	1 319	
Programme 2: Housing needs, research & planning			14	1 186	
Programme 3: Housing development			84 438	17 517	
Programme 4: Housing asset management, property management			10 836	12 446	
Total			98 166	32 468	

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 the claim by the Department's inspectors as per the agreements with the municipalities. Therefore, i.r.o. subsidies, the 30 days commences after certification of the claims.

The payment overdue period is calculated backwards from the date the payment reflects in the beneficiary's bank account and not the date of the payment on the Department's Financial System.

	Note	2012/13 R'000	2011/12 R'000
Confirmed balances with departments	Annex 4	123	818
Total		123	818
22. Employee benefits			
Leave entitlement		2 851	2 965
Service bonus (Thirteenth cheque)		2 974	2 715
Performance awards		2 078	1 870
Capped leave commitments		4 882	4 686
Total		12 785	12 236

Included in the amount for leave entitlement are leave credit balances amounting to R252 000.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

23. Lease Commitments

23.1 Operating leases expenditure

2012/13	Specialised military assets R'000	Land R'000	Buildings & other fixed structures	Machinery and equipment R'000	Total R'000
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

2011/12	Specialised military assets R'000	Land R'000	Buildings & other fixed structures	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	986	986
Later than 1 year and not later than 5 years	-	-	-	1 040	1 040
Total lease commitments	-	-	-	2 026	2 026

23.2 Finance leases expenditure

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

2011/12	Specialised military assets R'000	Land R'000	Buildings & other fixed structures	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	80	80
Later than 1 year and not later than 5 years	-	-	-	16	16
Total lease commitments	-	-	-	96	96
LESS: finance costs	-	-	-	6	6
Total present value of lease liabilities	-	-	-	90	90

The Department has leased assets (datacard agreements) under finance leases amounting to R125 000 (2011/12: R276 500). The lease commitments for this, amount to R73 000. (2011/12: R96 000)

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

23.3 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
2012/13			
Total lease payments	3 199	12 573	2 403
	Within 1 year R'000	2 - 5 years R'000	More than 5 years R'000
2011/12			
Total lease payments	3 966	13 688	11 405

The Department of Human Settlements leased 76 vehicles from GMT during 2013 (2012: 106). 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.

	Note	2012/13 R'000	2011/12 R'000
24. Receivables for departmental revenue			
Transactions in financial assets and liabilities		22 274	22 647
Total		22 274	22 647

Included in the above are irregular subsidies allocated to non-qualifying beneficiaries which are being recovered by the Special Investigating Unit (SIU). A total amount of R8 830 378 was claimed by the SIU, of which R3 723 972 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 outstanding, including accumulated interest of R3 630 900 is R7 760 900.

This is further discussed under paragraph 20 of the Accounting Officer's Report dealing with investigations.

	24		
24.1 Analysis of receivables for departmental revenue			
Opening balance		22 647	19 855
Less: Amounts received		5 587	4 247
Add: Amounts recognised		5 214	7 039
Closing balance		22 274	22 647

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
25. Irregular expenditure			
25.1 Reconciliation of Irregular expenditure	25		
Opening balance		565	989
Add: Irregular expenditure - relating to current year		43	565
Less: Amounts condoned		(565)	(989)
Irregular expenditure awaiting condonation		43	565
Analysis of awaiting condonation per age classification			
Current year		43	565
Total		43	565

The irregular expenditure of R565 000 is in respect of travel expenses for the period 1 April 2011 to 31 July 2011 where the Department did not obtain 3 quotes as highlighted by the Office of the A-G in the 2010/11 Audit Report. Corrective actions were implemented w.e.f. 1 August 2011.

		2012/13 R'000
25.2 Details of Irregular expenditure - current year		
Incident	Condoned by (condoning authority)	
Procurement of goods and services without inviting at least three written price quotations	Under investigation	43
Total		43
25.3 Details of Irregular expenditure condoned		2012/13 R'000
Incident	Condoned by (condoning authority)	
Travel services procured without competitive bidding process	Accounting Officer	565
Total		565
25.4 Details of Irregular expenditure under investigation		2012/13 R'000
Incident		
Procurement of goods and services without inviting at least three written price quotations		43
Total		43

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2012/13 R'000	2011/12 R'000
26. Related party transactions		
Payments made		
Goods and services	23 158	29 501
Total	<u>23 158</u>	<u>29 501</u>

The Department occupies a building (27 Wale Street) free of charge.

The building is the property of the WC: Department of Transport and Public Works.

