

Vote 8

Human Settlements

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	3 600 282	3 622 443		22 161
MEC remuneration				
Total amount to be appropriated	3 600 282	3 622 443		22 161
<i>of which:</i>				
Current payments	399 805	355 308	(44 497)	
Transfers and subsidies	3 087 469	3 189 300		101 831
Payments for capital assets	113 008	77 293	(35 715)	
Payments for financial assets	-	542		542
Responsible MEC	Mr. R. Pillay, MEC for Public Works and Human Settlements ¹			
Administering department	Human Settlements			
Accounting Officer	Head: Human Settlements			

1. Vision and mission

Vision

The vision of the department is: *Creating sustainable settlements.*

Mission

The department's mission statement is: *To create an enabling environment based on a co-ordinated, integrated and inter-sectoral approach to support human settlements infrastructure development.*

2. Strategic objectives

Strategic policy direction: By focusing on its role of creating sustainable human settlements throughout the province, the department seeks to align its operations and strategic position with the overall aim of government to achieve accountability and effective service delivery for all citizens of the province in the following areas: create sustainable human settlements and improved quality of household life, and create vibrant, equitable, sustainable rural communities contributing towards food security for all.

The strategic objectives set by the department are:

- Eradication of slums in KZN.
- Strengthening governance and service delivery.
- Ensuring job creation through housing delivery.
- Accelerating housing delivery in rural areas.
- Accelerate the hostels upgrade and redevelopment programme.
- Creating rental/social housing opportunities.
- Building capacity of housing stakeholders (especially municipalities).
- Promotion of home-ownership.
- Provision of housing for vulnerable groups.
- Provision of incremental housing.
- Implementation of the Financial Services Market programme.

¹ The salary of the MEC for Human Settlements is budgeted for under Vote 14: Public Works

3. Summary of adjusted estimates for the 2014/15 financial year

The main appropriation of the department was R3.600 billion in 2014/15. During the year, the department received an additional allocation of R22.161 million. The main adjustments that led to this overall increase are summarised below, and are explained in more detail in Section 4:

- *Virement between programmes*: The following virements were undertaken between programmes affecting both the equitable share and the Human Settlements Development Grant (HSDG):
 - Within the equitable share allocation, savings of R1 million were identified from Programme 2: Housing Needs, Research and Planning under *Compensation of employees* as a result of the post of the General Manager: Planning and Development which was vacated towards the end of the previous financial year. The decision was taken to fill this post on a contractual basis utilising portion of the HSDG funding allocated for operational capital spending, due to the fact that the responsibilities pertaining to this post relate directly to service delivery and the HSDG. The savings were moved to Programme 3: Housing Development, with R882 000 moving to *Compensation of employees* to cater for the post of Senior Manager: Strategic Housing Support which was identified as one of the critical posts to be filled within the programme. The balance of R118 000 was moved to *Goods and services* in Programme 3 to cater for operational costs, such as travel and subsistence, communications, etc. for the post of the Senior Manager: Strategic Housing Support.
 - Within the HSDG, savings of R36.398 million were identified under *Buildings and other fixed structures* in Programme 4: Housing Asset Management, Property Management relating to rectification of the pre-1994 housing stock programme (properties owned by the department) in Austerville and Shallcross. The pilot phase was delayed due to changes in specification of the project and some social issues. This has resulted in savings within this financial year, as it has been ascertained that not all funds projected will be utilised by year-end. The savings identified were moved to *Transfers and subsidies to: Households* in Programme 3 under the sub-programme: Rural Interventions to cater for spending pressures experienced, mainly on projects which are moving faster than anticipated and which are ahead of the development programme. This is due to more subcontractors appointed to fast-track the work. Also, some implementing agents have increased capacity on the ground, in order to address the urgent need of housing in various projects. The housing projects include KwaNyuswa, Vulamehlo, Mbambangalo, Machunwini Rural, KwaMashabane Rural, Dube, Matimatolo Rural, Ocilwane, etc.

In addition to virements across programmes, the department undertook virements across sub-programmes and economic categories within programmes, explained in detail in Section 4 below.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, Legislature approval is required for the virement from Programme 4 as the amount to be moved (R36.398 million) exceeds the 8 per cent permitted in terms of the PFMA and Treasury Regulations. The utilisation of savings from *Payments for capital assets* also requires Legislature approval.

- *Shifts*: The department did not shift any funding between programmes, but undertook movements within sub-programmes of each programme and between economic categories, as follows:
 - The main movement was within Programme 4, which relates to the department providing funding to the KZN Housing Fund for all activities relating to the management and maintenance of housing properties. In terms of the audit findings by the Auditor-General in the 2013/14 audit, it was determined that the funding had been erroneously budgeted for under various economic classifications instead of *Transfers and subsidies to: Departmental agencies and accounts*. In compliance with this finding and GRAP standards, the budget relating to the KZN Housing Fund has thus been moved from a number of categories to *Transfers and subsidies to: Departmental agencies and accounts* and the purpose of the funds remains unchanged. Further details are given under Programme 4 below.
 - There was also a shift from *Transfers and subsidies to: Departmental agencies and accounts* to *Transfers and subsidies to: Non-profit institutions* within Programme 3. This relates to the

budget allocated for the transfer of funds to the National Housing Finance Corporation (NHFC) for the implementation of Finance Linked Individual Subsidies Programme (FLISP) pilot projects. This could not be done due to projects not meeting the policy requirements. The projects affected were Rocky Park in Ilembe, Merlewood in Ugu and Woodmead in the eThekweni Metro. These funds will be utilised within the department under the FLISP programme and the purpose of the funds remains unchanged.

- o In addition, funding was moved from *Goods and services* under training and development to *Transfers and subsidies to: Departmental agencies and accounts* within Programme 1: Administration to cater for PSETA affiliation costs. These funds were incorrectly budgeted for under *Goods and services* and the purpose of the funds remains unchanged.
- *Other adjustments:* A net amount of R22.161 million was added to the budget for the following:
 - o R275 000 was reduced from the department's budget against Programme 1 and *Goods and services*, related to previous years' irregular expenditure. Cabinet approved that, where departments were unable to provide sufficient justification for the irregular expenditure, it becomes a first charge against the vote.
 - o R22.436 million was added to the department's budget being funds relating to previous years returned to the department from the Social Housing Regulatory Authority (SHRA) in respect of the Meadowlands social housing project in Newcastle. This project did not meet the criteria of SHRA, and therefore SHRA returned these funds to the Provincial Revenue Fund. These funds are now allocated back to the department against Programme 3 and *Transfers and subsidies to: Households* for use on the Westgate-Grange social housing project.

