

Foreword by the Member of the Executive Council

The period spanning 2004/5 has been a challenging and an interesting one for the Department of Housing in Gauteng. During this period, the Department faced enormous challenges on issues ranging from marrying quality and quantity, shifting from the notion “of one size fits all” to Implementing the policy imperatives of Breaking New Ground. The year was interesting in that we were able to house multitudes of the poor, install bulk infrastructure and provided thousands of people with various types of security of tenure.

With the advent of democracy, the government has been exploring various strategies and policies aimed at redressing the unfortunate legacy of skewed spatial development patterns. Particularly, in historical black areas, the lack of basic services and inadequate housing development was the order of the day. Since then, we have managed together with our stakeholders to ensure that there is provision of shelter and enhancement of human settlement through integrated service delivery.

We have departed from the strategy of constructing low-cost housing in great volumes away from the economic nodes of our cities and towns in favor of mixed-income housing development in well-located land. In fact, we have embraced a totally new approach in housing delivery which is contained in Breaking New Ground a pioneering housing strategy announced by the national Minister of Housing in September 2004. In essence, we have made tangible progress in meeting our constitutional mandate and the people’s contract which we entered into with the masses of our country.

This report, therefore, highlights, amongst other things, key strategies and programs that we have implemented and still implementing in order to realize the vision of building sustainable communities.

However, it is important that the context in which service delivery happens is fully appreciated. Gauteng remains, in spatial terms, the smallest province and yet continues to be a beacon of hope for many. The population growth of this Province increased from 7.3 million in 1996 to 8.8 million in 2001 according to Statistics South Africa. These figures show that a total of 1.5 million people were added to the province over the five year period.

The rapid economic growth and expanded social service delivery has led to increased in-migration and placed increased pressure on government resources. The number of people on our Housing Demand Database speaks to this challenge. In addition, the persisting superficial division of our residential areas along class and racial lines also remains a cause for concern.

In spite of these challenges, we have, to a greater extent, been successful in improving the conditions and the quality of life for all during 2004/5 financial year. It is therefore a greatest pleasure to submit this record of our achievement in the following synthesized manner:

PROGRAMME PERFORMANCE

2005/06 PRIORITY AREAS OF HOUSING DELIVERY IN GAUTENG			
PRIORITY PROGRAMME	AREA & SUB-	OUTPUTS FOR 2003/04	OUTPUTS FOR 2004/05
ERADICATION/UPGRADE OF INFORMAL SETTLEMENTS			
To address the 600,000 unit backlog on basic services & infrastructure by 2009		27,632 serviced stands 1,262 houses	43,690 serviced stands 14,547 houses
Upgrading of informal settlements			
Community Builder Programme		368 housing units	-
People's Housing Process (PHP)		1,113 housing units	3,369 housing units Establishment of seven (7) Housing Support Centres was facilitated Establishment of seven (7) Community Based Support Organisations was facilitated twelve (12) Housing Support Centres were transformed into Community Driven and Developmental Centre
THE RENTAL AND SOCIAL HOUSING PROGRAMME			
Medium density & inner-city regeneration		2,792 housing units	592 Social Housing units
Hostels		874 beds	seven (7) geographic clusters were segmented for conversion of hostels into Affordable Rental Accommodation Emergency intervention for 33 hostels has commenced in 2004/05
		874 beds	828 hostel units completed in six (6) different hostels
TRANSFER OF OWNERSHIP			
Transfer of Rental Properties (TORPS): Promote home ownership through facilitation of the transfer of claimed and undisputed title deeds	-		16,766 properties were transferred
Regularisation and Transfer of Ownership (RETRO): Promote home ownership through regularisation and transfer of ownership process	-		1,327 properties were transferred
COMMUNICATIONS			
Community mobilisation in the context of the Peoples Contract	-		75,363 beneficiaries educated on the programmes, services and life skills related housing
	-		42 workshops were conducted to facilitate community participation at project level
DATA CLEAN-UP			
Occupancy Audit and Waiting List	-		217 000 RDP Units audited
ACHIEVEMENT OF EMPOWERMENT TARGETS			
BEE: 70% Women: 30% Disability: 5% Local: 40%	-		61% Black Economic Empowerment 13% Women
Job creation through labour intensive methods excluding Social Housing and Hostels	-		8,000 jobs created through Essential Services 870 jobs created through People's Housing Process

Our achievements are a result of clearly defined programs and policies which are aimed at making a tangible dent on the scourge of homelessness, poverty and unemployment. These programs and policies are informed largely by the tenets of the National Comprehensive Human Settlement Plan (BNG) and the Provincial government's priorities. These strategic priorities are as follows:

- Enabling faster economic growth and job creation;
- Fighting poverty and building safe, secure and sustainable communities;
- Developing healthy, skilled and productive people.
- Deepening democracy and nation building and realising the constitutional rights of our people.
- Building an effective and caring government.

From our perspective, we came to realize that our efforts will not be fully recognise if we do not prioritise the informal settlements. It is for this reason that the formalization of informal settlements which entails providing security of tenure, the issuing of title deeds, the provision of water, sanitation and electricity and, where necessary, building schools, clinics and recreational facilities remains central in our endeavour.

Our housing programme will continue to be part of the broader delivery strategy by the Gauteng Government and efforts to integrate our work with all spheres of government will continue. Our goal is to ensure a sustainable housing process to achieve housing with secure tenure, within a safe and healthy environment, and the development of viable communities.

In presenting this report I wish to commend our partners, sister departments, stakeholders and employees for their unwavering support. It is with great sense of pride that I present to you this annual report for the 2004/5 financial year as a true reflection of the operations of the Gauteng Department of Housing.

Ms Nomvula Mokonyane
Member of the Executive Council: Housing



DEPARTMENT OF HOUSING

ANNUAL REPORT 2005

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1. DEPARTMENTAL INFORMATION

1.1 SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY BY THE HEAD OF DEPARTMENT (ACCOUNTING OFFICER)

The Department's Accounting Officer (in terms of Section 40 (1) (d)), the Chief Financial Officer (in terms of Section 40 (1) (d)), and the MEC, in accordance with Section 65 (1) (a) of the PFMA, hereby submit the Annual Report for the 2004/2005 financial year to the Legislature, the Gauteng Treasury, the media and the public.

1.2 OVERVIEW BY THE HEAD OF DEPARTMENT

The new term of government effective from April 2004, culminated into the development of a five-year Strategic Plan (2004-2009), based on lessons learnt and challenges confronted during the first ten years of democracy. Our targets as contained in the Strategic Plan (2004-2009) represent a response to the increasingly dynamic housing needs of Gauteng residents, within the environmental context of financial constraints, and housing backlog induced by population growth and/or annual in-migration into the Province.

The financial year 2004/2005 therefore represents the base year for implementation of our five-year Strategic Plan as we Break New Ground in housing delivery, based on the following key pillars:

- Dealing with issues of **quantity and quality** as mutually inclusive components of the same, using different delivery processes;
- Mainstreaming the **participatory development** paradigm;
- **Transforming settlements**, especially the 20 Priority historical townships, into sustainable and vibrant communities;
- Accelerating implementation of the **Rental Housing Policy** in the Province;
- Promoting **good governance**.

In implementation of our key priority areas as informed by our policy on Breaking New Ground and the consequent five key pillars, the Department focused its energies on delivery through the following Focus Programmes:

- **Good Corporate Governance.**
- **Upgrade of Informal Settlements.**
- **Urban Regeneration.**
- **Social and Rental Housing.**

▪ GOOD CORPORATE GOVERNANCE

Year	Vote 7	RDP Fund	Revolving Fund	Housing Fund (New Business)	Housing Fund (Old Business)	ATC	GPF
1994/95	Qualified¹	-	-	-	Disclaimer²	-	-
1995/96	Disclaimer	Qualified	Disclaimer	Qualified	Disclaimer	-	-
1996/97	Disclaimer	Qualified	Disclaimer	Qualified	Disclaimer	-	-
1997/98	Disclaimer	Qualified	Disclaimer	Qualified	Disclaimer	-	-
1998/99	Qualified	Qualified	Disclaimer	Disclaimer	Disclaimer	-	-
1999/00	Qualified	Qualified	Qualified	Qualified	Disclaimer	-	-
2000/01	Disclaimer	Disclaimer	Disclaimer	Qualified	Disclaimer	-	-
2001/02	Qualified	Disclaimer	Disclaimer	Disclaimer	Disclaimer	-	-
2002/03	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	-	-
2003/04	Unqualified	Closed	Unqualified	Unqualified	Unqualified	-	-
2004/05	Qualified	-	-	-	-	Unqualified	Unqualified

The Department has established the Corporate Governance Unit as an oversight for effective implementation of delivery targets in compliance with the relevant legislative frameworks and policy guidelines such as the PFMA and the King II Report. It is in this regard that we managed to obtain an unqualified audit report for two consecutive years, as depicted in the Table above. Corporate Governance aims to reinforce accountability and efficiency in management and implementation of projects, as well as establish capacity and sustainable linkages with the local sphere of government through for example, the Programme Management Office and sub-Offices.

The Department has established a **fully functional Programme Management Office (PMO) internally** to streamline accountability and enhance efficiency in management and implementation of projects. The **six (6) municipal PMOs in Ekurhuleni, Sedibeng, Metsweding, WestRand, Johannesburg and Tshwane**, were successfully established during 2004/05 financial year to link implementation of housing projects between the two spheres of government, and ultimately enhance resource capacity at local level.

Additionally, in reinforcing our mandate for integration of housing developments into the broader spatial urban framework, the Department has contributed towards development of the **Municipal Housing Development Plans (MHDPs)**.

¹ **Qualified:** A qualified audit report means that the financial statements of the Department are fairly stated except for the item of the qualification.

² **Disclaimer:** whereas a disclaimer audit report means that the auditors are unable to express an opinion on the fair presentation of the financial statements. A disclaimer is the worst form of the audit report in that it implies that the state of financial statements was so poor that it was not possible to express an opinion on them.

The MHDPs are informed by the planning frameworks at local level, particularly the Integrated Development Plans (IDPs), as well as the provincial Spatial Development Framework guiding co-ordinated development within Gauteng. This represents a further effort to ensure that housing delivery to the residents of Gauteng is co-ordinated to minimise duplication of limited resources. Of importance is the significance of MHDPs in emphasising the commitment for improved quality of life through integrated provision of basic services and amenities including housing, through co-operation by spheres of government.

▪ **UPGRADE OF INFORMAL SETTLEMENTS**

The Department has embarked on the process of addressing the 600,000 unit backlog on the basic services and infrastructure by 2009. This involves an incremental two-phased approach on:

- **Formalisation of informal settlements** that can be formalised through provision of basic services, infrastructure and sanitation by **2009**; and
- **Eradication of informal settlements** in Gauteng through provision of the top structures by **2014**.

In alignment of our operations with the prevailing challenges to formalize informal settlements by 2009, and eradication thereof by 2014, the following sub-Programmes have been prioritized as instrumental in implementing the defined targets:

- ***Essential Services (on provision of water, bulk infrastructure and sanitation).***
- ***Community Builder Programme.***
- ***People's Housing Process.***
- ***Community and Social Amenities.***

Essential Services

The Department has **registered 430,000 households in 392 informal settlements** by 31 March 2005 as a departure point towards the formalization and eradication of informal settlements. The registration process was undertaken to also verify the extent of the challenge involved, particularly with regards to the list and size of existing informal settlements.

During the financial year 2004/05 we have **served 43,690 stands** in provision of basic services, water and sanitation through our Essential Services Programme. This has translated into approximately **8,000 jobs**.

Community Builder Programme

The Community Builder Programme has been established to enhance our delivery capacity in partnership with communities, to reinforce buy-in as well as create value-adding jobs through skills training and transfer in implementation of housing projects. This will ultimately stimulate local economies through labour-intensive methods in housing delivery.

People's Housing Process

The People's Housing Process (PHP) has made it possible for households to not only realize their housing need, but also participate in planning, design and construction of their own structures. The PHP emphasizes optimum utilization of local contractors in not only stimulating local economies, but also increasing the number of households participating in the mainstream economy, through skills training and transfer for value adding jobs.

Implementation of PHP projects is largely through established Community Based Support Organisations, and Housing Support Centres facilitated by the Department. We managed to **build 3,369 housing units** through the PHP which directly translates into **870 jobs** created during the 2004/05 financial year. Additionally, **six (6) Funding Agreements** were signed for implementation of projects targeted for 2005/06. In further enhancing our delivery capacity, the Department facilitated establishment of **seven (7) Housing Support Centres**, and **seven (7) Community Based Support Organisations** during 2004/05. A further **twelve (12) Housing Support Centres** was transformed into Community Driven and Developmental Centre to reinforce ownership and empowerment for sustainability of projects implemented.

In support of **16 Days of No Violence against Women and Children**, we have built **16 Houses in 16 Days in Ivory Park**, and beneficiaries were all women between the ages 55 and 80 years.

As a contribution towards poverty alleviation, the PHP facilitated establishment of **food gardens** for subsistence purposes within twenty (20) established Housing Support Centres.

Social and Economic Facilities

The Social and Economic Facilities are defined as:

“facilities that provide those services to communities which cannot be supplied directly to individual dwelling units and are thus supplied to communities in a collective fashion within the public environment”.

During the 2004/05 financial year, the Department has prioritised upgrading and/or construction of the following Social and Economic Facilities within the 20 Priority Townships in Gauteng:

- Clinic or Medical Health-care facilities;
- Community Halls that could also accommodate crèches where required and appropriate;
- Community Parks or playgrounds with basic play equipment;
- Taxi rank of a roofed structure, curbs and pavements to control traffic flow;
- Sports facilities with level grassed for cricket and soccer, as well as a combi court for netball, basketball and volleyball; and
- Small business trading facilities.

The Department will provide assistance to the municipalities with implementation of National Programme on Social and Economic Facilities, for the three year period from the 2005/06 financial year to 2007/08.

▪ **URBAN REGENERATION**

Urban Regeneration involves integrated revitalization of strategic urban localities by cooperative partnerships with the three spheres of government, various line function Departments and the private sector, for ultimate stimulation of local economies and creation of sustainable jobs, fundamental in improving the quality of life and poverty alleviation within communities. The Department is currently implementing Urban Regeneration Projects within **Alexandra, Bekkersdal and Evaton**. The following represents a synopsis of our achievement for 2004/05 on Urban Regeneration Projects:

Alexandra Renewal Project

- 18 schools were upgraded and an extensive training programme of educators was implemented, resulting in pass rates increasing by an average of 10% every year since the start of the project.
- Over 1,200 houses have been built and extensive work on integrating roads into the main travel routes and motorways of the surrounding areas such as Wynberg, Malboro and Sandton is in progress.
- Upgrading of electricity supply, water and sewer reticulation has advanced significantly since initial implementation of the project.
- A fully fledged Central Social Services office for delivery of social services was established.
- Three ambulances were purchased for the upgraded clinics. Currently Edenvale Hospital is being upgraded.
- The construction of the Nelson Mandela Yard Precinct is in progress.