All maintenance costs, municipal rates and taxes, municipal services as well as cleaning and security services in respect of the building are paid for by the WC: Department of Transport and Public Works. Parking space is also provided for government officials at an approved fee that is not market related.

The Department received corporate services from the Corporate Services Centre of the Department of the Premier: WC with effect from 1 April 2010 in respect of the following service areas: Information and Communication Technology, Organisation Development, Provincial Training (transversal), Human Resource Management, Enterprise Risk Management, Internal Audit, Forensic Investigations, Legal Services and Corporate Communication. The Department also received security advisory services and security operations from the WC: Department of Community Safety.

The Department rendered a free agency service i.r.o. financial and support functions to the Department of Local Government. The Department also has an arms length relationship with the Special and Forensic Investigating Units who investigate fraudulent activities relating to the Department. In this regard the related party transactions amount for 2011/12 has been increased by R1 545 000 to include the transactions with the SIU in 2011/12.

A related party relationship exists between the Department and Government Motor Transport (GMT) with regard to the management of the government vehicles of the Department. This relationship is based on an arms length transaction in terms of tariffs approved by the Provincial Treasury. The Department made use of 76 GG-vehicles. Furthermore, R10.943m was paid to the Housing Development Agency (HDA) for project management fees i.r.o. N2 Gateway projects. (2011/12: R18.850 m). The Western Cape Housing Development Fund is a related party with the WC: Department of Human Settlements with whom significant transactions are concluded due to the fact that the Fund does not operate its own bank account. The employees of the Directorates: Asset and Property Management and Financial Management within the WC: Department of Human Settlements administer the Fund.

	No. of Individuals	2012/13 R'000	2011/12 R'000
27. Key management personnel			
Political office bearers (provide detail below)	1	1 654	1 566
Officials:			
Level 15 to 16	1	1 199	1 141
Level 14 (incl CFO if at a lower level)	3	3 899	2 929
Total		<u>6 752</u>	<u>5 636</u>

No performance bonuses were paid to key management personnel .

No related party transactions were concluded with key management personnel or family members of key management personnel.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

28. Impairment

Households (Out of service staff debtors)	196	379
Private enterprises	10 538	18 537
Staff debtors	384	127
Other debtors (Disallowance: damages & losses)	400	483
Total	11 518	19 526

29. Moveable Tangible Capital Assets

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

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

29.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	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	4 942	2 611	(3 889)	(39)	3 625
Transport assets	3 819	2 611	(3 819)	-	2 611
Computer equipment	812	-	-	(39)	773
Furniture and office equipment	176	-	-	-	176
Other machinery and equipment	135	-	(70)	-	65
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4 942	2 611	(3 889)	(39)	3 625

29.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
HERITAGE ASSETS	-	13	13	-
Heritage assets	-	13	13	-
MACHINERY AND EQUIPMENT	-	8 716	8 716	-
Transport assets	-	6 162	6 162	-
Computer equipment	-	1 740	1 740	-
Furniture and office equipment	-	257	257	-
Other machinery and equipment	-	557	557	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	8 729	8 729	-

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	60	-	-	60
Heritage assets	60	-	-	60
MACHINERY AND EQUIPMENT	38 777	5 969	3 511	41 235
Transport assets	12 503	3 465	2 316	13 652
Computer equipment	21 687	2 113	1 195	22 605
Furniture and office equipment	2 763	194	-	2 957
Other machinery and equipment	1 824	197	-	2 021
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	38 837	5 969	3 511	41 295

29.3 Minor assets

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

	Specialised military assets	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

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Specialised military assets	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	1 321	86	10 873	-	12 280
Additions	-	54	3	568	-	625
Disposals	-	1 045	-	111	-	1 156
TOTAL MINOR ASSETS	-	330	89	11 330	-	11 749

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	1	10	-	11
Number of minor assets at cost	-	107	98	8 770	-	8 975
TOTAL NUMBER OF MINOR ASSETS	-	107	99	8 780	-	8 986

30. Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2013

	Specialised military assets	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

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2012

	Specialised military assets	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	1 071	-	1 226	-	2 297
TOTAL MOVABLE ASSETS WRITTEN OFF	-	1 071	-	1 226	-	2 297

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

31. Intangible Capital Assets

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

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

Additions

31.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash R'000	Non-cash R'000	(Development work-in-progress current costs) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
COMPUTER SOFTWARE	187	-	-	(136)	51
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	187	-	-	(136)	51

Movement for 2011/12

31.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	496	175	26	645
TOTAL INTANGIBLE CAPITAL ASSETS	496	175	26	645