Tables 8.1 and 8.2 below reflect a summary of the 2014/15 adjusted appropriation of the department, summarised according to programme and economic classification.

Table 8.1: Summary by programmes

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Administration	184 669	-	-	-	-	(275)	184 394
2. Housing Needs, Research and Planning	17 155	-	-	(1 000)	-	-	16 155
3. Housing Development	3 213 530	-	-	37 398	-	22 436	3 273 364
4. Housing Asset Man, Property Man	184 928	-	-	(36 398)	-	-	148 530
Total	3 600 282	-	-	-	-	22 161	3 622 443
Amount to be voted							22 161

Table 8.2: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	399 805	-	-	14 298	(58 520)	(275)	355 308
Compensation of employees	289 591	-	-	(5 333)	(45 183)	-	239 075
Goods and services	110 214	-	-	19 630	(13 337)	(275)	116 232
Interest and rent on land	-	-	-	1	-	-	1
Transfers and subsidies to:	3 087 469	-	-	16 536	62 859	22 436	3 189 300
Provinces and municipalities	102 335	-	-	7 522	(65 381)	-	44 476
Departmental agencies and accounts	20 000	-	-	-	129 236	-	149 236
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	2 965 134	-	-	9 014	(996)	22 436	2 995 588
Payments for capital assets	113 008	-	-	(31 376)	(4 339)	-	77 293
Buildings and other fixed structures	105 135	-	-	(36 609)	(4 067)	-	64 459
Machinery and equipment	7 873	-	-	4 808	(272)	-	12 409
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	425	-	-	425
Payments for financial assets	-	-	-	542	-	-	542
Total	3 600 282	-	-	-	-	22 161	3 622 443
Amount to be voted							22 161

4. Changes to programme purposes and service delivery measures

There are no changes to the department's programmes purposes. The department is in process of revising its 2014/15 APP and some service delivery measures to ensure alignment with the revised HSDG business plan. The revised APP will be effective, once it has been tabled in the Legislature. This is anticipated to be finalised before the end of November 2014. As such, the service delivery information in respect of Programme 3 has been revised in this document, to ensure alignment to the revised APP.

4.1 Programme 1: Administration

The purpose of this programme is to identify and eliminate bottle-necks, as well as to continuously improve the flow of financial, administrative and management information. The strategic objectives of this programme are to strengthen governance and service delivery.

Tables 8.3 and 8.4 below summarise the 2014/15 adjusted appropriation of Programme 1 according to sub-programme and economic classification. Details of the main adjustments, which resulted in a reduction of R275 000 in this programme's allocation, are given in the paragraphs following the tables.

Table 8.3: Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
Corporate Services	184 669					(275)	(275)	184 394
Total	184 669	-	-	-	-	(275)	(275)	184 394
Amount to be voted								(275)

Table 8.4: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
Current payments	178 168	-	-	(3 020)	(706)	(275)	(4 001)	174 167
Compensation of employees	107 989			(5 343)			(5 343)	102 646
Goods and services	70 179			2 322	(706)	(275)	1 341	71 520
Interest and rent on land				1			1	1
Transfers and subsidies to:	265	-	-	1 170	706	-	1 876	2 141
Provinces and municipalities	265			(50)			(50)	215
Departmental agencies and accounts					706		706	706
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				1 220			1 220	1 220
Payments for capital assets	6 236	-	-	1 352	-	-	1 352	7 588
Buildings and other fixed structures							-	-
Machinery and equipment	6 236			1 352			1 352	7 588
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets				498			498	498
Total	184 669	-	-	-	-	(275)	(275)	184 394
Amount to be voted								(275)

Virement – Programme 1: Administration

The following virements were undertaken within Programme 1:

- Savings of R5.343 million were identified against *Compensation of employees* as a result of delays in the filling of budgeted vacant posts, caused by challenges in constituting short listing and interview panels as available members are often over-committed in their activities as a result of capacity challenges, etc.
- Further savings amounting to R50 000 were identified against *Transfers and subsidies to: Provinces and municipalities* resulting from an over-provision in respect of motor vehicle licences.

- These savings were moved as follows:
 - *Goods and services* was increased by R2.322 million to provide for the following:
 - The development and implementation of an IT strategy, which was necessitated by a need to upgrade the website of the department, as well as improve document and records management, among others.
 - The development of a Business Continuity Plan, which identifies a number of high risk areas which need to be attended to urgently.
 - Provision for arrear payments related to municipal services in respect of office accommodation for the period June 2013 to July 2014. The landlord did not invoice the department timeously.
 - *Interest and rent on land* was increased by R1 000 to cater for expenditure relating to interest charged on an overdue account from Wesbank Fleet Services (no longer used by the department) due to invoices received late from the service provider.
 - *Transfers and subsidies to: Households* was increased by R1.220 million to fund staff exit costs.
 - *Machinery and equipment* was increased by R1.352 million to cater for the upgrade of the main servers, which were inadequately budgeted for during the financial year.
 - *Payments for financial assets* was increased by R498 000 for debts written off as per approval of the Accounting Officer.

These virements are permissible in terms of the PFMA and Treasury Regulations.

Shifts – Programme 1: Administration

An amount of R706 000 was shifted from *Goods and services* under training and development to *Transfers and subsidies to: Departmental agencies and accounts* within Programme 1 to cater for PSETA affiliation costs. The purpose of the funds remains unchanged.

Other adjustments – Programme 1: Administration: (R275 000)

An amount of R275 000 was reduced from Programme 1 and *Goods and services*, related to previous years' irregular expenditure. Cabinet approved that, where departments were unable to provide sufficient justification for the irregular expenditure, it becomes a first charge against the vote.

4.2 Programme 2: Housing Needs, Research and Planning

The purpose of this programme is to develop tools to guide the department's investment decisions and to provide policy and support to the housing delivery process. In addition, the programme provides for the facilitation and integration of housing sector planning, education of stakeholders in housing sector planning, alignment of the housing budget with the current and future housing needs, and the capacitation of housing stakeholders for housing delivery through mentorship and training.

Tables 8.5 and 8.6 below reflect a summary of the 2014/15 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R1 million in respect of this programme, are provided in the paragraphs following the tables.