- Upgrading of sports facilities in Alex stadium, Aaltrek and No 3 Square has commenced.
- About 8,000 families were relocated from the banks of Juskei river.
- Rehabilitation of Juskei River for sustenance of the ecosystem, is in progress.
- 2,054 trees were planted for creation of a habitable living environment with improved quality of life.
- Upgrading of the Cemetery has commenced.
- Two existing community parks have been upgraded and three new community parks built.
- Alexandra Transit Village was completed with 500 housing units.
- London Road and London Bridge were upgraded.
- New Police Station for Alex is currently being built.
- A Local Business Support Centre was established to nurture local entrepreneurship.
- 53 People trained in Basic Project Management, 64 Service Providers trained in Computer skills and basic project management skills, and Parents trained in Parenting Skills with emphasis on foster care and orphan care.

Bekkersdal Renewal Project

- A transit camp for relocation of 402 households was established;
- A total of 171 households were relocated to the transit camp;
- A total of 2,400 toilet structures were built;
- The completion of an Information Hub for disseminating development information within Bekkersdal to the community was launched;
- An audit of violence affected houses with cost implications was completed;
- Three (3) waste disposal containers were purchased for the community and implementation of the waste management program within Bekkersdal was commenced;
- Two (2) high mast lights in the transit camp, and eight (8) in formal Bekkersdal were installed.

Evaton Renewal Project

- We completed all planning requirements during 2004/05 for successful implementation of projects during the 2005/06 financial year.

Backyard Upgrading

In addition, the Department committed to the **upgrading and/or construction of Backyard Shacks** and socio-economic amenities within the 20 Priority Townships to address the spatial imbalances of the past, and provide tenure security to residents of Gauteng. The process involved in conducting **feasibility investigations and registration of backyard shacks** was initiated in 2004/05.

The following represents the list of the 20 Priority Townships:

Atteridgeville	Duduza	Kwa-Thema	Ratanda	Soshanguve
Boipatong	Kagiso	Mamelodi	Refilwe	Soweto
Bophelong	Katlehong	Mohlakeng	Rethabiseng	Tembisa
Daveyton	Khutsong	Munsieville	Saulsville	Wattville

▪ RENTAL AND SOCIAL HOUSING

The Department's Programme on Social and Rental Housing is aimed at providing alternative tenure options through rental accommodation in alleviating our housing backlog. This is also with the realization that not all the residents of Gauteng are inclined and/or able to own houses based on their economic capabilities and social obligations. The majority of the migration population prefers habitable homes within proximity to the socio-economic amenities to minimize the transport costs involved in travelling from the peripheral residential areas to work opportunities.

Social and Rental Housing is also intended to optimise utilization of government investment within inner-city locations through infill housing opportunities in revitalizing such locations to curb urban blight and associated social ills.

The following sub-Programmes are instrumental in implementation of Social and Rental Housing:

- ***Medium Density Rental Units.***
- ***Refurbishment and/or conversions within strategic locations.***
- ***Management and transfer of rental stock.***

Medium Density Rental Units

The Department has delivered **592 Social Housing** Units during 2004/05.

In further expediting delivery of Medium Density Rental Units, the Department has registered **34 Social Housing Institutions** during 2004/05 to facilitate achievement of our performance targets in this regard. The Social Housing Institutions are non-profit organizations established for development and/or management of Social Housing Units within strategic locations. The Department has begun capacitation of the registered Social Housing Institutions through facilitation of funding support as well as implementation of compliance on corporate governance. This is to ensure their sustainability and future investment into the Medium Density Rental Units for growth of the sector to meet our future housing needs.

Refurbishments and/or Conversions Within Strategic Locations

The Department has segmented all hostel accommodation into **seven (7) geographic clusters** for conversion into Affordable Rental Accommodation.

Emergency intervention for **33 hostels** has commenced in 2004/05 for the upgrade and/or conversion into habitable and sustainable living environments, integrated into wider urban communities. The process focuses largely on water reticulation, visible lighting, improved access control, repairs to windows and doors, as well as unblocking the sewer mains.

Projects on emergency intervention broadly entail improvements to physical conditions of the building structures, as well as implementation of Health and Safety standards. We have completed **828 units** in **six (6)** different **hostels** by the end March 2005.

Management and Transfer of Rental Stock

There are two SubProgrammes involved in transfer of rental properties viz:

- **Transfer of Rental Properties (TORPS); and**
- **Regularisation and Transfer of Ownership (RETRO).**

TORPS is aimed at promoting home ownership through facilitation of the transfer of claimed and undisputed title deeds, particularly within the former black areas wherein occupation was previously characterized by long-term leaseholds of sometimes up to ninety-nine (99) years. A total of **16,766 properties** were **transferred** through **TORPS** in 2004/05, 1,766 more than the annual target of 15,000.

Whereas RETRO promotes home ownership through regularization and transfer of ownership process by provincial owned and municipal owned houses. A total of **1,327 properties** were transferred through **RETRO** in 2004/05.

The Department fulfilled its core mandate of facilitating tenure security and building sustainable settlements during the 2004/05 financial year through positively impacting on approximately 157,000 households in Gauteng.

Our total performance outputs for 2004/05 consolidates the approximately 70,000 subsidy applications processed, the 47,414 Serviced stands as a contribution towards formalization of informal settlements, and 40,000 housing opportunities provided through the various tenure

options by the Department – including transferred properties, rental housing units, and built houses.

In the process of meeting our core mandate, the Department has created a total of 8,870 jobs in promoting labour intensive methods within our delivery programmes. Additionally we have created 253 opportunities through our Learnership and Internship Programme, in support of personal career progression and growth for the youth.

Finally, in our contribution towards prioritized participation of the majority of Gauteng residents in the local economy, the Department has contributed 61% of total contracts towards BEE and 16% towards Women, during the 2004/05 financial year.

The Department is excited about our performance for 2004/05 as it represents the base year for achievement of our performance output targets for the five year period of the Strategic Plan, ending in 2009. This is particularly within the defined resource constraints in terms of limited human resources and budget.

The Department is proud to have made a difference in improving the quality of life of the many Gauteng residents, even with the challenges confronted on increased backlog from migration patterns and population growth. It is the collective determination and innovation by the many men and women within the Department, and consistent collaboration with our partners and/or stakeholders, including beneficiaries, that made possible achievement of our performance targets for 2004/05.

We are confident that with renewed energies, innovation and continued support from strategic partnerships, the Department will be able to overcome the imminent environmental challenges and resource constraints, and proudly fulfil on our commitments for the forthcoming years.

Ms Benedicta Monama

Head of Department

Date: September 2005

1.3 FOREWORD BY THE MEMBER OF THE EXECUTIVE COUNCIL (Mongezi)

A summary should be given as to what work the Ministry is involved with and (if practical) the names of institutions falling under the executive authority's control. The executive authority should also give an indication of the bills that he or she has submitted to the legislature during the financial year. Further, the executive authority's official visits abroad, indicating the dates and purposes of visit would ideally complete the information required under this sub-heading.

1.4 VISION, MISSION, VALUES AND STRATEGIC OBJECTIVES

Vision

A province where all households inhabit quality homes in vibrant and sustainable communities.

Mission

To provide appropriate quality services, tenure, housing in targeted precincts and communities working in partnership with stakeholders.

Values

The Department has adopted the values based on the following Batho Pele guiding principles:

- **Consultation** (...listening to what our customers say and using the information to improve our service...).
- **Service Standards** (...realistic standards that are attainable within our resources...).
- **Access** (Ensure accessibility of our services to our customers through distance, language used in information sharing, including the previously disadvantaged and people with special needs).
- **Courtesy** (...adherence to a code of conduct by staff that means being friendly, polite, helpful and treating everyone with dignity and respect, no matter who they are...).
- **Information** (...information about the services of the Department to our customers should be provided through different ways such as newspapers, posters, leaflets, radio and TV, at a level and in a language easily understood...).
- **Openness and Transparency** (...openness and honesty on daily operations of the Department).
- **Redress** (...creating a conducive work environment for our customers to declare their complaints, acknowledgement and resolution of potential conflict...).
- **Giving the best value** (...giving customers the best service in the most effective way without waste of resources and with minimal fraud and corruption...).
- **Innovation and Reward** (...innovation in providing better service, cutting costs, improving conditions and making changes that benefit everyone..).
- **Customer Impact** (...customer impact when all the principles of Batho Pele have been followed...).

- **Leadership** (...the organisational leadership should create an appropriate management framework, and the behaviour, creativity and actions of senior management team should inspire support and promote a culture of excellence as the best way to achieve the service delivery unit's objectives.).

Strategic Objectives

The following are the strategic objectives of the Department:

- To build an effective, efficient and caring government in the delivery of housing;
- To facilitate, fund, manage the provision of tenure and appropriate quality services and houses;
- To facilitate and project manage the implementation of broad-based Urban Regeneration;
- To densify housing on well located land as well as diversification of housing stock for various markets;
- To complete all targeted time bound projects;
- To contribute to National policy processes and address gaps that hinder sustainable development;
- To mainstream implementation of the Expanded Public Works Programme and labour intensive methods.

1.5 LEGISLATIVE FRAMEWORK AND OTHER MANDATES

The Gauteng Department of Housing derives its mandate from amongst others the following legislation mentioned hereinunder, and most importantly, from the political directives of the Executive Committee:

- **Constitution of the Republic of South Africa, Act 108 of 1996:** makes provision for access to housing is a constitutional right of all South Africans, through:
 - Section 26.(1) Everyone has the right to have access to adequate housing;
 - Section 28.(1c) Every child has the right to basic nutrition, shelter, basic health care services and social services;
- **The National Housing Act (No 107. of 1997)** as amended, provides for the responsibilities of the three spheres of Government in relation to Housing delivery.
- **The Gauteng Housing Act of 1998** provides for and governs the existence of the Gauteng Department of Housing.
- **The Rental Housing Act (Act No. 50 of 1999)** defines Government's responsibilities in the rental housing sector; promote rental housing, establishes Rental housing Tribunal and provides for conflict resolution.
- **The Housing Consumer Protection Measures Act (Act No 95 of 1998)** provides for the protection of housing consumers and establishes the National Home Builders Council.

- **Sectional Titles Act (Act No. 95 of 1986)** as amended deals with and provides for the division of buildings into sections and for the acquisition of separate ownership in sections coupled with joint ownership in common property. It further provides for the transfer of ownership of sections and real rights in sections.
- **Prevention of Illegal Eviction from Unlawful Occupation of Land Act (Act No.19 of 1998)** as amended provides for the prohibition of unlawful eviction as well as the procedures for the eviction of unlawful occupiers.
- **The Home loan and Mortgage Disclosure Act (Act 63 of 2000)** provides for the promotion of equity and fairness in lending and disclosure by financial institutions.
- **The Public Finance Management Act (Act No.1 of 1999)** as amended, enable public sector managers to manage accountability in terms of eliminating waste and corruption in the use of public funds. The following trading and/or public entities are controlled by the Department:
 - **Gauteng Partnership Fund (GPF)**
 - **Xhasa Accounting and Technical Centre (ATC)**
 - **Social Housing Institutions (SHIs)**

Gauteng Partnership Fund(GPF):

The GPF is a non-profit trust regulated by the Trust Property Control Act 57 of 1988 - registration number IT 2422/02. The following is applicable in terms of support provided by the GPF on behalf of the Department:

- The GPF provides assistance to all accredited Social Housing associations referred by the Department;
- The GPF may utilise the established relevant structures (such as Accounting And Technical Centres, Technical Research Groups etc) within the Department, if and when necessary to facilitate delivery capacity and/or enhance sustainability of the referred Social Housing Institutions, after capital investment has been made.
- The GPF dedicates financial assistance to Social Housing Institutions , in exploring innovative finance mechanisms, to facilitate housing access for beneficiaries as defined in the Trust Deed;
- The GPF committed to contribute facilitation of 10,000 Social Housing units through the Medium Density Fund within the next five financial years, (starting from 2004/2005 to 2008/2009) through providing equity and attracting loan financing;
- The GPF has committed to achieve the following annual targets as a contribution towards the targeted 10,000 Social Housing units, as consistent with the entity's Strategic Plan:

TARGETS FOR 2005	TARGETS 2006	TARGETS FOR 2007	TARGETS FOR 2008	TARGETS FOR YEAR 2009
2,554 units	2,360 units	2,174 units	2,005 units	1,849 units

Xhasa Accounting and Technical Centre

Xhasa ATC was incorporated on 15th December 2003, as a Section 21 Company, in terms of the Companies Act of 1973, as amended. The rationale for establishment of the entity was initially to serve as a “Support Organisation” vehicle for the implementation and formal rollout of the Gauteng Provincial People’s Housing Process (PHP). However, it is envisaged that the entity will also provide “shared service” functionality to other housing related implementation mechanisms, particularly requiring relevant accounting and technical expertise.

Social Housing Institutions

Social Housing has been adopted as a responsive mechanism to the accommodation needs requirements of especially the low income households, seeking proximity to socio-economic opportunities to improve their livelihoods. Of significance is the ability for Social Housing towards spatial restructuring of urban constructs in optimizing existing government investment in infrastructure development. The impact of Social housing in socio-economic restructuring through encouraging mixed income activities and racial integration for sustainability of our human settlements has to be further reinforced in reflecting the ideals of our democratic dispensation.

The government has engaged in partnerships with the Social Housing Institutions to enhance the delivery capacity of medium density developments aimed at meeting the objectives of Social Housing. Such partnerships will enhance the sustainability of the institutions, and increase the participation of ordinary people in the mainstream economy.

The Social Housing Institutions are mandated to enhance the delivery capacity of the Department on Social Housing in providing medium-density developments for rental through the social housing grants, as well as for sale and ownership using the institutional subsidy and other funding sources. Furthermore, the obligatory participatory processes in management and operations of Social Housing projects will further engender the People’s Contract in ensuring that communities are instrumental in shaping their ultimate livelihoods.

Social Housing as defined by A Social Housing Policy for South Africa, 2003, as amended, is:

“A rental or co-operative housing option for low income persons that is provided by accredited social housing institutions or in accredited social housing projects in designated restructuring zones”.

The Social Housing Institutions provide the following support in ensuring that our targets as contained in the Strategic Plan (2004-09) are achieved:

- The delivery of the number of Social Housing units as agreed upon with the Department;
- The mandatory obligation for SHIs to include in their targeted segments, those persons whose circumstances make it difficult for them to find suitable housing on their own;
- Alignment of the management structure with the development programmes as stipulated in the business plan;
- Reinvestment of revenue generated in the future growth of the housing stock within the strategic locations;
- Tenant and/or Community Involvement and Participation in the planning and management of its operations;
- Compliance with the relevant Public Finance Management Act (PFMA) requirements (No. 1 of 1999 as amended).

1.6 BROAD POLICIES, PRIORITIES AND STRATEGIC GOALS

Broad Policies

The five pillars anchoring implementation programmes within the Department, are informed by 'A people's contract to create work and fight poverty' – the ANC 2004 election manifesto; the 'Speech by Premier Mbhazima Shilowa at the opening of the Gauteng Provincial Legislature', 7 June 2004³, and the Budget Speech dated 28 June 2004 by MEC Nomvula Mokonyane.