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

32. Statement of Conditional Grants Received

NAME OF DEPARTMENT	GRANT ALLOCATION					Amount received by department R'000	SPENT			2011/12	
	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 spent by department 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)	1 725 180	-	-	-	1 725 180	1 725 180	-	100	1 638 845	1 638 845	
Total	1 725 180	-	-	-	1 725 180	1 725 180	-		1 638 845	1 638 845	

The Department certifies that, in terms of DORA, all transfers in terms of the Act (Human Settlement Development Grant) were deposited into the primary bank account of the Province.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 1A STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2011/12
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
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	-	-	500	500	100%	500	500	100%	3 500
Mun: Beaufort West	2	-	-	2	2	100%	2	2	100%	770
Mun: Bitou	3 882	-	-	3 882	3 882	100%	3 882	3 882	100%	-
Mun: Cape Agulhas	2 500	-	-	2 500	2 500	100%	2 500	2 500	100%	-
Mun: Cederberg	5 000	-	-	5 000	5 000	100%	5 000	5 000	100%	-
Mun: George	20 500	-	-	20 500	20 500	100%	20 500	20 500	100%	-
Mun: Kannaland	5 000	-	-	5 000	5 000	100%	5 000	5 000	100%	-
Mun: Laingsburg	504	-	-	504	504	100%	504	504	100%	360
Mun: Langeberg	5 000	-	-	5 000	5 000	100%	5 000	5 000	100%	-
Mun: Mossel Bay	1 500	-	-	1 500	1 500	100%	1 500	1 500	100%	-
Mun: Oudtshoorn	5 000	-	-	5 000	5 000	100%	5 000	5 000	100%	-
Mun: Prince Albert	-	-	-	-	-	-	-	-	-	870
Mun: Saldanha Bay	2 580	-	-	2 580	2 580	100%	2 580	2 580	100%	5 780
Mun: Stellenbosch	15 000	-	-	15 000	15 000	100%	15 000	15 000	100%	5 000
Mun: Witzenberg	2 000	-	-	2 000	2 000	100%	2 000	2 000	100%	-
Municipal rates and taxes:										
Mun: City of Cape Town	16 504	-	3 343	19 847	19 847	100%	19 847	19 847	100%	14 588
Mun: Beaufort West	1	-	-	1	1	100%	1	1	100%	-
Mun: Bitou	9	-	-	9	9	100%	9	9	100%	2
Mun: Breede Valley	-	-	-	-	-	-	-	-	-	4
Mun: Cederberg	49	-	-	49	49	100%	49	49	100%	3
Mun: Drakenstein	140	-	-	140	140	100%	140	140	100%	79
Mun: George	9	-	-	9	9	100%	9	9	100%	-
Mun: Hessequa	159	-	-	159	159	100%	159	159	100%	18
Mun: Langeberg	-	-	-	-	-	-	-	-	-	5
Mun: Matzikama	23	-	-	23	23	100%	23	23	100%	2
Mun: Overstrand	8	-	-	8	8	100%	8	8	100%	3
Mun: Saldanha bay	230	-	-	230	230	100%	230	230	100%	223
Mun: Stellebosch	119	-	-	119	119	100%	119	119	100%	18
Mun: Swartland	11	-	-	11	11	100%	11	11	100%	2
Mun: Swellendam	3	-	-	3	3	100%	3	3	100%	13
Mun: Witzenberg	35	-	-	35	35	100%	35	35	100%	35
TOTAL	97 268	-	3 343	100 611	100 611	-	100 611	100 611	-	42 275

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted			Total	Actual	% of Available funds transferred	
	appropriation R'000	Roll Overs R'000	Adjustments R'000	Available R'000	Transfer R'000	%	Appropriation Act R'000
SA Housing Foundation	600	-	(333)	267	267	100%	401
Total	600	-	(333)	267	267		401

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 1C STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/ TECHNIKON	TRANSFER ALLOCATION			Total Available R'000	TRANSFER			2011/12 Appropriation Act R'000
	Adjusted appropriation R'000	Roll Overs R'000	Adjustments R'000		Actual Transfer R'000	Amount not transferred R'000	% of Available funds %	
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 2013