Table 8.5: Programme 2: Housing Needs, Research and Planning

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Administration	2 170			(1 077)		(1 077)	1 093
Policy	3 917			(196)		(196)	3 721
Planning	3 649			273		273	3 922
Research	7 419					-	7 419
Total	17 155	-	-	(1 000)	-	(1 000)	16 155
Amount to be voted							(1 000)

Table 8.6: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	17 055	-	-	(992)	-	(992)	16 063
Compensation of employees	13 044	-	-	(872)	-	(872)	12 172
Goods and services	4 011	-	-	(120)	-	(120)	3 891
Interest and rent on land	-	-	-	-	-	-	-
Transfers and subsidies to:	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
Payments for capital assets	100	-	-	(15)	-	(15)	85
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	100	-	-	(15)	-	(15)	85
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	7	-	7	7
Total	17 155	-	-	(1 000)	-	(1 000)	16 155
Amount to be voted							(1 000)

Virement – Programme 2: Housing Needs, Research and Planning: (R1 million)

The department moved funds between programmes and economic classifications to offset spending pressures, resulting in a net decrease of R1 million against the main appropriation of Programme 2. This is discussed in more detail below:

- R1.077 million was identified as a saving in the Administration sub-programme. These savings were against *Compensation of employees* with R1 million identified as a result of the post of General Manager: Planning and Development which was vacated towards the end of the previous financial year. The decision was taken to fill this post on a contractual basis utilising the operational capital portion of the HSDG due to the fact that the responsibilities pertaining to this post relate directly to service delivery and the HSDG. Furthermore, R77 000 was identified as a saving against *Goods and services* in various items such as travel and subsistence, communication, etc. for operational costs related to the post of the General Manager: Planning and Development as mentioned above. The savings of R1 million were moved to Programme 3 to cater for the post of Senior Manager: Strategic Housing Support which was identified as one of the critical posts to be filled within the programme. There was insufficient funding under this programme to cater for this post. The R77 000 was moved to the Planning sub-programme against *Goods and services* within the programme to cater for costs relating to travelling and subsistence, which was under projected.
- R196 000 was identified as savings in the Policy sub-programme against *Goods and services* and relates to provision for travel and subsistence and other related items to be utilised by the senior manager. This post was vacated in the previous financial year and was only filled towards the end of the second quarter. These savings were moved to the Planning sub-programme against *Goods and services* within the programme to cater for costs relating to travelling and subsistence, which was under projected.

The following virements were undertaken between economic classifications within Programme 2:

- Savings of R120 000 were identified against *Goods and services* relating to provision for travel and subsistence and other related items to be utilised by the senior manager. This post was vacated in the previous financial year and was only filled towards the end of the second quarter. Further savings amounting to R15 000 were identified under *Machinery and equipment* as a result of a provision to purchase furniture and equipment for new appointees, but there were delays in the filling of vacant funded posts. These savings were moved within Programme 2 as follows:

- o *Compensation of employees* was increased by R128 000 to cater for employee benefits costs, which was under projected.
- o *Payment for financial assets* was increased by R7 000 for debts written off as per the approval by the Accounting Officer.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, the decrease in *Payments for capital assets* requires Legislature approval.

Service delivery measures – Programme 2: Housing Needs, Research and Planning

Table 8.7 shows the service delivery information for Programme 2, as well as actual achievements in the first half of the year. There is one change to a target and three measures are withdrawn, indicated by “n/a” in the 2014/15 Revised target column. This is to align the department’s APP with the 2014/15 *EPRE* as the APP was tabled after the *EPRE*.

Table 8.7: Service delivery measures – Programme 2: Housing Needs, Research and Planning

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
Planning				
1.1 Improve planning to achieve integrated settlements developments	• A multi-year Development Plan developed by October each year	1	-	
	• No of planned human settlements developments approved based on IDP's and national and provincial priorities	9	23	
	• No. of municipalities capacitated and supported with regard to human settlement development planning	8	18	
	• Confirmed project pipeline based on IDP's	Implementation	2	
	• No. of projects aligned with small town regeneration programme	Determined by project team lead by COGTA	-	1
	• No. of housing projects packaged	30	-	
Policy				
1.2 Improved planning to achieve integrated settlements developments	• No. of research projects approved	5	1	
	• No. of research papers completed	5	2	
	• No. of policies and/or guidelines approved	6	-	
Research				
1.3 Improved planning to achieve integrated settlement developments	• No. of housing consumers trained	6 000	-	n/a
	• No. of <i>Amakhosi</i> trained	160	-	n/a
	• No. of councillors trained	160	-	n/a
	• No. of municipalities capacitated on accreditation	7	-	

4.3 Programme 3: Housing Development

Programme 3 is responsible for the implementation and monitoring of housing delivery within all districts including the eThekweni Metro, through the various subsidy mechanisms in terms of national and provincial policies. The main objective of the programme is to promote effective and efficient housing delivery. The bulk of this programme provides for various housing subsidies. The subsidy instruments implemented by the department are: individual, project linked, institutional, integrated residential development, informal settlement upgrade, disaster management, social housing, rectification, social and economic amenities and rural housing stock.

Tables 8.8 and 8.9 below reflect the 2014/15 adjusted appropriation of the programme summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R59.834 million, are provided in the paragraphs following the tables.

Table 8.8: Programme 3: Housing Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Administration	77 871			1 000		1 000	78 871
Financial Interventions	733 751			(244 099)		(244 099)	489 652
Incremental Interventions	1 278 232			9 355		9 355	1 287 587
Social and Rental Interventions	33 186			27 984		22 436	83 606
Rural Interventions	1 090 490			243 158		243 158	1 333 648
Total	3 213 530	-	-	37 398	-	22 436	59 834
Amount to be voted							59 834

Table 8.9: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	146 768	-	-	18 310	-	-	18 310
Compensation of employees	123 375			882			124 257
Goods and services	23 393			17 428			40 821
Interest and rent on land							-
Transfers and subsidies to:	3 000 827	-	-	15 366	-	22 436	3 038 629
Provinces and municipalities	36 689			7 572			44 261
Departmental agencies and accounts	20 000				(20 000)		-
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	2 944 138			7 794	20 000	22 436	2 994 368
Payments for capital assets	65 935	-	-	3 685	-	-	69 620
Buildings and other fixed structures	64 670			(211)			64 459
Machinery and equipment	1 265			3 471			4 736
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets				425			425
Payments for financial assets				37			37
Total	3 213 530	-	-	37 398	-	22 436	59 834
Amount to be voted							59 834

Virement – Programme 3: Housing Development: R37.398 million

The department moved funds between programmes and economic classifications to offset spending pressures, resulting in a net increase of R37.398 million against the main appropriation of Programme 3. There were also significant movements within the programme between sub-programmes and economic classifications, which are discussed in more detail below:

- As previously mentioned, savings of R1 million were identified in Programme 2 under *Compensation of employees* as a result of the post of General Manager: Planning and Development which has been vacated towards the end of the previous financial year. The savings were moved to the Administration sub-programme in Programme 3, as follows:
 - R882 000 was moved to *Compensation of employees* to cater for the post of Senior Manager: Strategic Housing Support which was identified as one of the critical posts to be filled within the programme. There was insufficient funding under this programme to cater for this post.
 - R118 000 was moved to *Goods and services* to cater for items such as travel and subsistence, communications, etc. for operational costs relating to the filled post of the Senior Manager: Strategic Housing Support.
- Savings of R244.099 million were identified within the programme against the Financial Interventions sub-programme due to provision made for the procurement of land, which did not occur because of a number of challenges that were encountered in various districts, such as delays in the finalisation of valuations, the funding for land acquisition was approved but the land owners are demanding more than the market value of the property, etc. The decision was taken to reduce

the funding of this programme based on these challenges and also due to spending pressures encountered in other housing programmes during the past months. The budget for the sub-programme: Social and Economic Amenities was decreased due to delays in projects, namely, Umziki and Stepmore under the Sisonke Cluster. The department has terminated the contractor appointed and is in process of appointing new contractors. These saving were moved as follows:

- o R9.355 million was moved to the Incremental Interventions sub-programme to accelerate progress of projects relating to Presidential Outcome 8 targets (sustainable human settlements and improved quality of household life) under the Informal Settlement Upgrade instrument.
- o R27.894 million was moved to the sub-programme: Social and Rental Interventions to cater for Hampshire, Hilltop and Hamptons social housing projects, which were inadequately budgeted for. In addition, Jika Joe CRU was increased in order to address the urgent need of service delivery in that area. These projects contribute to Outcome 8 targets.
- o R206.760 million was moved to the Rural Interventions sub-programme relating to projects which are moving faster than anticipated and are ahead of the development programme. This is due to more sub-contractors appointed to fast track the work. Also, some implementing agents have increased capacity on the ground, in order to address the urgent need of housing in various projects, such as KwaNyuswa, Vulamehlo, Mbambangalo housing project, Machunwini Rural, KwaMashabane Rural, Dube housing project, Matimatolo Rural, Ocilwane housing project, etc.
- Savings of R36.398 million identified under Programme 4 were moved to Programme 3 against the Rural Interventions sub-programme to cater for spending pressures, as mentioned above.

In addition, the following virements were made between economic classifications within Programme 3:

- Savings of R28.604 million were identified from *Transfers and subsidies to: Households* due to provision made for procurement of land, where a number of challenges were encountered in various districts, such as delays in the finalisation of valuations, instances where funding for land acquisition was approved but the land owners are demanding more than the market value of the property, etc. The decision was taken to reduce the funding of this programme based on these challenges and also due to spending pressures encountered in other housing programmes during the past months. Furthermore, net savings amounting to R211 000 were identified from *Buildings and other fixed structures* in the Social and Economic Amenities sub-programme due to the delay in one of the projects at Umziki and Stepmore under the Sisonke Cluster. The department has terminated the contract and is in process of appointing new contractors.
- These savings were allocated as follows:
 - o *Goods and services* increased by R17.310 million due to expenditure incurred relating to the fast tracking of housing project launches which were under-budgeted for. Housing projects involved included Sibongile Bufferstrip, Umzumbe Operation *Sukuma Sakhe*, Khula Village, Mandlankala and Gobandlovu.
 - o *Transfers and subsidies to: Provinces and municipalities* increased by R7.572 million as a result of operational costs for accredited municipalities, which were under-estimated. The increase in the performance by municipalities as evidenced by high expenditure in the previous months has necessitated the need to review the budget.
 - o *Machinery and equipment* increased by R3.471 million due to the purchase of motor vehicles for the Inland region and uThungulu district offices, in order to accelerate service delivery.
 - o *Software and other intangible assets* was increased by R425 000 for the purchase of Fixed Assets Assessment Tool Software which is being used by the department to enable users to record information about the immovable asset register.
 - o *Payments for financial assets* was increased by R37 000 to cater for debts written off as per the approval by the Accounting Officer.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Compensation of employees* was approved by Provincial Treasury.

Shifts – Programme 3: Housing Development

An amount of R20 million was shifted from *Transfers and subsidies to: Departmental agencies and accounts* to *Transfers and subsidies to: Households* within Programme 3. This amount relates to the budget allocated for the transfer of funds to NHFC for the implementation of FLISP pilot projects. This could not be done due to projects not meeting the policy requirements. The projects affected were Rocky Park in Ilembe, Merlewood in Ugu and Woodmead in the eThekweni Metro. These funds will be utilised within the department under the FLISP programme and the purpose of the funds remains unchanged.

Other adjustments – Programme 3: Housing Development: R22.436 million

An amount of R22.436 million was added to the department's budget, being funds returned to the department from SHRA in respect of the Meadowlands social housing project, as mentioned previously. These funds are allocated back to the department against Programme 3 and *Transfers and subsidies to: Households* for use on the Westgate-Grange social housing project.

Service delivery measures – Programme 3: Housing Development

Table 8.10 shows the service delivery information for Programme 3, including the actual achievements in the first six months. As mentioned, the department made extensive changes to service delivery targets to ensure alignment with the revised business plan for the HSDG and these are reflected in the 2014/15 Revised target column, including the withdrawal of seven measures, indicated by "n/a". Note that the description of a number of measures has been amended with the amendment shown in bold italics.

Table 8.10: Service delivery measures – Programme 3: Housing Development

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
1.1 Individual non-credit linked subsidies	• No. of beneficiaries approved	1 380	-	n/a
	• No. of houses completed	1 020	641	929
1.2 Social and Economic Amenities	• No. of projects completed	Projects under review	-	n/a
1.3 Finance Linked Individual Subsidy programme	• <i>No. of subsidies approved and disbursed</i>	-	84	234
1.4 Project Linked	• No. of beneficiaries approved	2 600	-	n/a
	• No. of sites serviced	2 700	-	n/a
	• No. of houses completed	3 184	-	n/a
1.5 Informal settlements upgrade	• <i>No. of households provided with household access to service / upgrade</i>	-	135	2 093
	• No. of houses completed	5 806	3 499	7 016
1.6 Integrated Development programme	• No. of sites serviced	580	1 127	2 194
	• No. of houses completed	580	127	1 317
1.7 People's housing process	• No. of houses completed	1 644	1 589	2 557
1.8 Disaster management rehabilitation (incl. OSS)	• No. of houses completed	1 080	297	2 636
1.9 Rectification programme	• No. of units rectified	1 692	299	1 393
1.10 Provision of institutional subsidies (inclusive of vulnerable groups)	• No. of units completed	12	104	552
1.11 Affordable social housing	• No. of units completed	1 033	-	n/a
1.12 Community Residential Units	• No. of units completed	522	-	120
1.13 Rural housing	• No. of beneficiaries approved	14 670	-	n/a
	• No. of houses completed	18 999	8 822	12 713
1.14 All subsidy instruments	• No. of properties transferred	11 072	2 024	4 023
	• No. of beneficiaries approved	22 288	21 338	28 294
	• No. of sites <i>serviced</i>	10 008	1 262	4 305
	• No. of houses completed	33 768	15 170	28 092
1.15 Access to land and densification	• No. of hectares procured	1 850ha	252ha	255ha