1.6.1 People's contract

- Speed up the programme to provide **free basic water and electricity** so that each household is ensured a basic minimum of these services.
- Build **more subsidised housing** and introduce **medium density housing** closer to places of work; and provide those who have as yet not received such housing with **serviced stands** for more decent living.
- **Reduce poverty** by half through economic development, comprehensive social security, land reform and improved **household and community assets**.
- **Reduce unemployment** by half through new jobs, skills development, assistance to small businesses, opportunities for self-employment and **sustainable community livelihoods**.

³ Premier Shilowa's address on "the tabling of the budget of the Premier at the Gauteng Provincial Legislature" dated 02 July 2004, and postdates MEC Mokonyane's budget speech.

1.6.2 Speech by Premier Mbhazima Shilowa (Extract)

Over the next five years we will work tirelessly with the people of Gauteng for the following objectives:

- Stimulate faster economic growth and drastically **reduce unemployment**
- **Fight poverty and build secure and sustainable communities**
- Develop healthy, appropriately **skilled and productive people**
- **Deepen democracy** and nation building and realise the constitutional rights of all the people and
- Build **an effective and caring government**.

The homeless and those who live in squalor want **decent housing built on well located land and access to basic services** such as water, sanitation and electricity.

A key aspect of our programme to build sustainable communities is to **rid Gauteng of informal settlements by 2014**. Over the next five years we will formalise all existing informal settlements that are situated on safe, habitable and appropriately designated land. This will entail providing security of tenure, issuing of title deeds, providing water, sanitation and electricity and, where necessary, building schools, clinics and recreational facilities.

This programme will address only the **current backlog of informal settlements as a priority**. New informal settlement formation must be strictly controlled by the local authorities.

Our housing development programme will continue to focus on building safe and sustainable communities. All residents must have decent shelter with the necessary facilities such as roads, clinics, schools, sports and recreation facilities, access to work opportunities and a vibrant and supportive community life.

Our emphasis on the sustainability of communities requires more focus on the development of local economies. Our aim is to prevent communities from degenerating into slums and avoid perpetual regeneration initiatives. The provision of social infrastructure and services will enhance local economic development through creating short term jobs and opportunities for emerging contractors.

In line with the decision we took last year, our infrastructure developments such as schools, roads, health facilities and **housing will use labour intensive methods** so that we can create more employment opportunities and skills training.

1.6.3 Budget speech MEC Ms. Nomvula Mokonyane (Extract)

Speaker, we have therefore taken a decision that our main focus in this new decade of freedom will therefore be **to upgrade and formalize all informal settlements capable of formalization**. ... The focus will be on **providing housing and basic services on a priority basis to those in historic townships, those who have been on our waiting lists since 1996 and 1997** but have not yet been assisted, and certainly those who currently occupy shacks and **have no access to running water, sanitation or electricity**. Through this approach we are determined that we will push back the frontiers of poverty by reducing the housing backlog.

From our perspective, the formalization of informal settlements will entail providing security of tenure, the issuing of title deeds, the provision of water, sanitation and electricity and, where necessary, building schools, clinics and recreational facilities. Our housing developments will continue to focus on building safe and sustainable communities on well located land.

In developing our plans we recognize that the emphasis of housing delivery in Gauteng and indeed South Africa has moved beyond the issue of numbers to the enhancement of quality of both our houses and the lives of the people we serve. This is important, because we must recognize that the eradication of poverty is not only complex, but also needs strategies that will enhance social upliftment of the poor beyond the physical structures that we erect.

Our delivery programme on housing will always be measured by the efforts we make in pushing back the frontiers of poverty and expanding access to a better life for all.

Our commitment through this budget is to build quality homes and help in the building of thriving communities while at the same time trying to turn around the apartheid spatial development patterns that we have inherited.

1.6.4 National Comprehensive Housing Plan

The National Comprehensive Housing Plan informs our Provincial Strategy on Breaking New Ground developed in response to the need to embrace the lessons learnt in the past ten years of implementing housing policy, as well as enhance our achievements to date.

The National Comprehensive Housing Plan entails a multi-dimensional housing development approach based on the new policy on “Breaking New Ground in Housing Development”, ingrained on the following fundamental tenets:

- **Incremental formalization and upgrading of informal settlements** through a phased development process.
- Expanding the Scope of Housing Mandate through the **New Subsidy Intervention** on:

- **Savings support programme** and assistance on deposit requirement to obtain mortgage loans for the income bracket **R3501 to R7000** beneficiaries;
- **Collapsing of the subsidy income bands** on 01 April 2005 to ensure that the **R1500 to R3500** categories receive a standard subsidy; and the indigent category are extended to households earning **below R1500** to be supported through a housing subsidy.
- **Enhancing the role of the private sector** in promoting funding of Social Housing through Public-Private Partnerships and Special Purpose Vehicles to increase access to credit by beneficiaries;
 - **Enhancing the housing delivery capacity** through:
 - Establishment of **operational budget at 2.5% of project costs**;
 - **Streamlining procedures for administration and payment of contractors**;
 - Promoting **employer assisted housing initiatives** targeting initially large employer, mining houses, public service and trade unions.
- Creating linkages between primary and secondary market in enhancing access to title deeds through **Discount Benefit Scheme**, opening township registers and fast tracking the operations of the Deeds Office.
- A strategic move **from provision of housing structures to integrated planning for human settlements** across the three tiers of government;
- Promotion of **densification** and integration of housing developments through:
 - Proposing **financial incentives** for densification and disincentives to deter urban sprawl;
 - Phasing in **mixed-income** and **-use** developments for cross-subsidisation of settlements, and managing perceptions of property devaluation and NIMBYism⁴.
- Enhancing **location** of new housing projects through:
 - Implementation of **National Land Acquisition Guidelines** by April 2005;
 - Accessing well located state-owned, public and parastatal land;
 - Acquisition of well-located private land to reinforce spatial integration and densification;
 - Fiscal incentives for development of well located land;
- **Urban Renewal and inner-city regeneration** through:
 - Provision of affordable housing to maximize access to socio-economic opportunities;
 - Acquisition of derelict buildings for upgrading and conversions into residential use;
 - Promoting mixed income developments through promoting incentives for the monthly income bracket of R3500 and above.
- Developing **social and economic amenities** within integrated settlements through:
 - Consolidating and channelling funding and construction through multipurpose cluster by functional departments and spheres of government;
 - Promoting active participation by municipalities, NGO and CBOs in maintenance and operations.

⁴ NIMBY: Not In My BackYard

- Enhancing the **housing product** through promotion of innovation and design, as well as enforcing emphasis on quality through NHBRC audit and compliance with building regulations.
- Providing alternative tenure options in response to various needs requirements, through **Rental Housing Programmes** on Medium Density Housing (focusing on Transitional Housing, Communal Housing, revised Hostels Redevelopment Programme, and regulation of Backyard shacks).
- Implementation of **Social Housing** through promoting Medium-Density developments in:
 - Support in terms of the management capacity of accredited Social Housing Institutions, and;
 - Exploring alternative funding models;
- Implementation of **Rural Housing** through our People's Housing Process in providing support for tenure security and basic services.
 - This includes farm-worker housing through on-farm and off-farm agri-villages and off-farm rural settlements.
- Implementation of **Transversal Programmes** on:
 - Promotion of black economic empowerment through preferential procurement;
 - Emerging contractor support programme;
 - Women empowerment through targeted quota for projects;
 - Special subsidy application for the disabled in promoting access;
 - Youth participation through youth construction brigades to support all programmes including Letsema campaign;
- Enhancing institutional arrangements within government by:
 - Building municipal capacity through accreditation in expediting housing delivery;
 - Development of Municipal Housing Development Plans (MHDPs), and integrating housing within local Integrated Development Plans (IDPs);
- **Addressing fraud, corruption and maladministration** through:
 - Establishment of Special Investigative Unit in November 2004;
 - Establishment of toll-free whistle blowing hotline;
 - Consolidation of relevant legislative framework and development of Risk and Fraud management strategies;
 - Partnerships between the National Prosecuting Authority, the Special Investigative Unit and the stakeholders;
- **Information, communication and awareness building**
 - Improving market information and transactional support;
 - Integrating estate agents, property brokers and sectional title properties into the housing delivery mandate;
 - Establish housing information centres for housing information, consumer education and protection;
 - Mobilizing communities through communication strategy and Letsema campaign for People's Housing Process;

- Strengthening the People's Contract through deployment of Community Development Workers within our communities.
- **Implement systems monitoring and evaluation on:**
 - Housing subsidy and Expenditure Data;
 - Performance measurement;
 - Project management for implementation;
 - Planning and implementation monitoring through Geographical Information Systems;and
 - Monitoring and Evaluation System.

At its inception, the Housing Policy and Strategy (1994) focused on stabilizing the environment to transform the extremely fragmented, complex and racially based financial and institutional framework inherited from the previous government, whilst simultaneously establishing new systems to ensure delivery to address the housing backlog. The significant achievements of this strategy have been recognized both nationally and internationally. Significant socio-economic, demographic and policy shifts have also occurred over the past 10 years.

Whilst Government believes that the fundamentals of the policy remain relevant and sound, a new plan is required to redirect and enhance existing mechanisms to move towards more responsive and effective delivery.

The new human settlements plan, of the National Department of Housing (termed '**Breaking New Ground**') reinforces the vision to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing. Within this broader vision, the National Department, and by inference the Gauteng Provincial Department of Housing is committed to meeting the following specific objectives:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;
- Utilising provision of housing as a major job creation strategy;
- Ensuring property can be accessed by all as an asset for wealth creation and empowerment;
- Leveraging growth in the economy;
- Combating crime, promoting social cohesion and improving quality of life for the poor;
- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump;
- Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring.
- Upgrade and formalise all informal settlements capable of formalisation by 2009;

1.6.5 Provincial Priorities

In April 2004, the Gauteng Provincial Government (GPG) Executive Council adopted a vision for the second decade of democracy in the province. A programme of action, involving five strategic priorities was also adopted. The five strategic priorities are intended to lead to “reducing unemployment and poverty and resulting in an even better life for all” by:

- Enabling faster economic growth and job creation;
- Fighting poverty and building safe, secure and sustainable communities;
- Developing healthy, skilled and productive people.
- Deepening democracy and nation building and realising the constitutional rights of our people.
- Building an effective and caring government.

1.6.6 Gauteng Housing Priorities

Arising from the above, the following Strategic Housing Priorities have been identified:

- Densify existing locations through in-situ upgrades and second dwelling homes;
- Eradication of all informal settlements by 2014;
- Redevelopment of all hostels in Gauteng by the year 2009, through conversions and/or refurbishments in provision of affordable rental accommodation;
- Seek and provide alternative tenure accommodation;
- Regenerate specific areas through housing that is integrated and sustainable; and
- Identify and acquire well located land that is suitable for sustainable housing development.

2. PROGRAMME PERFORMANCE

▪ Overview

The Department spent 97% of its allocated funds in the financial year under review. There are however areas wherein our annual performance targets proved to be ambitious and only attainable in the financial year 2005/06. The areas wherein performance is delayed include Urban Renewal and Hostel Programmes. We have instituted corrective actions that include increasing management capacity, weekly meetings, consistent audits of work done against expenditure patterns, and management is committed to take action against non performance.

▪ Programme 2: Housing Planning and Research

Programme 2 has been instrumental in assisting our capital Programmes in bridging existing policy limitations with implications on implementation of housing projects. In terms of service delivery ten (10) policies were planned for completion by the end of the financial year, three (3) more have been approved. The Medium Density Social Housing Policy and Consolidated Rental Housing Policy were withdrawn from provincial commitments as the National Department will be developing the comprehensive policies. In addition, the National Housing code was reviewed and adjusted to incorporate new developments and mandates as well as address existing gaps in the low income market which precluded them from participating in the subsidy scheme.

The Municipal Housing Development Plans and Provincial Housing Development Plans were finalised. Six Programme Management Offices (PMO) were planned to be established for the year at the City of Johannesburg, City of Tshwane, Sedibeng, Metsweding; West Rand, and Ekurhuleni. The Department was to provide funding and additional capacity to assist local authorities to manage housing projects. One office has been successfully established at Ekurhuleni, the remainder are in various stages of implementation in terms of systems, project evaluation, policies processes and procedures.

Three Departmental Sub offices have been established for Housing Administration Development; Urban Renewal Programme and Social Housing. Departmental task team on PMO roll out as chaired by the Chief Operations Officer was established to ensure completion of activities by target dates.

Ekurhuleni was identified in 2004/05 by the Department as a pilot to roll out the accreditation project to municipalities.

- **Programme 3: Housing Performance/Subsidy Programme**

People's Housing Process

We managed to deliver 3,369 housing units against the targets of 3,251.

Essential Services

The activities of this sub-programme involve the assessment of land for housing development (feasibility studies), installation of services including a toilet structure and tenure to beneficiaries. The construction of top structures is implemented as the second phase of the incremental development approach.

A total of 43,690 stands had been serviced, constituting 86% of the annual target of 51,000 stands. We have also excelled in the delivery of 14,547 houses, constituting 104% of the annual target of 14,000 houses constructed.

Formal Housing

This sub-programme focuses on the development of greenfields, well located, integrated, detached housing. By the end of the financial year the delivery was 3,722 serviced stands and 5,132 top structures against the year target of 4,552 serviced stands and 4,552 houses.

Relocation

The Relocation Assistance Programme in terms of the SERVCON mandate delivered 961 housing units more than the planned figure of 1,336 units. By the end of the financial year 2,297 subsidies had been approved more than the year target of 1,336.

Expanded Public Works

In terms of contributing towards the Expanded Public Works Programme (EPWP) the Department has formulated tender guidelines on labour intensive construction mechanisms and these have been incorporated in the tender documents. The Department approved the Housing Sector Plan for EPWP and is formalising the funding for the EPWP learnership with the National Department of Public Works and CETA. Community Builder Programme has been subsequently established in this regard.

Expenditure Versus Budget

The performance in relation to the support services rendered by the Directorate Housing Administration can be summarised as follows:

- Subsidy applications processed for all housing programmes funded from the Gauteng Housing Conditional Grant stood at 59,308 against the target of 60,000 which is up to 98.85% achievement
- Actual capital expenditure for the year ended March 2005 amounted to R 1,010,107. This translates into 99,47% of the total available Adjustment Budget allocation of R 1,015,523.
- 10,362 housing units in respect of the Individual and Relocation Programmes were delivered, this exceeded cumulative projections of 2,364 units by 438% or 7,998 units.

▪ Programme 4: Urban Renewal and Human Settlement

The implementation of projects under the Urban Renewal and Human Settlement Redevelopment programme was delayed because of the process involved in approval of Business plans, with significant impact on service delivery. Actual expenditure at the end of the financial year amounted to R222,114 against projected spending of R258,181 resulting in under expenditure of R36,067. The programme has spent 86.03% of its total budget.