ANNEXURE 1D STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2011/12 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
Transfers							
Bursaries (non-employees)	-	-	-	-	-	-	20
Employee soc. benefits - Injury on duty	-	-	-	-	-	-	2
Employee soc. benefits - Leave gratuity	225	-	104	329	329	100%	237
Post retirement benefits	-	-	345	345	345	100%	157
Claims against the State	70	-	4	74	74	100%	-
	295	-	453	748	748		416
Subsidies							
Human Settlement Development Grant	1 639 628	-	2 201	1 641 829	1 641 829	100%	1 580 263
	1 639 628	-	2 201	1 641 829	1 641 829		1 580 263
Total	1 639 923	-	2 654	1 642 577	1 642 577		1 580 679

For amounts transferred to municipalities, but not yet spent as per note 8, refer to transfers to municipalities from the Human Settlements Development Grant

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 1E STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDI-TURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
Danish Government (via RDP Fund)	Solar water heaters on N2 Gateway projects	13 954	15 054	29 008	-
TOTAL		13 954	15 054	29 008	-

ANNEXURE 1F STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13	2011/12
	R'000	R'000
Paid in cash		
SA Housing Foundation (Sponsorship of international conference)	-	200
SANCO (Sponsorship for strategic planning workshop on housing)	-	11
Municipality Beaufort West (Donation for Human Settlements world aids day)	-	50
Subtotal	-	261
Made in kind		
Paint for Mbekweni primary school	34	-
Subtotal	34	-
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	36	261

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 2 STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of liability	Opening balance 1 April 2012 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing balance 31 March 2013 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	3 064	14 000	-	-	17 064
Other					
Hawston Seafarms Foundation v. Premier and the MEC for Dept. Human Settlements	87 158	-	-	-	87 158
H. Hoffmann v. Department of Human Settlements	100	-	100	-	-
Subtotal	87 258	-	100	-	87 158
TOTAL	90 322	14 000	100	-	104 222

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 3 CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
WCG: Dept of Transport and Public Works	-	-	899	898	899	898
WCG: Dept of Local Government	11	-	-	101	11	101
Western Cape Nature Conservation Board	-	-	-	1	-	1
Eastern Cape Provincial Government: Local Government, Housing and Traditional Affairs	-	-	-	1	-	1
Province of the Eastern Cape: Education	-	13	-	-	-	13
Limpopo Provincial Government: Local Government and Housing	-	-	-	1	-	1
Province of the Eastern Cape: Human Settlements: Corporate Com	-	-	1	-	1	-
WCG: Department of Health	-	-	36	-	36	-
WCG: Department of Community Safety	-	-	20	-	20	-
Total	11	13	956	1 002	967	1 015

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 4 INTER-GOVERNMENT PAYABLES

Government entity	Confirmed balance		Unconfirmed balance		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
DEPARTMENTS						
Current						
Amounts not included in Statement of Financial Position:						
Provincial Departments:						
Department of the Premier	123	-	-	12	123	12
Department of Transport & Public Works (GMT)	-	818	675	1 161	675	1 979
KZN: Human Settlements	-	-	3	-	-	-
National Departments:						
Department of Justice and Constitutional Development	-	-	23	142	23	142
Total Departments	123	818	701	1 315	821	2 133
TOTAL	123	818	701	1 315	821	2 133

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 5 INVENTORY

	2012/13		2011/12	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance	24 965	325	20 431	302
Add/(Less): Adjustments to prior year balances	(247)	(3)	-	-
Add: Additions/Purchases - Cash	48 471	1 193	83 820	1 601
Add: Additions - Non-cash	1 498	52	465	8
(Less): Disposals	(26)	-	(49)	(2)
(Less): Issues	(54 130)	(1 252)	(79 557)	(1 581)
(Less): Adjustments	(1 251)	(40)	(145)	(3)
Closing balance	19 280	275	24 965	325

The inventory consists mainly of stationery and printing supplies. Excluded is expenditure of R332 million (3 852 sites/units) i.r.o. infrastructure/housing projects on the N2 Gateway, but not yet transferred to beneficiaries. The number of sites developed by the Department other than the N2 Gateway but not yet transferred to beneficiaries, are 3341 sites/units at an approximate value of R249 m. The value of work-in-progress (115 top structures under construction) is approximately R13m. These projects are also excluded from the above.

Department of Human Settlements
27 Wale Street, Private Bag X9083, Cape Town, 8000
tel: +27 21 483 8159 **fax:** +27 21 483 5103
www.westerncape.gov.za

Afrikaans and isiXhosa versions of this publication are available on request.
E-mail: Shanaaz.Adams@westerncape.gov.za



**Western Cape
Government**
Human Settlements

PR256/2013
ISBN: 978-0-621-42164-4