4.4 Programme 4: Housing Asset Management, Property Management

This programme is responsible for the management of Ex-Natal Provincial Administration and Own Affairs stock. This stock includes residential properties, vacant land and a variety of other non-residential properties, all of which belong to the KZN Housing Fund. In terms of its mandate, all properties will, on a progressive basis, either be transferred to individual occupants in terms of the Extended Enhanced Discount Benefit Scheme (EEDBS), or be disposed of in the open market. Some of these properties will also be devolved to municipalities. In cases where a transfer is not possible, such stock will remain rental stock. The KZN Housing Fund is in the process of being disestablished and, once this process is finalised, all assets and liabilities will be transferred to the Vote.

Tables 8.11 and 8.12 below reflect a summary of the 2014/15 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R36.398 million, are given in the paragraphs below the tables.

Table 8.11: Programme 4: Housing Asset Management, Property Management

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Administration	47 542						-	47 542
Sale and Transfer of Housing Properties	989			(327)			(327)	662
Housing Properties Maintenance	136 397			(36 071)			(36 071)	100 326
Total	184 928	-	-	(36 398)	-	-	(36 398)	148 530
Amount to be voted								(36 398)

Table 8.12: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	57 814	-	-	-	(57 814)	-	(57 814)	-
Compensation of employees	45 183				(45 183)		(45 183)	-
Goods and services	12 631				(12 631)		(12 631)	-
Interest and rent on land							-	-
Transfers and subsidies to:	86 377	-	-	-	62 153	-	62 153	148 530
Provinces and municipalities	65 381				(65 381)		(65 381)	-
Departmental agencies and accounts					148 530		148 530	148 530
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	20 996				(20 996)		(20 996)	-
Payments for capital assets	40 737	-	-	(36 398)	(4 339)	-	(40 737)	-
Buildings and other fixed structures	40 465			(36 398)	(4 067)		(40 465)	-
Machinery and equipment	272				(272)		(272)	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	184 928	-	-	(36 398)	-	-	(36 398)	148 530
Amount to be voted								(36 398)

Virement – Programme 4: Housing Asset Management, Property Management: (R36.398 million)

The department moved funds between programmes and economic classifications to offset spending pressures, resulting in a net decrease of R36.398 million against Programme 4, as detailed below:

- R36.398 million was identified as savings under *Buildings and other fixed structures* relating to the Rectification of the pre-1994 housing stock programme (properties owned by the department) in Austerville and Shallcross. The pilot phase was delayed due to changes in specification of the project and some social issues. This has resulted in a saving as it has been ascertained that not all funds projected will be utilised in this financial year.
- These savings were moved to *Transfers and subsidies to: Households* in Programme 3 under the Rural Interventions sub-programme to offset spending pressures, as mentioned.

Legislature approval is required for the reduction of Programme 4's budget, which is more than the 8 per cent permitted in terms of the PFMA and Treasury Regulations, as well as for the reduction against *Buildings and other fixed structures*.

Shifts – Programme 4: Housing Asset Management, Property Management

The department undertook shifts from various economic classifications within Programme 4 which pertain to the department providing funding to the KZN Housing Fund for all activities relating to the management and maintenance of housing properties. The funding was erroneously budgeted for under various economic categories instead of *Transfers and subsidies to: Department agencies and accounts*. This is in compliance with an Auditor-General finding and GRAP standards, whereby the activities of the fund must be paid *via* a transfer, and not form part of the vote itself. The purpose of the funds remains unchanged.

Service delivery measures – Programme 4: Housing Asset Management, Property Management

Table 8.13 shows the service delivery information for Programme 4. The table also shows the actual achievements in the first half of the year. As mentioned, the department made changes to service delivery targets to ensure alignment with its revised APP.

Table 8.13: Service delivery measures – Programme 4: Housing Asset Management, Property Management

Outputs	Performance indicators	Performance targets		
		2013/14 Original target	2013/14 Mid-year actual	2013/14 Revised target
1. To provide tenure to communities	• No. of units maintained	1 380	1 645	1 691
	• No. of pre-1994 units rectified	3 500	381	865
	• No. of rental units transferred	1 500	362	1 019
	• Enhanced immovable housing asset reg.	2 500	862	3 000

5. Gifts, donations and sponsorships

During the year, the department spent an amount of R109 000 on gifts which relates to purchase of 20 laptops inclusive of Microsoft software for donation to under privileged students at Ezingolweni in the Ugu District and this was approved by the Accounting Officer. This amount has been funded from savings realised in *Compensation of employees*, as mentioned above.

6. Infrastructure

Table 8.14 shows infrastructure payments per main category. Details of the main adjustments, which resulted in a decrease of R57.347 million, are given in the paragraphs below the tables.

Table 8.14: Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	50 516	-	-	-	(50 516)	-	(50 516)	-
Maintenance and repair: Current	10 051				(10 051)		(10 051)	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital	40 465				(40 465)		(40 465)	-
New infrastructure assets: Capital	64 670			(211)			(211)	64 459
Infrastructure transfers	50 881	-	-	7 572	(14 192)	-	(6 620)	44 261
Infrastructure transfers: Capital				7 572	36 689		44 261	44 261
Infrastructure transfers: Current	50 881				(50 881)		(50 881)	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	105 135	-	-	7 361	(3 776)	-	3 585	108 720
Current infrastructure	60 932	-	-	-	(60 932)	-	(60 932)	-
Total	166 067	-	-	7 361	(64 708)	-	(57 347)	108 720
Amount to be voted								(57 347)