Challenges experienced in the year under review have been the complexities involved in procuring land particularly for Alexandra and Bekkersdal. This rendered prospects for de-densification in Alexandra even more urgent. Identification of land to relocate families in Alexandra is critical as some of the projects cannot proceed. The challenge is to relocate community members to land within the vicinity of Alexandra.

In Bekkersdal major projects such as the road construction and hostel renovation were delayed due to misunderstanding between community and the council on the appointment of service providers. The problem was eventually resolved and work has started.

Evaton is a new project which started in the last financial year with 69 projects. Planning was completed for implementation in 2005/06.

▪ Programme 5 – Housing Asset Management

The Department has embarked on an intensive and elaborate Strategic Planning exercise in line with the new provincial priorities and the Presidential commitment to a People's Contract and ensuring a better life for all. This exercise has assisted the Department to refocus and to realign our planning accordingly.

Programme 5 comprises those business units that deal with any form of tenure except immediate ownership. The legislative environment, policies and guidelines are not yet finalised at National level, hence the sector is still in a state of flux. Some work has been accomplished, and some carried forward as work in progress, but overall the Programme has not been able to deliver units on the ground at the scale as originally planned. Instead more effort has been put into support infrastructure surrounding delivery.

For the year under review, the Programme has focused mainly on policy and guideline development, accreditation and consolidation of existing projects. A brief summary of activities is captured hereunder per sub-programme:-

Social Housing:

- Office of Registrar convened intensive accreditation campaign which culminated in each Social Housing Institution being rated into categories.
- The TRG's (Technical Resource Groups) roster has been approved and an exercise is underway to match each TRG with an SHI, dependent on categorisation and specialisation.

Affordable Rental Accommodation

- Work on Communal Housing and Backyard Rental Policy commenced.

Property Management

- The Directorate Property Management received an in principle approval from the Provincial Exco to write off arrear debt, regularise occupancy and transfer ownership. The Regularisation and Transfer of Ownership programme (RETRO) has now been broadened to include other municipal owned stock, where applicable and implementable.

2.1 VOTED FUNDS

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	Over/Under Expenditure
	R 1,425,018,000	R 1,440,226,000	R 1,394,135,000	R 46,091,000
Responsible MEC	Nomvula Mokonyane			
Administering Department	Department of Housing (Gauteng)			
Accounting Officer	Benedicta Monama			

2.2 AIM OF THE VOTE

Striving for "... healthier, wealthier and secure households and communities in an environmentally responsive, spatially, socio-culturally and economically integrated housing and habitats within a resource- and environment-conserving Gauteng for the benefit of current and future generations of the province, the nation of South Africa as a whole and the breadth and width of the African continent, in the true spirit of the New Partnership for Africa's Development (NEPAD)".

2.3 SUMMARY OF PROGRAMME

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

Programme	Sub-programme
1. Administration	1.1 Office of the MEC and HOD 1.2 Corporate Governance 1.3 Corporate and Financial Services 1.4 Communications and Customer Relations Management
2. Housing Planning and Research	2.1 Chief Operations Officer 2.2 Policy and Legislation 2.3 Research 2.4 Office of the Housing Agencies Registrar 2.5 Municipal Support 2.6 Planning 2.7 Programme Management Office 2.8 Programme Management Information System
3. Housing Performance/Subsidy Programmes	3.1 Individual 3.2 Project Linked 3.3 People's Housing Process 3.4 Consolidation (Community Builder Programme) 3.5 Institutional 3.6 Hostels 3.7 Disaster Management /Emergency Programme 3.9 Rural Housing Stock 3.10 Savings Linked 3.11 Rectification Programme 3.12 NHBRC
4. Urban Renewal and Human Settlement Redevelopment	4.1 Administration 4.2 Urban Renewal -Alexandra -Bekkersdal -Evaton 4.3 Human Settlements
5. Housing and Asset Management	5.1 Administration 5.2 Maintenance 5.3 Transfer of Rental stock 5.4 Sale of Rental stock 5.5 Management of Rental Stock 5.6 Devolution of Rental Stock 5.7 Rental Tribunal 5.8 Management of Assets 5.9 Land Administration 5.10 Discount Benefit 5.11 Subsidy (4 of 1987)

2.4 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2004/05

Service Delivery Environment – External Factors Impacting On Housing Delivery	Issues
Poverty	303,273 households in Gauteng earn monthly income of less than R1,500
Unemployment	28% of the economically active population of Gauteng is unemployed and thus unable to pay for services
In-Migration	Annual in-migration into Gauteng is estimated at 25,500 households
Population Growth Rate	Provincial population growth rate is estimated at 4.02% per annum, nearly twice the national figure
HIV/AIDS	The impact of HIV/Aids has resulted in an increasing number of child-headed families with no contractual rights.
Social	Perception for public entitlement to a better quality of life.

2.5 OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT FOR 2004/05

Service Delivery Environment – Internal Issues Impacting On Housing Delivery	Mitigating Measures
Increase in performance targets with the new term of government	Review of capital budget to match the revised performance targets
High costs of suitably located land within the urban edge, available for housing development	Co-ordination with the national and local spheres of government, as well as provincial sister Departments
Internal Human Resources Capacity	Partnerships with sectors within the public and private fraternity to accelerate the pace of delivery. Implementation of the Internship and learnership programme
Retention of suitably qualified human resources including the Accounting Officer	Incentive including conducive work environment, bursaries etc.

2.6 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS FOR THE 2004/05 FINANCIAL YEAR

The changing socio-economic and demographic trends in South Africa in relation to the interventions made by the state over the first decade of democracy, have altered the way in which the housing programme works and shaped the policy innovations described in the strategy. This has necessitated a change in strategy that resulted in the National Comprehensive Plan for Housing and the Breaking New Ground Strategy. Details of the National Comprehensive Housing Plan is contained in Section 1.6 (above) on Broad Policies, Strategies and Provincial Priorities.

The National Strategy on Breaking New Grounds therefore “ ***emphasises amendments to housing allocations and funding instruments to enhance sensitivity to the nature of demand for housing ... which will improve the impact of the housing programme, which has tended to be more supply-led in the past.***’

The **Breaking New Ground Strategy** has therefore informed our strategic direction premised on the five key pillars guiding accelerated housing delivery in the new term of government. The highlights of the Department's delivery based on our shift in strategic direction are manifested into the following:

- Shifting the focus of the housing programme to a community-based and area wide approach, to **promote dialogue and deepen participation**;
- Reinforcing diversity of housing and settlement types, in **increasing choice, through densities, locations, tenure options, housing credit and delivery routes**;
- Intervening in land and rental markets to ensure that **equitable development and integration** are achieved;
- Shifting delivery to local government sphere through **greater devolution of responsibility, and capacity** to the Regional Sub-Programme Management Offices (PMOs).
- Harnessing the resources of the private sector to deliver at scale – through the intended **Public-Private Partnerships (PPP)** approach.

2.7 DEPARTMENTAL RECEIPTS

Departmental Revenue	Actual Collection 2003/04	Budgeted Collection 2004/05	Actual Collection 2004/05	% Deviation from Target
Current revenue	356	133	1,985	+1,392,48
Tax revenue	0	0	0	0
Non-tax revenue	356	133	1,985	+1,392,48
Capital revenue (specify)	19,860	6,324	3,827	-39,48
Departmental revenue	20,216	6,457	5,812	9,99

2.8 DEPARTMENTAL PAYMENTS

Programmes	Voted for 2004/05	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	% Deviation from voted
Administration	68,866	780	8,945	78,591	78,064	0,67
Housing Planning and Research	8,945	0	(1,732)	7,213	7,090	1,71
Housing Performance/ Subsidy Programme	1,042,698	0	(27,175)	1,015,523	1,010,107	0,53
Urban Renewal and Housing Settlement Redevelopment	243,809	14,428	(56)	258,181	222,114	13,97
Housing Asset management	60,700	0	20,018	80,718	76,760	4,90
Total	1,425,018	15,208	0	1,440,226	1,394,135	3,20

2.9 PRIORITY AREAS FOR THE STRATEGIC PLAN 2004-2009

2005/06 PRIORITY AREAS OF HOUSING DELIVERY IN GAUTENG		
PRIORITY AREA & SUB-PROGRAMME	OUTPUTS FOR 2003/04	OUTPUTS FOR 2004/05
ERADICATION/UPGRADE OF INFORMAL SETTLEMENTS		
To address the 600,000 unit backlog on basic services & infrastructure by 2009	27,632 serviced stands 1,262 houses	43,690 serviced stands 14,547 houses
Upgrading of informal settlements		
Community Builder Programme	368 housing units	-
People's Housing Process (PHP)	1,113 housing units	3,369 housing units
		Establishment of seven (7) Housing Support Centres was facilitated
		Establishment of seven (7) Community Based Support Organisations was facilitated
		twelve (12) Housing Support Centres were transformed into Community Driven and Developmental Centre
THE RENTAL AND SOCIAL HOUSING PROGRAMME		
Medium density & inner-city regeneration	2,792 housing units	592 Social Housing units
Hostels	874 beds	seven (7) geographic clusters were segmented for conversion of hostels into Affordable Rental Accommodation
	874 beds	Emergency intervention for 33 hostels has commenced in 2004/05
		828 hostel units completed in six (6) different hostels
TRANSFER OF OWNERSHIP		
Transfer of Rental Properties (TORPS): Promote home ownership through facilitation of the transfer of claimed and undisputed title deeds	-	16,766 properties were transferred
Regularisation and Transfer of Ownership (RETRO): Promote home ownership through regularisation and transfer of ownership process	-	1,327 properties were transferred
COMMUNICATIONS		
Community mobilisation in the context of the Peoples Contract	-	75,363 beneficiaries educated on the programmes, services and life skills related housing
	-	42 workshops were conducted to facilitate community participation at project level
DATA CLEAN-UP		
Occupancy Audit and Waiting List	-	217 000 RDP Units audited
ACHIEVEMENT OF EMPOWERMENT TARGETS		
BEE: 70%	-	61% Black Economic Empowerment
Women: 30%		13% Women
Disability: 5%		
Local: 40%		
Job creation through labour intensive methods excluding Social Housing and Hostels	-	8,000 jobs created through Essential Services 870 jobs created through People's Housing Process

2.10 SERVICE DELIVERY ACHIEVEMENTS

PROGRAMME 2: HOUSING PLANNING AND RESEARCH

Strategic objectives:

- To provide a regulatory framework for housing delivery
- To develop provincial multi-year housing delivery plans
- To conduct housing research
- To provide capacity and support to municipalities with regard to housing delivery in line with the Housing Act

Measurable Objective	Performance Measure	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
				Unit	%
Policy					
To provide a regulatory frameworks for housing delivery	Number of policies/guidelines approved	8	8 (Hostel Policy; Backyard Rental Policy; Policy on indigent; Departmental policy on Response to HIV/AIDS; Departmental Policy on Rural Housing; Disposals Policy; Communal Housing Policy; Transitional Housing Policy)	0	0
To develop policy, proclamation of Acts and Amendments	Number of Acts, Regulations, and Amendments proclaimed around housing issues	1	1 Regulations for the transfer of State-owned Residential Properties in Alexandra, 2004	0	0
Research					
To conduct housing research by gathering information and to undertake research analysis and reporting	Number of researches conducted	3	3 (Research on the possible enhancements to the Rental Housing Tribunal; Research into the functioning of Body Corporates; Research into Proposed International Housing Conference 2005)	0	0

Measurable Objective	Performance Measure	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target Unit	%
To conduct housing research by gathering information and to undertake research analysis and reporting	Number of evaluations and reviews	2	1 Review report into the National Housing Code	1	-50
	Number of people trained by Wits P&DM according to Plan	65 Approved business plan on capacity building	35 Business Plan on Capacity Building approved by the HOD and the National Department of Housing	30	-46
Planning					
Provincial Housing Development Plan (PHDP)	Provincial Housing Development Plan (PHDP)	Provincial Housing Development Plan (PHDP)	PHDP completed for HOD comments	0	0
X6 Municipal Housing Development Plans (MHDPs)	X6 Municipal Housing Development Plans (MHDPs)	X6 Municipal Housing Development Plans (MHDPs)	X6 Municipal Housing Development Plans completed and submitted to municipalities for approval	0	0
Long-Term Strategy for the Department	Long-Term Strategy for the Department	Long-Term Strategy for the Department	Long-Term Strategy completed and submitted to the HOD for approval with the MHDP process	0	0
Programme Management Office					
x6 Municipal PMOs	x6 Municipal PMOs	x6 Municipal PMOs	x6 Municipal PMOs	0	0
X5 Departmental Sub-PMOs	X5 Departmental Sub-PMOs	X5 Departmental Sub-PMOs	Departmental Sub-PMOs established for Programmes 3, 4 and 5	0	0
Housing Agencies Registrar					
To register and accredit housing institutions to meet corporate governance principles and Departmental objectives	Number of institutions registered	34	34	0	0
	Number of institutions accredited or identified for capacity building	34	34	0	0
To promote corporate governance, financial and non-financial performance compliance	Number of institutions monitored	8	8	0	0
To facilitate capacitation of Housing Institutions, HSC, SO, and PMOs	Number of housing agencies capacitated	7	7	0	0
To advise the Department on growth and sustainability of the housing sector	Report to MEC	1	1	0	0

Specific challenges and responses

Challenges	Responses
Staff Retention and affordability of appropriate skills	Introduce relevant and appropriate training programmes to enhance the current skills
Changes in legislative frameworks and policy guidelines	Ongoing workshops/ training seminars to equip staff with the necessary skills
Lack of capacity by Housing Institutions; Housing Support Centers (HSC), Support Organisations, Implementing Agencies and Developers that may affect their viability and sustainability.	The Department is providing capacitation support to the implementing agencies through the Social Housing Directorate
Lack of understanding of policy and legislation which may lead to poor advice to clients.	Reference to the housing code and appointment of relevant skills.
Inability to link the capacity building programme (P&DM) to the Skills Development Act.	Evaluate the Capacity Building Programme; initiate impact assessment study; oversight control.

PROGRAMME 3: HOUSING PERFORMANCE/SUBSIDY PROGRAMMES

Strategic Goal:

- To promote the effective and efficient delivery of National and Provincial Housing Programmes

Strategic objectives:

- To provide individual subsidies to qualifying beneficiaries in accordance with housing policy

Measurable Objective	Performance Measure	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
				Units	%
Subsidy Administration					
To provide for the administration of subsidies	Minimum number of applications received, processed and approved	60,000	59,308 subsidy applications processed and approved	692	-1
	% total captured against new applications	100% capturing of all receipts	100% capturing of all receipts	0	0
To improve the project management and monitoring of the implementation of all housing projects and programmes	Compliance/ accreditation received	A checklist to ensure a quality product is developed in line with requirements by the end of September	A checklist to ensure a quality product is developed in line with requirements by the end of September	0	0
		Achieve 75% improvement against baseline survey, new and redress	Achieved 75% improvement against baseline survey, new and redress	0	0
To ensure quality housing products	Minimum number of applications/renewals captured	24,000 (based on the assumption that 50% of the new HH will apply for a subsidy)	24,000 (based on the assumption that 50% of the new HH will apply for a subsidy)	0	0
To manage the claims	Number of claims processed against PFMA cycle-21 days	100% of claims equivalent to the total budget	100% of claims equivalent to the total budget	0	0
Essential Services					
To increase the use of labour intensive construction methods in the installation of services through the Essential Services Programme	Number of jobs created	233	8,000 jobs	-	+97

Measurable Objective	Performance Measure	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
				Units	%
People's Housing Process					
To provide PHP subsidies to beneficiaries in accordance with the Housing Policies	Number of Housing Support Centres sustained	20 HSC	7	13	-65
	Number of Support Organisations established	20	7	13	-65
	Number of food gardens completed	20 HSC with food gardens	20 HSC with food gardens	0	0
To maximise job creation in the construction of houses through the PHP programme	Number of jobs created	54	870 jobs	-	+151

Measurable Objective	Performance Measure	Actual Outputs	Target Outputs	Actual Outputs	Deviation from	
		2003/04	2004/05	2004/05	Target Units	%
New Formal Housing (Project-linked)						
To focus on the development of Greenfield, well located, integrated, higher density housing	Number of targeted projects implemented	8,101 houses	4,452 houses	5,132 houses	-	+15
		11,691 serviced stands	4,452 stands	3,724 serviced stands	728	-16
People's Housing Process						
To provide PHP subsidies to beneficiaries in accordance with the Housing Policies	Number of houses built	2,523	3,251	3,369	-	+4
Relocation						
To provide relocation subsidies to beneficiaries in accordance to Housing Policies	Number of relocation subsidies approved	2,582	1,332	8,841 relocation subsidies approved	-	+563
Individual						
To provide individual subsidies to beneficiaries in accordance to Housing Policies	Number of stands serviced and houses completed	912	1,032	1,521	-	+47
Essential						
To provide Essential Services Subsidies to Beneficiaries	Number of serviced stands	27,632	51,000	43,690 stands	7,310	-14
To provide Top Structures to MEC priority projects	Number of houses built	1,262	14,000	14,547 houses	-	+4

Specific challenges and responses

Challenges	Responses
Lack of capacity of Support Organizations, namely on financial project management and technical expertise	Xhasa Accounting and Technical Centre established to provide relevant support
Rigid processes in local government impacting negatively on People's Housing Process procurement, plan approval, etc.	Political co-operation with the local sphere of government
The support and perception of People's Housing Process by key stakeholders	Consumer Education through Communication Strategy
Demand for subsidies is greater than ability to deliver	Task teams Co-ordinating the Waiting List
Annual increase in backlog	Initiation of Steering Committee established with National Housing Dept., LA Nurcha, and stakeholders
Lack of policy directive to govern the Waiting List and subsidy administration application	Renew and update the old policy
Unreliability of the interface between HSS and SITA results in a delay in approving subsidies	Implementation of SLA between DoH and SITA
Lack of capacity in the processing of subsidy applications	Establishment of a batch processing unit and employment of data capturers
Non-performing conveyancers	Referral for legal advice and debt collection , and enforcement of guarantee conditions
Payment problems associated with application system	Data cleanup to enforce a single payment system
Lack of capacity for Community Based Support Organisations to deliver and manage projects	The Department is assisting through the Housing Agencies Registry, and Corporate Governance to assist in building capacity within the Community Based Support Organisations. The Housing Support Centres will be positioned within Multipurpose Centres (MPPCs) to enhance capacity constraints

PROGRAMME 4: URBAN RENEWAL AND HUMAN SETTLEMENT REDEVELOPMENT

The Urban Renewal and Human Settlement Redevelopment Programme focuses on integrated redevelopment of urban communities at scale, to cultivate sustainable local economies. The focus areas by the Department include Alexandra, Bekkersdal, Evaton, Backyard Upgrading and Socio-economic Amenities.

Strategic Goal

- To rehabilitate dysfunctional areas with the notion of economic and social development and to holistically develop vibrant and sustainable communities through project managing urban regeneration projects in an integrated and co-coordinated manner, maximizing available resources and involving all stakeholders.

Objectives

- To create integrated and functional settlements.
- To undertake the project management of selected urban regeneration projects, so as to enhance the economic and social viability of neighbourhoods.
- To ensure effective implementation of Urban Renewal and Human Settlement Redevelopment Programme.

- To provide effective and efficient financial management services.
- To ensure adequate communication with all Stakeholders on Urban Renewal and Human Settlement Redevelopment Programme.
- To reduce levels of unemployment through stimulation of income generating opportunities.
- To enhance effective Local Government Administration.
- To foster co-operation and co-ordinate resources in all phases of project implementation
- To employ, utilise and develop skilled and competent staff to implement Urban Renewal and Human Settlement Redevelopment Programme.

Alexandra Renewal Project

Functional Area	Target Outputs 2004/05	Actual Outputs 2004/05
Housing	Land identification and Land Audit	Feasibility report has been completed and Project Completed
	Alexandra Transit Facility	Prefabrication is now being installed.
	School sites relocation project	8 households/ families relocated to ATV from Cnr London 9 th Ave and Jukskei river banks. 15 families from London Road and 6 th Ave Kew moved to ATV, 2 families from London Rd 8 th moved to Marlboro Transit.
	Housing Pilot Management Services	Planning and urban design, architectural design, bill of quantities, tender completed & land agreement signed township application in process. Land purchased at Westlake.
	Provision of Housing Support Services	Proposal of the structure with the province completed.
	Land Claims	Project completed. PROGRESS : claims lodged were 1,658: -24 claims outstanding; -98,6% completed; -The Regional Land Claims Commission will follow up the outstanding matters using its own resources.
	Provision of Housing for Relocated Households	Relocations to Braamfischer halted at political instruction not to move people to Braamfischer anymore. DoH to look at other options for relocation. Land identification project on course for the identification of alternative land/ sites for relocations.
	Development of New Housing	Touch ups on faulty stormwater have been done. Agreements on Ext 7 concluded, Ext 8 electrified project completed. Communications material produced.
	Development of Rental Housing (ASHCO)	On track, Sale agreement has been finalized. Land purchased and project complete. Ashco to start building 2005/6.
	Property Management Services at Hostels	Project completed and the completion report submitted
	Bombani Safe House	Foundation of the building has been dug and brick work has commenced.
	Electrification of Ext 8	Electrification of Ext 8 was switched on 01 March 2005. Project completed.
	SEMAG Operating Expenses	Project complete and the completion report was submitted. This arrangement to fund SEMAG from ARP funds was made by the Department itself.

Functional Area	Target Outputs 2004/05	Actual Outputs 2004/05
LED	Local business Support Centre	Renovations at the Alexandra Sankopano Business Service Centre done, Local Business Support Centre completed.
	Labour Centre	The renovations completed at Thusong Youth Centre for the Employment Information Centre were: roof leak repair, Installation of new ceiling boards, Removal of carpets and fitting of vinyl tiles, Electrical repairs & installations, Data & telephone cabling and installation of cabinet for the safe keeping of printing paper, toner etc.
	Automotive Services and Transportation Cluster	A feasibility report on the Auto 24 and Project Pelican for the Auto cluster for greater Alexandra were achieved.
	Retail Sector Cluster	Project completed and completion report submitted. Database for small retailers established, management training for 30 small retailers & personal services. Learnership placement for 20 candidates with services SETA, mentorship for 60 people (business & Management)
	Wynberg City Improvement District	Wynberg City Improvement District successfully established
	Construction Cluster	The database on construction cluster was established.
	Business Process Outsourcing	500 trained in BPO careers, 500 trainees placed in the industry.
	Greater Alexandra Tourism Development	Skills training for 50 learners & placed 10 on learnership programme, mentorship placement for 10 enterprises.
	Alexandra Stadium	Building is 60% complete. Concrete benches 70% complete. Toilets, showers, change rooms done but finishing touches to be made. Some shower rooms to be converted to change rooms. Grand stands (70% concrete benches in progress). Supporters toilets male & female done, but ceiling, electricity, plumbing & windows outstanding including Tuck-shop.
	ALTREC Sports Facility	Care-taker's house complete but still outstanding is the geyser, painting & tiles. Area lighting : lights already installed, city power to switch on.
Sports and Recreation		

Functional Area	Target Outputs 2004/05	Actual Outputs 2004/05
Sports and Recreation	Upgrading of No.3 Square	Combi-courts renovated already.(phase 1 complete & 2 nd still outstanding). Electrification also done. 1 st phase of the wall is complete and the second phase to be undertaken soon.
	Upgrading of no.1 Square	Planning and design completed.
	RCA Indoor sports centre	Designs for the indoor sports centre have been completed.
Heritage	ATV Combi Courts	Combi-courts completed (fencing, stands)
	Nelson Mandela Interpretation centre	The steel structure has been put up, foundation dug up and brick work has started.
Engineering	Alex tourism route development	Route signs and maps produced.
	Construction of Reutenbach/watt /Rooseveld link	Bulk earthworks completed, 80 families relocated, curbing and base completed.
	Malboro South ground water(investigate ground water problems)	Investigation completed.
	Electricity master plan	6000 connections done and work completed.(Pre-paid connections)
Planning and Environment	Juskei river environmental plan Investigate current ground water problems	Work in progress
	Design and construction of infrastructure in Pan Africa	Project completed.
	Development of open space Phase 2 34 ha open space	The project was completed in December 2004 and then handed-over to City Parks in Jan 2005.
	Monitoring Air Quality	Ongoing monitoring on monthly basis giving statistics of the atmosphere condition.
	Monitoring Water Quality	Ongoing monitoring.
	Human Resource Management	Project completed
Local Government Capacitation Safety and Security	Counter Land Invasion	Land invasions in Alexandra have been normalised, and environmental health threatening conditions reduced. Open space security, development of precincts, security and relocations.
	Malboro transit Facility	Project completed.
	Alex Transit Village management and maintenance	The ATV was well managed, organized & maintained. The project still continues.
	By law enforcement	Yearly update of BLE Programme. Maintain a nodal Point, Normalization of BLE Private Sector Security Support to Region 7 and MPD. Synergising Counter Land Invasion strategy with Contractors on BLE programme.
	Transit Village Land Scaping	Project landscaping completed, earth slopes are safe and stable and units are protected against water ingress (EROSION PROTECTED)
	Improvement in Sandringham Police Station	Project completed
	Refurbishment of Bramley Police Station	Funds reallocated to Education and the project was cancelled.
	CCTV Surveillance system	Project completed
	Youth Friendly Services	8 Health staff members trained in YFS. Furniture and Equipment purchased.
	Skills Development	PHC and Hospital Management training for 95 people.
Health	Health Information System	170 People trained in Computer literacy, 8 trained on iData use.
	Nokuthula Special School Refurbishment of Furniture Training	Training completed but awaiting certificates, 10 learners / kids, 1 parent, 4 teachers and the overall number of people trained is 15.
	Teacher Training Resource Centre	Building completed
	Multi-code sport Facility	Joint venture between Education and Sports & recreation. Funds will not be spent this financial year. Continues in 2005/6

Functional Area	Target Outputs 2004/05	Actual Outputs 2004/05
Educational	ECD Science and Technology	20 Educators have been trained. Implementation of science and technology in foundation phase (Grade 1-3) in 13 primary schools.
	RCL leadership Development	Established student forum, marked improvement in matric results.
	Classroom management	Emotional Intelligence
	Education Support Services	1500 Learner's eyes tested, 23 educators on the establishment of LSBST's.
	Sports programming Offer development course	35 Educators trained to teach learners for how to swim.
	Extra co curricular	Environmental Programme implemented, Learners sensitized on importance of taking care of the environment to ensure that our fauna and flora is preserved for generations to come.

Bekkersdal Renewal Project

Sub-Programme	Measurable Objective	Performance Measure	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target Unit %	
Engineering	Reinstatement of the power supply	Installation of high mast lights	17 High mast lights	17	0	0
	Waste management programme	Provision of waste facility	3 transfer stations	3	0	0
	Installation of VIP toilets	Number of toilets constructed	3,750	2,368 toilets completed	1,382	-37
Housing	Audit of violence affected Houses	Refurbishment of violence affected houses	36 houses	36 houses were refurbished	0	0
Planning	Lifeskills programme	Number of people trained	Training of 100 community members	70 went through the full training	30	-30
	LBSC	Construction of the LBSC	Procurement & site establishment	Procurement of contractor done	0	0
	CBD Upgrading	Paving, kerbing	Site establishment	Procurement	0	0
	Taxi Rank upgrading	Improved parking bays	Site establishment	Procurement	0	0
	East & West Clinic	Refurbished clinic & new equipment	Upgraded facility	Site establishment & foundations	0	0

Evaton Renewal Project

Sub-Programme	Measurable Objective	Performance Measure	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target Unit	%
Engineering	Resealing of streets	Detailed design completed & construction started	Visual assessment on the existing roads	2 main roads intersection patched	0	0
	Installation road traffic signs & markings	List of roads to be worked on	Preparation of design reports & cost estimates	Road markings on 20km road	0	0
	Installation of High mast lights	Audit & design diagrams	Approval of designs by Emfuleni Municipality	45 high mast lights installed	0	0
Education	Refurbishment at schools	11 schools were selected	Procurement & commencement of repairs	Procurement & commencement of repairs	0	0
Health	Upgrading of clinics	6 Clinics	Procurement & commencement of repairs	Procurement & commencement of repairs	0	0
Welfare	Upgrading of community facilities	Refurbishment of the sports centre	Procurement & commencement of repairs	Procurement & commencement of repairs	0	0

Specific challenges and responses

Challenges	Responses
Limited infrastructure capacity for high densities	Co-operative discussions with stakeholders
Unavailable and/or limited land available to relocation during upgrading of shacks	Construction and/or identification of transitional accommodation
Sluggish enforcement of municipal by-laws within townships	Co-operative discussions with municipalities and community representatives
Performance delays because of unavailability of land	Strategic intervention by HOD and MEC on land acquisition
Performance delays from lack of human resources	Urgent appointment of staff

Programme 5: HOUSING ASSET MANAGEMENT

Strategic goal:

- To provide for the effective and efficient management of housing assets.