- *Virement*: The department undertook the following virements affecting infrastructure categories:
 - *New infrastructure assets: Capital*: R211 000 was identified as savings from the Social and Economic Amenities programme due to a delay in one of the projects at Umziki and Stepmore under the Sisonke Cluster. The department terminated the contract and is in the process of appointing new contractors.
 - *Infrastructure transfers: Capital*: R7.572 million was moved in respect of operational costs of accredited municipalities to provide for an under-estimation of this cost. An increase in the performance by municipalities as evidenced by high spending in recent months led to a review the budget. This funding was moved within Programme 3 from *Transfers and subsidies to: Households* due to the previously mentioned delays in procuring land.
- *Shifts*: The department undertook the following shifts:
 - *Infrastructure transfers: Capital* shows an increase of R36.689 million in respect of operational costs of accredited municipalities. This amount was inadvertently omitted from this table in the *EPRE*, and this is now corrected.
 - The department undertook a shift from *Maintenance and repairs: Current* and *Infrastructure transfers: Current* due to the department providing funding to the KZN Housing Fund for all activities relating to the management and maintenance of housing properties. As previously mentioned, following an audit finding, these funds need to be treated as *Transfers and subsidies to: Departmental agencies and accounts*, and thus do not form part of the infrastructure budget. There is no change in the purpose of these funds.

7. Conditional grants

Tables 8.15 and 8.16 provide a summary of changes to conditional grants per main category.

The department's HSDG allocation remains unchanged. Details of the adjustments within the conditional grant are provided in the paragraphs above and below the tables:

- *Virement*: Virements were undertaken between economic categories within the HSDG as follows:
 - The increase in *Goods and services* of R16.865 million relates to expenditure incurred relating to the fast-tracking of housing project launches, which were under-budgeted. Housing projects involved included Sibongile Bufferstrip, Umzumbe Operation *Sukuma Sakhe*, Khula Village, Mandlankala and Gobandlovu.
 - The increase of R7.572 million in *Transfers and subsidies to: Provinces and municipalities* is a result of operational costs for accredited municipalities, which was under-estimated, as mentioned above, and necessitated the need to review the budget.
 - The decrease in *Transfers and subsidies to: Households* of R28.540 million was due to provision for the procurement of land. A number of challenges were encountered in various districts, such as delays in the finalisation of valuations, the funding for land acquisition was approved but the land owners are demanding more than the market value of the property, etc. A decision was taken to reduce the funding of this programme based on these challenges, and also due to spending pressures encountered in other housing programmes in the past months.
 - The decrease of R211 000 in *Buildings and other fixed structures* from the Social and Economic Amenities programme was due to a delay in one of the projects at Umziki and Stepmore under the Sisonke Cluster, as mentioned.
 - The increase in *Machinery and equipment* of R3.889 million relates to the motor vehicles purchased to be utilised for the Inland region and the uThungulu district offices, in order to accelerate service delivery.

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- o The increase in *Software and other intangible assets* of R425 000 relates to the purchase of Fixed Assets Assessment Tool Software which is being used by the department to enable users to record information about the immovable asset register.

These virements are permissible in terms of the PFMA and Treasury Regulations. Treasury approval was received for the increase in *Transfers and subsidies to: Provinces and municipalities*.

Table 8.15: Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
3. Housing Development	3 135 659	-	-	36 398	-	-	36 398	3 172 057
Human Settlements Development grant	3 135 659			36 398			36 398	3 172 057
4. Housing Assets Management, Property Management	137 386	-	-	(36 398)	-	-	(36 398)	100 988
Human Settlements Development grant	137 386			(36 398)			(36 398)	100 988
Total	3 273 045	-	-	-	-	-	-	3 273 045
Amount to be voted								-

Table 8.16: Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	81 002	-	-	16 865	(11 040)	-	5 825	86 827
Compensation of employees	55 137						-	55 137
Goods and services	25 865			16 865	(11 040)		5 825	31 690
Interest and rent on land							-	-
Transfers and subsidies to:	3 086 408	-	-	(20 968)	15 107	-	(5 861)	3 080 547
Provinces and municipalities	102 070			7 572	(65 381)		(57 809)	44 261
Departmental agencies and accounts	20 000				80 988		80 988	100 988
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 964 338			(28 540)	(500)		(29 040)	2 935 298
Payments for capital assets	105 635	-	-	4 103	(4 067)	-	36	105 671
Buildings and other fixed structures	105 135			(211)	(4 067)		(4 278)	100 857
Machinery and equipment	500			3 889			3 889	4 389
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets				425			425	425
Payments for financial assets							-	-
Total	3 273 045	-	-	-	-	-	-	3 273 045
Amount to be voted								-

- *Shifts*: The following shifts were undertaken, where the purpose of the funds remains unchanged:
 - o R20 million was moved from *Transfers and subsidies to: Departmental agencies and accounts* to *Transfers and subsidies to: Households* within Programme 3. This amount relates to the budget allocated for the transfer of funds to NHFC for the implementation of FLISP pilot projects. This could not be done due to projects not meeting the policy requirements. The projects affected were Rocky Park in Ilembe, Merlewood in Ugu and Woodmead in the eThekweni Metro. These funds will be utilised under the FLISP programme and the purpose of the funds remains unchanged.
 - o R148.530 million from various economic classifications within Programme 4, which relates to the department providing funding to the KZN Housing Fund for all activities relating to the management and maintenance of housing properties. The funding had been erroneously budgeted for under various economic classifications instead of *Transfers and subsidies to: Departmental agencies and accounts*. In compliance with an audit finding and GRAP standards, the budget relating to the KZN Housing Fund has thus been moved to *Transfers and subsidies to: Departmental agencies and accounts* and the purpose of the funds remains unchanged.

8. Transfers and subsidies

Table 8.17 shows the summary of transfers and subsidies per programme. Details of the main adjustments, which resulted in an overall increase of R101.831 million in respect of transfers and subsidies, are provided in the paragraphs after the table.