Strategic objectives:

To provide for the efficient and effective management of:

- asset maintenance
- the transfer of Housing assets
- the sale of housing assets
- debt management processes
- devolution of housing assets to municipalities
- regulating rental housing within the province

- housing asset management
- land use promoting ownership of state financed rental housing

Measurable Objective	Performance Measure	Actual Outputs 2003/04	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
					Units	%
Institutional/Social Housing						
To capacitate Social Housing Institutions so that they can effectively manage the business themselves	Number of fully capacitated SHI	7	10 fully capacitated SHI	8	2	-20
To phase out Special Needs Housing and facilitate interaction with provincial line Departments	Number of bed spaces facilitated	Planning (Special Needs Policy)	593 bed spaces	371	222	-37
To facilitate the regeneration and rehabilitation of Inner City housing (Better Building Programme) as defined in the MHDPs	Number of units delivered	1,184	150 units	330 units	-	+120
Hostels						
To create humane conditions and restore human dignity to redress (transformation of hostels to Affordable Rental Accommodation)	Number of hostels converted and units delivered (54 hostels /37,000 units)	874 units/ beds	10,000 units	838 units	9,162	-92
To implement short-term emergency intervention measures to address the threats to health and safety	Number of projects completed	0	54 hostel projects	33 hostels	21	-39

Measurable Objective	Performance Measure	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
				Units	%
Property Management					
To ensure that housing assets are effectively maintained	Number of scheduled projects completed	6 projects	12 projects	-	+100
	Number of unscheduled (day-to-day) maintenance	4,000	1,518	2,482	-62
To manage the effective sale of housing assets	Number of properties sold	500	800	-	+60
To ensure effective and efficient debt management process	Potential income received from rentals and instalments as a percentage of raisings	R20m	R2,5m	R17,5m	-88%
To effectively manage housing assets	% of average occupancy of houses	95% occupancy	98%	0	0

Measurable Objective	Performance Measure	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
				Units	%
RETRO					
To promote home ownership (second directive)	Number of units transferred	700 provincial owned houses title deeds	1,327	-	+90
	Number of non-transferrable units transferred	358			
TORPS					
To facilitate home ownership (First and Third Directive)	Number of applications processed	15,000	16,766	-	+12
	Number of units transferred	15,000 title deeds	16,766	-	+12
	Number of adjudications successfully awarded	200	200	0	0

Specific challenges and responses

Challenges	Responses
Lack of skills and funding within SHIs (ARA)	TRGs providing technical expertise, and the capacity funding from the Department (Social Housing Development) addressing the financial constraints.
Limited affordable land available to build affordable rental affordable (ARA)	A process on land identification in place
Strategic Plan outputs not aligned to budget requirements i.e 7,500 units projected whilst the current budget can accommodate only 2,556 units(ARA)	Mid-year budget review
Culture of non-payment inducing difficulty in rent collection	Consumer education and outreach programmes
Subsidy allocated per unit does not accommodate for infrastructure development/upgrading (ARA)	Municipalities are able to apply for Municipalities Infrastructure Grant (MIG)
Historical heritage and negative perception associated with hostels	Branding of Hostels identity in line with the new political direction.
Non-compliance by mediation panelists to policy guidelines (Gauteng Rental Housing Tribunal)	Constant monitoring of panelists
Limited resources and facilities at local municipal level (Gauteng Rental Housing Tribunal)	Establishment of fully functional municipal PMOs
Delays in amendment of the Regulations under the Rental Housing Act (Gauteng Rental Housing Tribunal)	Outsourcing to legal firms for expediency,

2.11 TRANSFER PAYMENTS

There were no transfer payments made to other enterprises and individuals in the 2004/05 financial year, payments made were part of the final expenditure of the Department.

2.12 CONDITIONAL GRANTS

No conditional grants were transferred in terms of DORA in the 2004/05 financial year.

Conditional Grant	Total Allocation	Total transfers
Housing Fund	R1,117,463	0
Human Settlement	R30,353	0
Land Distribution: Alex	6,335	0
TOTAL	R1,154,151	0

Summary of Conditional Grants for 2004/05

2.13 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The Department has not developed a capital investment and asset management plan. The Department uses the National Treasury guideline to manage its assets.

2.13.1 Capital Investment

None of the building projects funded from the Gauteng Housing Fund was completed during this financial year.

2.13.2 Fixed and Movable Assets

▪ Disposal, scrapping and losses due to theft

Assets lost due to theft or damage comprised of IT equipment, cellular phones and furniture: the value of the assets so lost was R 197, 229. In cases where theft or damage had been incurred and the state attorney established negligence or misuse by staff, the staff were required to refund the state with the value of the lost or damaged item.

Assets disposed of consisted of obsolete or damaged IT equipment or furniture that became obsolete in terms of the state of repair or damage caused and the repair costs went beyond the depreciated value of the item. The value of assets disposed was R24,440.

- **Updating of Asset Register**

Monthly sample assets verifications and quarterly assets audits were undertaken and the Departmental D-bit assets management system were updated on a regular basis as assets are acquired, disposed, scrapped or relocated

- **State of the Department's Capital Stock**

Sixty percent (60%) of the movable stock is in good condition, 20% in a fair condition and 20% in a bad condition. Stock in a bad condition will be disposed of during the 2005/06 financial year depending on the availability of the budget to replace.

- **Major Maintenance Projects**

Assets Maintenance Projects consisted of minor repairs to furniture and IT equipment where the cost of repairs was regarded as economically viable and did not exceed the depreciated value of such stock.

- **Facilities Closed down or Down-graded**

No facilities were closed down or downgraded during the financial year in question.

- **Projects to be carried forward to the following financial year**

No projects in terms of the maintenance of movable assets were carried forward to the next financial year.

- **Processes in place for Tendering of Projects**

Acquisition or repairs of movable assets are done either through the normal tender or acquisition process as the need arises.

2.13.3 Maintenance

The Department's expenditure on normal maintenance of property/assets for the financial year under review is in line with industry standards/norms. In relation to capital maintenance, the Directorate: Property Management received Provincial Exco in principle approval to write off arrear debt, regularise occupancy and transfer ownership.

The Regularisation and Transfer of Ownership programme (RETRO) has now been broadened to include other municipal owned stock, where applicable and implementable.

3. REPORT OF THE AUDIT COMMITTEE

GAUTENG PROVINCIAL GOVERNMENT
Report of the Audit Committee – Cluster 4
Gauteng Department Housing

We are pleased to present our report for the financial year ended 31 March 2005.

Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and meets a minimum of two times per annum as per its approved terms of reference. During the current year meetings were held on 5 occasions in terms of the charter. Meetings were held on the following dates: 02 April 2004, 2 July 2004, 16 August 2004, 11 November 2004 and 28 February 2005.

Name of Member	Number of Meetings Attended
John Modiko – External - resigned	2
Alethea Whitfield – (Chairperson) External	5
Haroun Moolla - External	5
Jack van der Merwe - resigned	1
Jason Sishuba - resigned	1
Linda Mvanana – moved to Sports (1/07/2005)	1
Oupa Seabi	2
Sibusiso Buthelezi	2
Oupa Mbokodo – appointed	1

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control is not as effective as desirable since a number of matters reported by the Auditor-General, as detailed in the attached report by the Auditor-General, are considered significant by the Audit Committee.

A risk assessment has been performed during the financial year under review.

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

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review, although certain matters were only brought to the attention of the Committee after the year end on receipt of the report from the Auditor-General.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and management response where significant issues were raised;
- Reviewed significant adjustments resulting from the audit.
- The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

.....
Chairperson of the Audit Committee

04 September 2005

4. AUDITOR-GENERAL REPORT AND ANNUAL FINANCIAL STATEMENTS

4.1 MANAGEMENT REPORT AND APPROVAL

Report by the Accounting Officer to the Executive Authority and the Gauteng Provincial Legislature, Republic of South Africa

1. General review of the state of financial affairs

The Gauteng Department of Housing continued implementing its planned financial reforms, based on the provisions of the Public Finance Management Act, (Act No. 1 of 1999) as amended [the PFMA], the Treasury Regulations in terms of the PFMA and the recommendations on Corporate Governance contained in the King II report. In addition to these, the Department addressed the following business issues:

1.1 Important policy decisions and strategic issues facing the Department

1.1.1 Policy on Indigent

In its effort to address the housing needs of the vulnerable communities, the Department of Housing developed a Policy on Indigent. The policy covers the following category of people:

- Unemployed persons;
- Pensioners;
- Disabled persons who are unemployed and receive a state grant;
- Single parents in receipt of a child support grant, with no other form of income;
- An account holder living with a partner also in receipt of government pension with a total family income less than R1500-00.
- Terminally ill persons with high medical bills including those suffering from HIV/AIDS; and
- Where the total household gross income is less than R1 500-00 per month and as a consequence households are unable to make instalment or rental payments to the Department, in terms of the Disposal's Policy and the Rental Housing Policy.

1.1.2 Policy Contribution on AIDS and HIV

A further strategic intervention developed by the department addresses the Department of Housing's contribution to the Province's response to HIV/AIDS pandemic.

The objective of the strategy is to contribute to the achievement of the National Five Year Strategic Plan for HIV and Aids of 2000, the Operational Plan on Comprehensive HIV and Aids Care, Management and Treatment, and HIV/AIDS Strategy. The contribution in terms of the policy can be achieved through:

- Mobilising all housing role-players and stakeholders to respond to the impact of HIV and AIDS;
- Guiding the housing role players and stakeholders about how to participate in housing development in the province in a way that accommodates HIV and AIDS impact on both the demand and supply side;
- Ensuring that the departments' programmes are compatible with the context where HIV and AIDS will increasingly transform the nature and extent of the demand for housing and undermine the ability of supply side role-players to perform their role as intended in current housing sector strategy and legislation.

1.1.3 Policy on Disposal of State Owned Properties

The Department developed the policy for the Disposal of State owned properties in order to save on the maintenance and other costs which it was incurring on a monthly basis i.e. rates and taxes.

1.2 Significant events that have taken place during the year

1.2.1 New Comprehensive Housing Plan

In September 2004 Cabinet approved the new Comprehensive Housing Plan which supports the implementation of the Breaking New Ground Housing strategy.

The Plan is based on the following 7 business plans:

- Stimulating the Residential Property Market;
- Spatial Restructuring and Sustainable Human Settlements;
- Social (Medium-Density) Housing Programme;
- Informal Settlement Upgrading Programme;
- Institutional Reform and Capacity Building;
- Housing Subsidy Funding System Reforms; and
- Housing and Job Creation

All future projects by Province must support this strategy.

1.2.2 Restructuring of the Department

To enable the Department to meet the requirements of the New Comprehensive Housing Plan as well as the New Mandate of the Government it was necessary to review the structure of the Department. The following new Directorates were approved:

- Project Quality Assurance;
- Operations Thiba's Office;
- Contract Management;
- Office of the Programme Manager and
- Executive Management Support.

1.2.3 Income Bands and Subsidy Ceiling

Minmec decided to scrap the R2,479 contribution for people earning less than R1,500 per month back dated to 1 April 2002. The income group earning between R1,500 and R3,500 per month will receive the full subsidy less R2,479. A minimum contribution of R2,479 must however be made by the later income group. The subsidy income ceiling for Social Housing Subsidies and banded properties has been increased to R7,000 per month family income.

1.2.4 National Home Builders Registration Council

All projects must be enrolled with the NHBRC to ensure that the structural quality products related to both the servicing of stands and the construction of top structures is achieved.

1.2.5 In situ Rightsizing

Minmec approved the in situ right sizing of all bond holders who were in default at the cut-off date in August 1997 for at least three months. This decision has affected ± 8 000 families in Gauteng and was a major step to normalize the environment within which bond defaults occurred.

1.2.6 Urban Renewal

The management of the three urban renewal projects was reviewed. The objective was to bring the management of these projects under the direct control of Department officials and to refocus this initiative to implement high impact/high visible projects supporting the New Mandate only.

1.3 Major projects undertaken or completed during the year

The new Comprehensive Housing Plan which was approved during September 2004 by Cabinet initiated the Upgrading of the Informal Settlements programme with an objective to formalise all existing informal settlements which can be formalised in situ by 2009 and those current informal settlements which must be upgraded by 2014. A total of 372 informal settlements which contain 452,000 shacks were identified and registered. The detail planning and design for 85,000 stands to be implemented during 2005/2006 were completed while 43,000 stands were fully serviced under the programme during the 2004/2005 financial year.

The following MEC-priority projects, which target the construction of houses on serviced stands, were completed:

- Johandeo;
- Heidelberg Ext 23; and
- Olievenhoutbosch

Under the Formal Housing programme Lotus Gardens (4,371 houses) was completed while construction of the Cosmo City project (8 000 houses) started.

Construction of the first phases of the Brickfields social housing project is nearing completion.

A major initiative to improve the health and safety standards in hostels was also nearing completion towards the end of the financial year.

The RETRO-programme which replaced the Discount Benefit Scheme commenced and will transfer local authority owned housing stock to the legitimate occupants.

The regeneration of Evaton under the Urban Renewal Programme commenced during this year.

1.4 Spending Trends

Expenditure to deliver services within the overall core responsibilities and strategic delivery framework promoted by the strategic plan of the Department for the past three years is as follows:

Description of the Programme	Audited 2001/02 R'000	Audited 2002/03 R'000	Audited 2003/04 R'000	Actual Expenditure 2004/05 R'000
Administration	74,979	106,898	111,258	78,064
Housing Planning and Research	135,176	53,343	6,438	7,090
Housing Performance and Subsidy programme	619,083	1,129,252	903,544	1,010,107
Urban Renewal and Human Settlement Redevelopment	87,897	127,806	150,177	222,114
Housing Asset Management			51,616	76,760
TOTAL	917,135	1,417,299	1,223,033	1,394,135

Table 1: Expenditure in Terms of the Core responsibilities of the Department

1.4.1 Reasons for under/ (over) spending

Description of the Programme	Voted 2003/04 R'000	Actual Expenditure 2003/04 R'000	Under/ (Over) Spending 2003/04 R'000	Voted 2004/05 R'000	Actual Expenditure 2004/05 R'000	Under/ (Over) Spending 2004/05 R'000
Administration	78,591	78,064	527	78,591	78,064	527
Housing Planning and Research	7,213	7,090	123	7,213	7,090	123
Housing Performance and Subsidy programme	1,015,523	1,010,171	5,352	1,015,523	1,010,107	5,416
Urban Renewal and Human Settlement Redevelopment	258,181	222,081	36,100	258,181	222,114	36,067
Housing Asset Management	80,718	76,729	3,989	80,718	76,760	3,958
Total	1,440,226	1,394,135	46,091	1,440,226	1,394,135	46,091

Table 2: Details of Under / (Over) Expenditure per Programme

Programme	Variance R'000	Reason
Administration	527	Variance in respect of invoices for goods and services received late by the Department.
Housing Planning and Research	123	Variance in respect of invoices for goods and services received late by the Department.
Housing Performance and Subsidy programme	5 416	Variance in respect of invoices for goods and services received late by the Department.
Urban Renewal and Human Settlement Redevelopment	36,067	Variance in respect of late approval of business plans.
Housing Asset Management	3,958	Variance in respect of invoices for goods and services received late by the Department.

Table 3: Reasons for Under / (Over) Expenditure

1.4.2 Impact on programmes and service delivery

The under-spending by the Department did not have any impact on programmes and service delivery.

1.4.3 Actions taken or planned to avoid recurrence

The Department will ensure that orders are placed well in time before year end to ensure that invoices are received on time for payment.

1.5 Any Other Material Matters

There is no other material matters to report on.

2. SERVICES RENDERED BY THE DEPARTMENT

The Department worked within a set programme framework, agreed to between all Provincial and the National Housing Departments and the National Treasury, as indicated in Table 2 in the previous section. The following is a synopsis of services delivered:

2.1 A synopsis of Services rendered

2.1.1 Programme 1: Administration

The overall objectives to be obtained by this programme during the 2004/05 financial year are summarised as follows:

- To ensure sound corporate governance through implementation of efficient, effective and economic policies, practices and procedures within the Department and ensuring adherence to the recommendation on Corporate Governance contained in the King II report and the PFMA.