Table 8.17: Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	265	-	-	1 170	706	-	1 876	2 141
Provinces and municipalities	265	-	-	(50)	-	-	(50)	215
Motor licence fees	265	-	-	(50)	-	-	(50)	215
Departmental agencies and accounts	-	-	-	-	706	-	706	706
PSETA	-	-	-	-	706	-	706	706
Households	-	-	-	1 220	-	-	1 220	1 220
Claims against the state	-	-	-	18	-	-	18	18
Social benefit - Post retirement benefit	-	-	-	1 202	-	-	1 202	1 202
3. Housing Development	3 000 827	-	-	15 366	-	22 436	37 802	3 038 629
Provinces and municipalities	36 689	-	-	7 572	-	-	7 572	44 261
Accreditation of municip - operational costs	36 689	-	-	7 572	-	-	7 572	44 261
Departmental agencies and accounts	20 000	-	-	-	(20 000)	-	(20 000)	-
NHFC	20 000	-	-	-	(20 000)	-	(20 000)	-
Households	2 944 138	-	-	7 794	20 000	22 436	50 230	2 994 368
Social benefits	-	-	-	47	-	-	47	47
Vulindlela, Cornubia, Shallcross, etc	2 944 138	-	-	7 747	20 000	22 436	50 183	2 994 321
4. Housing Asset Man, Property Man	86 377	-	-	-	62 153	-	62 153	148 530
Provinces and municipalities	65 381	-	-	-	(65 381)	-	(65 381)	-
Mainten. of R293 prop. and EEDBS	50 881	-	-	-	(50 881)	-	(50 881)	-
Rates and taxes	14 500	-	-	-	(14 500)	-	(14 500)	-
Departmental agencies and accounts	-	-	-	-	148 530	-	148 530	148 530
SA Housing Fund	-	-	-	-	148 530	-	148 530	148 530
Households	20 996	-	-	-	(20 996)	-	(20 996)	-
Social benefits	496	-	-	-	(496)	-	(496)	-
Rectification of pre-1994 housing	20 500	-	-	-	(20 500)	-	(20 500)	-
Total	3 087 469	-	-	16 536	62 859	22 436	101 831	3 189 300
Amount to be voted								101 831

- *Virement*: The department undertook the following virements affecting *Transfers and subsidies*:
 - Programme 1 was decreased by R50 000 against *Provinces and municipalities* due to over-provision made in relation to motor vehicle licences. *Households* was increased by R1.220 million for staff exit costs.
 - Under Programme 3, the following movements were undertaken:
 - *Provinces and municipalities* increased by R7.572 million as a result of operational costs for accredited municipalities, which was under-estimated. The increase in the performance by municipalities as evidenced by high expenditure in the previous months has necessitated the need to review the budget.
 - *Households* increased by R7.794 million to cater for spending pressures during the past months in rural housing programmes, as mentioned, as well as staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, Legislature approval is required for the utilisation of savings from *Provinces and municipalities*, as well as *Departmental agencies and accounts*. Treasury approval was also granted where required.

- *Shifts*: The department undertook the following shifts that affected *Transfers and subsidies*:
 - R706 000 from *Goods and services* against training and development is moved to *Departmental agencies and accounts* within Programme 1 to cater for PSETA affiliation costs. The purpose of the funds remains unchanged.
 - R20 million from *Departmental agencies and accounts* is moved to *Households* within Programme 3. This amount relates to the budget allocated for the transfer of funds to NHFC for the implementation of FLISP pilot projects. This could not be done due to projects not meeting the policy requirements. The projects affected were Rocky Park in Ilembe, Merlewood in Ugu

and Woodmead in the eThekweni Metro. These funds will be utilised within the department under FLISP programme and the purpose of the funds remains unchanged.

- o A net amount of R62.153 million was shifted from *Provinces and Municipalities* (R65.381 million), as well as *Households* (R20.996 million) within Programme 4, which relates to the department providing funding to the KZN Housing Fund for all activities relating to the management and maintenance of housing properties. The funding had been erroneously budgeted for under various economic classifications instead of *Departmental agencies and accounts*. The movements within transfers were augmented by movements from *Compensation of employees* (R45.183 million), *Goods and services* (R12.631 million) and *Payments for capital assets* (R4.339 million). As mentioned, this is due to an audit finding and GRAP compliance.
- *Other adjustments*: The department received additional funding of R22.436 million being funds returned to the department from SHRA in respect of the Meadowlands social housing project, as mentioned previously. These funds are allocated back to the department against Programme 3 and *Transfers and subsidies to: Households* for use on the Westgate-Grange social housing project.

9. Transfers to local government

Tables 8.18 to 8.21 below show details of transfers to local government, including transfers relating to municipal rates and taxes, operational costs in respect of accreditation of municipalities and maintenance of R293 hostels. Details of the main adjustments, which resulted in an decrease of R57.809 million in respect of transfers to local government, are provided in the paragraphs below.

- *Virement*: The following virements affecting transfers to various municipalities were undertaken:
 - o *Accreditation of municipalities: Operational costs* increased by R7.572 million as a result of operational costs for accredited municipalities which were under-estimated. The increase in the performance by municipalities as evidenced by high expenditure in the previous months has necessitated the need to review the budget.
- *Shifts*: The department undertook the following shifts that affected *Transfers to municipalities*:
 - o *Municipal Rates and taxes* and *Rectification of pre-1994 housing stock* decreased by R14.500 million and R50.881 million, respectively, due to the department providing funding to the KZN Housing Fund for all activities relating to the management and maintenance of housing properties. The funding was erroneously budgeted for under various economic categories instead of *Transfers and subsidies to: Departmental agencies and accounts*. In compliance with an audit finding and GRAP standards, the budget of the KZN Housing Fund was adjusted to *Transfers and subsidies to: Departmental agencies and accounts*

Table 8.18: Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
A KZN2000 eThekweni	73 664	-	-	2 119	(61 113)	-	(58 994)	14 670
Total: Ugu local government	1 560	-	-	(328)	(65)	-	(393)	1 167
B KZN212 Umdoni	65	-	-	-	(65)	-	(65)	-
B KZN216 Hibiscus Coast	1 495	-	-	(328)	-	-	(328)	1 167
Total: uMgungundlovu local government	11 691	-	-	7 745	(3 969)	-	3 776	15 467
B KZN225 Msunduzi	11 691	-	-	7 745	(3 969)	-	3 776	15 467
Total: Uthukela local government	1 930	-	-	1 394	(74)	-	1 320	3 250
B KZN232 Emnambithi/Ladysmith	1 856	-	-	1 394	-	-	1 394	3 250
B KZN234 Umtshezi	74	-	-	-	(74)	-	(74)	-
Total: Amajuba local government	3 000	-	-	(852)	-	-	(852)	2 148
B KZN252 Newcastle	3 000	-	-	(852)	-	-	(852)	2 148
Total: Zululand local government	10	-	-	-	(10)	-	(10)	-
B KZN266 Ulundi	10	-	-	-	(10)	-	(10)	-
Total: uThungulu local government	7 426	-	-	(5 520)	(150)	-	(5 670)	1 756
B KZN282 uMhlatuze	7 426	-	-	(5 520)	(150)	-	(5 670)	1 756
Total: Ilembe local government	2 789	-	-	3 014	-	-	3 014	5 803
B KZN292 KwaDukuza	2 789	-	-	3 014	-	-	3 014	5 803
Total	102 070	-	-	7 572	(65 381)	-	(57 809)	44 261
Amount to be voted								(57 809)