- To ensure compliance with the Public Finance Management Act and related existing legislation.
- To ensure efficient human resources development and to enhance human resources stability and capability within the Department. Further to develop and implement the prerequisites of the Employment Equity Act, the Labour Relations Act and other relevant human resource legislation.
- To provide an efficient information technology infrastructure and information management governance platform to the Department. To further research and develop cutting edge system solutions.
- To provide a comprehensive legal advisory service to the entire Department.
- To maintain a supply chain management system that is fair and just to all the Department's stakeholders.
- To manage the communications function of the Department, internally, intranet based, web-based and externally.
- To ensure that complete, accurate and valid financial records of the Department are maintained;
- To ensure that the performance of the Department is monitored and evaluated on a monthly basis;
- To ensure appropriate facilities are made available and maintained on behalf of the entire Department;
- To ensure that housing products and services delivered are of good quality.

2.1.2 Programme 2: Housing Planning and Research

Housing planning, research and development is a complex environment that requires specialised strategic planning and adequate research & development. The objectives for programme 2, strived for during the 2004/2005 financial year, were as follows:

- To provide strategic support to the delivery programmes and the department by providing a sound regulatory framework for housing delivery;
- To conduct housing research by gathering information and undertake research analysis and reporting;
- To provide programme support through reporting on deviation on tasks, activity, projects, deviations from strategies by programmes and sub – programmes; development, documenting process guidelines for projects and management;

- To provide an effective and efficient Programme Management Office (PMO) to support Departmental projects;
- To assess, review and develop housing development plans and advise the Department on the appropriate plans which support the long term strategy of the Department.

2.1.3 Programme 3: Housing Performance/Subsidy programme

The Housing Performance/Subsidy programme's main objectives in support of the delivering of formal, incremental, social and special needs housing are as follows:

- To provide Individual, PHP, Rural Housing, Project linked, Essential Services and Relocation subsidies to qualifying beneficiaries in accordance with the Housing Policy;
- To provide/construct low cost housing;
- To provide support for disaster relief;
- To enrol with the NHBRC for the purpose of conducting quality control management in respect of formal housing development;
- To transfer houses to the rightful home owners in terms of the national discount benefit scheme;
- To render an effective housing supportive function in terms of beneficiary and contract administration to the Housing Performance/Subsidy Programmes.

2.1.4 Programme 4: Urban Renewal and Human Settlement Redevelopment

- To allow for an integrated development of all Urban Renewal Projects, the following key objective is pursued:
- To rehabilitate dysfunctional urban areas with the notion of economic and social development so as to create integrated and functional settlements;

2.1.5 Programme 5: Housing Asset Management

- The Housing Asset Management Directorate is responsible for the management of Departmentally owned and managed properties including vacant land, rental housing stock, affordable rental units and commercial properties. The specific management tasks of the portfolio are as follows:

- To ensure that housing assets are effectively maintained;
- To ensure effective transfer and sale of Housing Assets;
- To ensure effective and efficient debt management process;
- To ensure effective devolution of housing assets to municipalities;
- To effectively manage housing needs;
- To provide Rural Housing subsidies in accordance with the Housing Policy;
- To provide Essential services subsidies to qualifying beneficiaries in accordance with the Housing Policy;
- To facilitate institutional subsidies for the purpose of establishing capacity for the provision of sustainable, affordable and secure tenure options for mixed income household by providing technical support and funding.

2.2 Tariff policy

The business of the Department is not aligned to recovering fees and tariffs for services delivered, with the exclusion of the rental property stock. However, some minor activities result in debts to the department within the business such as staff cellular phone debts and parking fee recoveries.

With regard to debts resulting from the Property portfolio, balances accrue as a result of property sales and letting (rentals). For control purposes an Assets Committee resolution has to be issued before a unit may be sold or let. The following policies are in place to govern the collection of tariffs by the Department:

2.2.1 Sales

Property is sold at either historical cost (list price) or at market value. This will further take into account whether the prospective purchaser qualifies for rebates in terms of the Discount Benefit Scheme or the Individual Capital Subsidy Scheme. A sale instalment will comprise the following elements:

- Capital Redemption (including interest) Interest rates range from 3% to 17 % with the average being 13,5%.
- Rates and Taxes paid to the Local Authority on the purchaser's behalf
- Administration Fee. This is determined and fixed periodically by National Guidelines.

Policies and legislation governing the sale of State-owned property are:

- Circular 17 of 1983
- Circular 4 of 1987

- MEC or MINMEC approval
- National Guidelines issued variously
- Assets Committee Resolution

2.2.2 Rentals

Property is let, based on either Income Ratio as indicated in Circular 4 of 1987 or via Assumed Cost Recovery. Prospective lessees will have to be enrolled on the Waiting List and will have to pass the stringent Assets Committee requirements. A rental instalment will comprise the following elements: -

- Current rental amount;
- Rates and Taxes;
- Maintenance (These are costs that the Department outlays to maintain rental units);
- Administration. This is determined and fixed periodically by National Guidelines.

Policies and legislation governing the letting of State-owned property are:

- Circular 17 of 1983;
- Circular 4 of 1987;
- National Rental Housing Act 50 of 1999;
- Gauteng Residential Landlord and Tenant Act 3 of 1997;
- MEC or MINMEC approval;
- National Guidelines issued variously;
- Assets Committee Resolution.

2.3 Free Services

The following free services are available to communities where the department is functioning:

- The Department supports and promote the Aids Awareness campaigns to the public through the service delivery efforts implemented by the Department.

- The Department offers internship programmes to university and technikon students and currently have 43 on their books, as well as 10 learners.
- The Customer Support Centre has an Internet Café which allows user access to the World Wide Web, as well to Housing's own website.
- The Department continued its Beneficiary Education programme wherein various communities are visited; especially those communities where access to the Customer Support Centre is not viable and already-assisted beneficiaries, as well as prospective beneficiaries are advised of their rights and obligations.
- The Department deployed skilled public servants from the provincial office to local authorities to foster cross-pollination of skills and to improve capacity at third tier government level. The Department has embraced this concept and is actively engaging Local Authority personnel in their locale and further hosting them at our premises and areas where our projects are being deployed.

2.4 Inventories

Departmental inventories consist of properties, cleaning materials, stationery, furniture and fittings. Cleaning materials, stationery, furniture and fittings do not form a significant part of the valuation of assets on the Balance Sheet as cleaning materials, stationery and some other assets are already expensed and is therefore not listed in this section.

Properties are classified as Investment properties. Freehold land is stated at municipal values, derived independently by Local Authorities on a cyclical basis over a period of three years. Buildings are stated at valuation, based on the SA Reserve Bank seasonally adjusted index (KBP 7020J) applicable to housing in metropolitan areas. Gains or losses arising from the periodic revaluation of property are accounted for as revaluation reserve transfers during the period in which they arise.

3. Capacity constraints

With increased pressure on the Department to fulfil its mandate in terms of the Constitution of the Republic of South Africa, Act No. 108 of 1996, as amended, with a further increase in service delivery imperatives influenced by the Housing Code, the Department delivered its services under the following constraints:

Table 4: Capacity Constraints in Service Delivery

Area of Constraint	Nature of Constraint	Strategies taken to avoid recurrence	Impact on planned programmes and service delivery
Administration	Financial skills shortage and skills gap resulting in delays in administration support to other programmes.	Re-engineer and co-sourcing of these functions to continue. This will also include recruitment of appropriate personnel and training of current staff. This programme is bearing fruit and will continue for as long as is required.	Delay in administration support offered to other Departmental programmes.
Housing Administration: Incremental Housing	Insufficient Capacity at municipality level to adequately address housing delivery against the Waiting List backlog.	<ul style="list-style-type: none"> -The Department is acting as developer – assuming principal risk assurance role. -Appointment of Regional Professional Teams (RPTs) to fast track project lead-time and help to capacitate municipalities. -The Department has established sub Programme Management Offices at the municipalities, provided and funded project managers to enhance the capacity of municipalities. -A capacity building programme per municipality was developed and Phase 1 was implemented. -Municipalities were assisted to document all processes and procedures related to the implementation of housing projects. -The eKhaya project information system was developed to improve the availability of all project related information. 	<ul style="list-style-type: none"> -Delivery targets were not met and large number of projects remained in the status of work in progress. Funds were spent on “work in progress” and final completion of houses was delayed. -The interventions by the Department provided some improvements but the impact will only be realised during the 2005/06 financial year.

Area of Constraint	Nature of Constraint	Strategies taken to avoid recurrence	Impact on planned programmes and service delivery
Housing Administration: Social Housing	-Insufficient capacity within Social Housing Institutions (SHIs) to enable them to unlock and secure private sector finance. Also inability by SHIs to fulfil requirements for registration on Social Housing Institution Register. As a result there was a delay in the commencement of projects during the year.	-Approved capacitation plans per SHI in place; -TRG's implemented; -Office of the Registrar created and staffed; -Accreditation criteria applied and SHI categorised	Service delivery is expected to improve and results expected to be realised in 2005/06 financial year.
Property Management	Department unable to adequately manage its property portfolio with given resources based on the new strategic direction.	-The Department embarked on an occupancy audit to determine who is occupying the houses. -The Department is in a process to regularise the environment and ownership -It is planned to transfer most of the properties to the legitimate occupiers within 18 months.	Problem with the recoverability of rates, taxes and maintenance expenditure incurred by the Department on behalf of the beneficiaries.

Area of Constraint	Nature of Constraint	Strategies taken to avoid recurrence	Impact on planned programmes and service delivery
Management and Administration: IT	<p>-Lack of specially skilled resources. The Directorate requires significant increase in specialised skilled resources to provide the level of service that could be considered acceptable by any standard.</p> <p>-Inadequate budget allocation</p> <p>-Lack of buy-in and understanding of the methodology by the business Directorates. Successful implementation of the methodology hinges heavily on all relevant parties being able to embrace the necessary disciplines.</p> <p>-The Master Systems Plan is not approved (alignment document to inform about where the business is going and it's a legislative requirement)</p> <p>-Significant change in business needs (e.g. change in business objectives).</p> <p>-Lack of a Change Management process puts current systems and the development of future solutions under serious threat.</p>	<p>-The Directorate has a ratified organisational structure that is deemed to be adequate for meeting its objectives.</p> <p>-The Directorate has adopted a Project Management methodology in its delivery framework.</p> <p>-Draft Master Systems Plan to guide the directorate in meeting its objectives is in place.</p> <p>-The Gauteng Department of Housing has adequate server and network capacity to meet its 1 year targets and would only require a marginal increase for years 2-5</p> <p>-IT has implemented the ITIL Change management process.</p> <p>-The Directorate has recognised the need for SLAs with each of the Gauteng Department of Housing programmes and has made this a strategic objective</p>	<p>-This impacts significantly on 2 of the KMOs in the 5 year strategy and will continue to delay the delivery of operational systems to all parts of the business;</p> <p>-Inadequate budget, especially in IT Human resource, is impacting IT's strategic targets. It also means that IT settles for affordable resource as opposed to appropriate resource;</p> <p>-GDoH projects have a very high rate of failure as a result of non-existent Project Management methodology</p> <p>-Although the MSP has become contentious and has never been approved by the Business leaders. IT are meeting its targets against its 5 year strategic plan and Infrastructure plan;</p> <p>-As the mitigating strategy is only on hardware, change in any other sphere of the business's IT needs will continue to plague the IT Directorate's service levels;</p>

Area of Constraint	Nature of Constraint	Strategies taken to avoid recurrence	Impact on planned programmes and service delivery
Management and Administration: IT (...continued)	-Inability to finalise required service levels due to inadequate skills and non-commitment from the business (no ownership from the business).	-The Directorate has partially implemented application lifecycle management best practices in its solution delivery framework.	-The ITIL change management process is adequate for IT's internal change however without an Organisational Change Management discipline, all support services will remain in 're-active mode';
	-De-centralised Solution Delivery impedes governance.(e.g. business Directorates created/creating their own IT support functions)	-The Directorate has partially implemented application lifecycle management best practices in its solution delivery framework.	-Directorates are struggling to see the benefit in SLA management and are holding up the completion of certain targets. They are also leaving themselves at risk in terms of receiving satisfactory IT support and services; -Distributed IT services continue to impede governance, service management and successful solution delivery;
	-Inadequate capacity around business needs analysis.	-The Directorate has identified and fulfilled the need for in-house Business & Needs Analysis skills – one permanent resource currently employed and being skilled;	-Business leaders persist with their 'quick & dirty' style of delivering solutions. Quick & dirty solutions are not cost effective and its support is unsustainable;
	-Low skills and awareness levels by users in the business	-The Gauteng Department of Housing uses cutting edge hardware and software technology in its solutions;	-Computer Literacy levels of the user community are an ongoing challenge which impacts productivity in general.
	-Equipment, stationery, work space and human resource constraints	-The Directorate has included, as part of its 5-year plan, technology based solutions for problems in core business as well as auxiliary functions	-The disparate manner in which support services are managed in DoH is negatively impacting on IT's core services and the implementation of its delivery model.

Area of Constraint	Nature of Constraint	Strategies taken to avoid recurrence	Impact on planned programmes and service delivery
Management and Administration: Overall Project Management and Quality Assurance	Department felt the need to have an overall project management view that includes output measurement, risk management and co-ordination with the IDP's (Integrated Development Plans) of municipalities. The systems currently in place do not give quality information resulting in poor project management hence management experience difficulties in monitoring service delivery.	-Programme Management Office created under the direction of the Chief Operating Officer. -MEC actively engaging local authorities to gauge needs and capacity requirements. -The eKhaya project information system was developed to improve the availability of all project related information	-Lack of quality information resulting in poor project management hence management experience difficulties in monitoring service delivery. -The interventions by the Department provided some improvements but the impact will only be realised during the 2005/06 financial year.
Urban Renewal	The management structure of the Alex Renewal project is inadequate to address the demand	The management structure was amended to streamline decision making, to address the political mandate and to improve co-ordination with the municipality.	The measures were taken towards the end of the financial year and the impact shall be felt during the 2005/06 financial year.

4. Utilisation of donor funds

No donor funds were received by the Department during the year under review.

5. Trading entities/public entities

The Department did not have any registered Trading entities / Public entities during the year under review. However the Office of the Auditor-General has expressed an opinion in that the establishment of GPF in 2002 and Xhasa ATC in 2003 was contrary to Section 38(1)(m) of the PFMA, 1999 (Act No. 1 of 1999).

During the year under review, attempts were made to address the matter raised in terms of registering Xhasa ATC and GPF as Public Entities in line with PFMA. Although the National Treasury has put the registration of new public entities on hold for all provincial public entities pending finalisation of the new PFMA registration requirements, the Department continued supporting its entities in delivering services.

6. Other organisations to whom transfer payments have been made

The Department did not make any transfer payment to other institutions during the year under review.

7. Public / private partnerships (PPP)

No Public / Private Partnership agreement was entered into by the Department during the year under review.