Table 8.19: Transfers to local government - Municipal rates and taxes

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
A KZN2000 eThekweni	10 232	-	-	-	(10 232)	(10 232)	-
Total: Ugu municipalities	65	-	-	-	(65)	(65)	-
B KZN212 Umdoni	65				(65)	(65)	-
Total: uMgungundlovu municipalities	3 969	-	-	-	(3 969)	(3 969)	-
B KZN225 Msunduzi	3 969				(3 969)	(3 969)	-
Total: Uthukela municipalities	74	-	-	-	(74)	(74)	-
B KZN234 Umtshezi	74				(74)	(74)	-
Total: Zululand municipalities	10	-	-	-	(10)	(10)	-
B KZN266 Ulundi	10				(10)	(10)	-
Total: uThungulu municipalities	150	-	-	-	(150)	(150)	-
B KZN282 uMhlatuze	150				(150)	(150)	-
Total	14 500	-	-	-	(14 500)	(14 500)	-
Amount to be voted							(14 500)

Table 8.20: Transfers to local government - Accreditation of municipalities: Operational costs

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
A KZN2000 eThekweni	12 551			2 119		2 119	14 670
Total: Ugu municipalities	1 495	-	-	(328)	-	(328)	1 167
B KZN216 Hibiscus Coast	1 495			(328)		(328)	1 167
Total: uMgungundlovu municipalities	7 722	-	-	7 745	-	7 745	15 467
B KZN225 Msunduzi	7 722			7 745		7 745	15 467
Total: Uthukela municipalities	1 856	-	-	1 394	-	1 394	3 250
B KZN232 Emnambithi/Ladysmith	1 856			1 394		1 394	3 250
Total: Amajuba municipalities	3 000	-	-	(852)	-	(852)	2 148
B KZN252 Newcastle	3 000			(852)		(852)	2 148
Total: uThungulu municipalities	7 276	-	-	(5 520)	-	(5 520)	1 756
B KZN282 uMhlatuze	7 276			(5 520)		(5 520)	1 756
Total: Ilembe municipalities	2 789	-	-	3 014	-	3 014	5 803
B KZN292 KwaDukuza	2 789			3 014		3 014	5 803
Total	36 689	-	-	7 572	-	7 572	44 261
Amount to be voted							7 572

Table 8.21: Transfers to local government - Rectification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
A KZN2000 eThekweni	50 881				(50 881)	(50 881)	-
Total	50 881	-	-	-	(50 881)	(50 881)	-
Amount to be voted							(50 881)

10. Actual payments and revised spending projections for the rest of 2014/15

Tables 8.22 and 8.23 reflect actual payments as at the end of September 2014 projected payments for the rest of the financial year and the total revised spending in rand value and as percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2013/14 audited outcome.

Table 8.22: Actual payments and revised spending projections by programme

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
1. Administration	163 986	184 394	87 835	47.6	96 559	52.4	184 394
2. Housing Needs, Research and Planning	14 115	16 155	6 668	41.3	9 487	58.7	16 155
3. Housing Development	3 270 961	3 273 364	2 003 895	61.2	1 269 469	38.8	3 273 364
4. Housing Asset Management, Property Management	167 940	148 530	52 779	35.5	95 751	64.5	148 530
Total	3 617 002	3 622 443	2 151 177	59.4	1 471 266	40.6	3 622 443

Table 8.23: Actual payments and revised spending projections by economic classification

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
Current payments	287 661	355 308	219 702	61.8	135 606	38.2	355 308
Compensation of employees	202 048	239 075	136 926	57.3	102 149	42.7	239 075
Goods and services	85 501	116 232	82 775	71.2	33 457	28.8	116 232
Interest and rent on land	112	1	1	100.0	-	-	1
Transfers and subsidies to:	3 314 149	3 189 300	1 871 327	58.7	1 317 973	41.3	3 189 300
Provinces and municipalities	40 447	44 476	21 843	49.1	22 633	50.9	44 476
Departmental agencies and accounts	168 661	149 236	932	0.6	148 304	99.4	149 236
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	3 105 041	2 995 588	1 848 552	61.7	1 147 036	38.3	2 995 588
Payments for capital assets	15 079	77 293	60 052	77.7	17 241	22.3	77 293
Buildings and other fixed structures	6 799	64 459	56 511	87.7	7 948	12.3	64 459
Machinery and equipment	8 058	12 409	3 541	28.5	8 868	71.5	12 409
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	222	425	-	-	425	100.0	425
Payments for financial assets	113	542	96	17.7	446	82.3	542
Total	3 617 002	3 622 443	2 151 177	59.4	1 471 266	40.6	3 622 443

Mid-year spending for the vote was high at 59.4 per cent compared to the 50 per cent straight-line benchmark, mainly affecting Programme 3, as well as *Goods and services*, *Transfers and subsidies to: Households*, and *Buildings and other fixed structures*, due to the following:

- Expenditure incurred relating to the fast tracking of housing project launches. Housing projects involved included Sibongile Bufferstrip, Umzumbe Operation *Sukuma Sakhe*, Khula Village, Mandlankala and Gobandlovu.
- Some invoices for housing projects were received in the latter part of March 2014 and only processed in the current financial year. This included invoices from the Vulindlela, Umlazi (part 4 and 5), Hammonds Farm, Limehill and Mbambangalo housing projects.
- The department also made payment to the eThekweni Metro in respect of emergency funding for rebuilding of 258 structures within the Mathambo informal settlements in the Redhill Area and 250 structures within Reservoir Hills for fire victims (a runaway fire within a slum/informal settlement).
- Some of the projects are moving faster than anticipated and they are ahead of the development schedule. Also, more sub-contractors were appointed to fast track the work. In addition, some implementing agents have increased capacity on the ground, which was done in order to address the urgent need of housing in various projects. All the above issues include rural projects in KwaNyuswa, Vulamehlo, Mbambangalo, Machunwini, KwaMashabane, Dube, Matimatolo, etc.

In addition, the department undertook a shift from various economic classifications to *Transfers and subsidies to: Departmental agencies and accounts* which relates to the department providing funding to the KZN Housing Fund, as mentioned previously. This accounts for the high spending against *Compensation of employees* and *Goods and services*, as well as the low expenditure against *Transfers and subsidies to: Departmental agencies and accounts*. Expenditure incurred in these economic classifications will be adjusted after the adjustments are approved.