8. Corporate governance arrangements

A dedicated Corporate Governance directorate operates under the management of the Chief Financial Officer, which comprises of the following sub – directorates:

- Risk Management sub-directorate
- Corporate Governance, sub divided into the following:
 - Compliance sub-directorate;
 - Governance sub-directorate;
 - Inspectorate (Departmental Internal Audit sub-directorate);
- Quality Management directorate
- Performance Monitoring and Evaluation sub-directorate

Two (2) Committees are operational in line with the King II Commission's report, i.e.

- Executive Management Committee, which include the roles and responsibilities of the Risk Management Committee (as outlined in Risk Management Committee charter); and
- Remuneration Committee

Charters are in place for the abovementioned committees and various other committees of the Department to ensure effective and efficiency in the decision making process by management.

The Audit Committee, which is line with King II, was appointed by Provincial Treasury and is operational at provincial level.

Various internal inspections were conducted by the Inspectorate division and the relevant reports issued to management.

Compliance audits were conducted to ensure compliance to the applicable Acts and Regulations by the Department.

Performance Monitoring and Evaluation division reviewed and submitted timeously the monthly qualitative reports to the Accounting Officer and the quarterly qualitative reports to Treasury and Legislature. The division also ensure that senior managers' performance agreements were developed, signed, implemented and the performance appraisals are conducted on a regular basis.

The Quality Management division is in the process of implementing ISO 9000 and most of the departmental systems have been documented in the process. Human Resources, Quality Management and Customer Support Centre processes obtained ISO certification during the year under review from the South African Bureau of Standards [SABS].

The Governance division continued to roll out corporate governance principles to the Social Housing Institutions during the year under review.

The Department applies in its operations the core ethical principles guiding corporate governance as set out in King II report, regarding Discipline; Transparency; Independence; Accountability; Responsibility; Fairness and Social responsibility.

8.1 Risk Management

Approach

The GDH-adopted the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) risk management framework which comprises of eight core elements on which the entire risk management strategy is based. These elements are:

8.1.1 Internal Control Environment

This is the premise that the entire risk management and all other management controls are based. The Internal control environment explains the Management's philosophy and attitude toward controls and risk management. A realistic management's philosophy and attitude towards controls sets the entire tone for effective and Integrated Risk Management and general controls.

Although the department still faces a number of challenges in this area, considerable work has been done and can be evidenced by the following:

- The Risk Management strategy is in place;
- The GDH has implemented most, if not all, King II recommendations that can be applicable within its legislative framework and its operations;
- The Department has a Performance Monitoring and Evaluation Unit and a Compliance and Enforcement Unit operational under the Corporate Governance division. The divisions ensure that the Department complies with performance targets and all legislative mandates respectively.

In the light of the above approach and attitude of the GDH management, the practice of risk management can be viewed as having a realistic basis to thrive.

8.1.2 Objectives setting

Every organisation exists for a particular reason(s) which may be explained and set in terms of legislation or statute or shareholder intentions. Without set objectives all management control initiatives will be in vain. In order for the management to exercise appropriate stewardship the objectives of the GDH needs to be predefined. Management is responsible for setting up objectives both at strategic and operational level, under the oversight of the MEC.

The objective setting is a pre-condition for effective integrated risk management practice. The objective setting sets up a tone for the entire risk management practice as this will identify all threats and risk exposures that may affect the achievement of management objectives. This can therefore be seen as a first and fundamental step in the risk management process.

Within the GDH the objectives are determined through the annual strategic plan and performance plan, where all managers are required to give inputs. The strategic plan is then forwarded to the relevant treasuries and provincial legislature for approval.

8.1.3 Events (Risk) Identification

Once the GDH's management has set its objectives the next step is to identify all those events or factors that may prevent the GDH to achieve its set objectives. The organisation needs to look both at the internal and external factors that may prevent or threaten the achievement of its set objective.

Effective event identification will be influenced by how the objectives of the organisation are set. This step is very crucial as all other risk management stages flow from the events' identification. A failure by the organisation to appropriately identify all or some events may result in flawed or inappropriate risk management strategy.

The Department recognise the importance of the effective event identification; consequently the chief risk officer is involved in the strategic planning of the department to ensure that all risk exposures are appropriately identified and every manager within GDH is required to identify all events or factors that may threaten the achievement of his or her programme objectives.

8.1.4 Risk Assessment

This is the second step after all the events have been identified. The risk assessment involves processes where the department will consider the likelihood and impact of the identified events.

The impact refers to the consequence(s) that will result from the occurrence of that specific event. The impact can range from highly likely to minor or negligible. The likelihood refers to the probability of the specific event occurring. This can range from unlikely to certain.

The GDH will measure the identified risks in terms of scales and attach the following meaning to such scales:

8.1.4.1 Impact / Potential loss

Category	Description	Ranking
Catastrophic	Disaster with potential to lead to collapse of business and is fundamental to the achievement of objects.	10
Critical	Critical event which can be endured but which may have a prolonged negative impact and extensive consequences.	7
Serious	Major events which can be managed but require additional resources and management effort.	5
Significant	Event which can be managed under normal operating conditions.	3
Minor	Not worth worrying about.	1

8.1.4.2 Likelihood

Category	Description	Ranking
Rare	The event may occur only in exceptional circumstances	0.02
Unlikely	The event could occur at some time.	0.10
Moderate	The event should occur at some time.	0.20
Likely	The event will probably occur in most circumstances.	0.50
Almost certain	The event is expected to occur in most circumstances.	1.00

8.1.4.3 Control effectiveness

Category	Description	Ranking
Very Good	Could not be more effectively implemented to mitigate the risk.	0.10
Good	Most risks are effectively controlled and mitigated	0.20
Satisfactory	There is room for some improvement in the control system	0.35
Weak	Some risks appear to be controlled but there are major deficiencies	0.60
Unsatisfactory	The control system is ineffective	0.80

8.1.4.4 Risk Response

Risk response is the mechanism the Department will use to counter or eliminate the impact of identified and potential risks. Such mechanism will include avoidance, transfer, mitigation or acceptance. The appropriate treatment will vary according to the residual risk exposure and the risk tolerance.

Residual risk exposure is the potential effect that specific risks might have on the operations of the department after considering existing control policies and procedures.

The senior management of GDH will set the respective tolerance levels. The Risk Management Committee, under the Executive Management Committee, will evaluate such levels and ratify as appropriate.

8.1.4.5 Control Activities

Control activities refer to all policies and procedures that management implements to reduce the residual risk exposure faced by the GDH. The GDH Risk Management is of the view that the responsibilities of implementing efficient and effecting systems of internal control lies with management. This view is also supported by the PFMA Section 45.

The involvement of the risk management and internal inspectorate is limited to the advisory and assurance level. This means where risk exposures necessitate for implementation of control procedures or policies, line management must devise such control procedures or policies and can only approach the risk management unit for assistance. Once the envisaged control policy or procedure has been implemented the risk management will then assess the effectiveness of such control policy or procedure.

8.1.4.6 Information and Communication

This is a step that differentiates between risk aware and risk embedded organisation. A successful risk management strategy may fail if every employee of the Department is not risk conscious and observant/aware of risks. The GDH sees risk management as an integrated activity and it is very crucial that the information flows throughout the department to ensure that all employees are risk aware and risk conscious in the performance of their functions.

The Department currently faces huge challenges in terms of risk awareness. To address these challenges the current risk management strategy identified some initiatives to counter these shortcomings.

The risk management activities of the Department need to be communicated timely to both the internal and external stakeholders of the GDH.

8.1.4.7 Continuous Learning and Improvement

Due to the fact that the risk management is a fast changing organisational practice, and discipline that is continuously challenged by new business operating dynamics and risk exposures, the GDH approach is that of Continuous Learning and Improvement as it is very crucial in embedding a departmental risk culture.

Therefore the GDH will continuously strive to learn and improve its risk management practices and processes. The Department will on an ongoing basis provide formal and informal training to staff on risk management, placing more emphasis on the risk management division staff and the GDH management.

8.1.4.8 The Internal Control Environment

Various financial and operational policies were developed to improve the internal controls and to mitigate and manage the risks identified in the risk framework.

8.2 Fraud Prevention Plan

The Fraud Prevention Plan and charter were updated and further implemented during the year under review.

8.2.1 Fraud Prevention Policies

The Department adopted the Anti-Fraud and Corruption Policy of the Gauteng Provincial Government.

8.2.2 Significant achievements for the period

- Updating of the Fraud Prevention Plan; and
- Updating and implementation of the Fraud Prevention Charter.

8.2.3 Fraud Prevention Sub Committee

For the current year, the Fraud Prevention Sub Committee implemented the following plans:

- Updating the Fraud Prevention Plan; and
- Increase awareness of the fraud prevention

8.2.4 The effectiveness of the Fraud Prevention Plan

The Fraud Prevention Plan was updated and re-aligned with the changed structure of the Department during the year.

8.3 Effectiveness of Internal Audit

The role of Internal Audit is to assist the Accounting Officer (AO) and the members of the organisation to meet their objectives and to discharge their responsibilities by providing an independent appraisal of the adequacy and effectiveness of internal controls set up by management, in line with the King II report and PFMA.

By mutual consent, the Internal Audit component of all Departments in Gauteng is provided by the Gauteng Audit Services (GAS). The Department interacted extensively with this unit during the year under review. GAS was consulted in the Department's Risk Management Plan, especially in the assessment phase, during which time an internal audit plan was mutually designed. The Department also requested *ad-hoc* internal services from GAS, such as conducting performance and forensic audits.

In assisting the Accounting Officer in maintaining the efficient and effective systems of internal controls in the Department, internal audit conducted the following audits and of which reports have been reviewed by the Audit Committee:

- Human Resources terminations;
- Human Resources recruitment;
- Housing Fund subsidies;
- Follow up on procurement and safeguarding of IT equipment;
- Follow up on contracts and consultants management;
- Follow up on procurement process;
- Waiting list;
- Contract and Consultants management;
- GG vehicle follow up audit; and
- Rental Income debtors and sale of properties.

8.4 Effectiveness of the Audit Committee

The establishment of the Audit Committee is a requirement of the PFMA, Chapter 9, Section 77.

An Audit Committee's role is to assist the Accounting Officer in discharging his accountabilities/responsibilities relating to the safeguarding of assets, the operations and maintenance of adequate and effective systems of internal controls, the preparation of accurate monthly and quarterly reports as well as Annual Financial Statements in compliance with all applicable legal requirements and accounting standards.

The Audit Committee is independent and large enough to represent a balanced view and experience, yet small enough to operate efficiently and effectively as per PFMA and Treasury Regulations requirements. The Head of Department is an official member of the committee. The work performed by the Audit Committee during the year under review is detailed as follows:

- Approval of Internal Audit Strategic and Operational plans, as well as to review the performance thereof;
- Discussion with Internal Audit and management on internal audit findings and the responses of management on internal audit recommendations;
- Review of strategies (work plans) put in place by management to address the audit issues raised by the Internal Auditors.

During the year under review the Audit Committee held five meetings in compliance with the requirements of PFMA. In two meetings the Office of the Auditor General and Internal Audit were represented by invitation as they are not formal members of the Audit Committee.

8.5 Other Governance Structures

8.5.1 Conflict of Interest and Declaration of Gifts

All Senior Managers signed the declaration of interest with regard to the projects to be undertaken by the Department.

8.5.2 Implementation of the Code of Conduct

The Department adopted the Public Service Code of Conduct and all new employees are inducted thereon as and when they join the Department.

8.5.3 Safety, health and environmental issues

The Department created a Facilities Management Directorate to take responsibility for the facilities and other offices occupied by the Department.

Part of the brief of this Directorate is to implement all aspects of the Occupational Health and Safety Act and other relevant legislation. The Occupational Health and Safety Committee (OH&SC) within the Department forms part of the Occupational Health and Safety Committee at established and operational at Provincial level. The Departmental OH&SC Committee has met regularly to discuss issues of concern and the Committee has also conducted compliance audits. The chairperson of the OH&SC represents the Department at the provincial OH&SC.

All Occupational Health and Safety Representatives are trained in first aid and fire marshalling. A Safety Audit was conducted by the Emergency Services of the Johannesburg Metropolis during the year under review. The Landlord conducted all necessary repairs and changes as recommended in the report.

First Aid kits in Customer Support Centre have been replenished. Approval in principle for procurement of additional First Aid Kits for all floors was given and 17 additional Kits were procured. An Emergency Procedure Manual for the whole building has also been compiled, and was approved in the year under review, and the Department has already commenced with arrangements for Emergency Evacuation Drills with the City of Johannesburg Emergency Services. The Department has also commenced with the process of enlarging its number of Occupational Health and Safety Representatives.

The Department further subscribes to triple bottom line reporting, i.e. Financial, Environmental and Social accountability, as recommended by the King II report. While the Department is not yet in a position to actively report accordingly, the 2005/2006 financial year will show further results with regard to the aspect of the work of the OH&SC.

8.5.4 The Internal control environment

Various financial and operational policies were developed to improve the internal controls and to mitigate and manage the risks identified in the risk framework.

8.5.5 Anti – Corruption Unit

The Department created an Anti-Corruption Unit, during the year under review, whose mandate is to investigate all allegations of fraud, corruption and maladministration in the implementation of Housing programmes.

The creation of this Unit has largely been informed by National calls made by the President and the National Minister of Housing that all Provincial Housing Departments put meaning to what has been called “minimizing corruption within the Housing Sector”. The Unit has to take over functions that were performed by the disbanded Committee of Enquiry that was appointed by the Department to conduct a comprehensive forensic audit into persistent allegations of widespread acts of fraud and corruption in the payment of housing subsidies and the use thereof by the developers.

The Unit has the following generic roles and responsibilities to perform:

- Fraud and Corruption Risk Assessment;
- Implement Fraud Prevention Plans;
- Vetting of Staff – verifying previous employment, qualifications, citizenship and criminal record before employment;
- Reporting system- which allow for confidential reporting and the recording of all allegations, actions taken and outcomes;
- Investigation of all allegations (fronting in Procurement, verification of the existence of projects);
- Detection of incidents of fraud and corruption

9. Discontinued activities/activities to be discontinued

Minmec approved the disestablishment of the SA Housing Fund and Provincial Housing Development Funds during 2003. The National Department of Housing, pursuant to this decision, formed a task team comprising of representatives of the National and Provincial Housing and Treasury Departments, to institute a process of disestablishment.

In terms of this mandate the Gauteng Department of Housing disestablished the existing Fund on 1 April 2004 and transferred the assets and liabilities to the main section of Vote 7 (Department of Housing). Both the Income and the Expenses of the SA Housing Fund are now reported / accounted for in the books of the Vote, which results in the issuance of one set of Annual Financial Statements for the 2004/2005 financial year.

10. New / Proposed activities

The following new activities were implemented in the Department during the year under review:

- An Anti – Corruption Unit was established during the year under review. Refer to point 8.5.5, above;
- The Quality Assurance Unit was also established during the year. The purpose of this unit is to:
 - Conduct technical assessment of builders who were awarded projects;
 - Liaising with contractors on the approval and design of home plans;
 - Examining of plans and specifications for design and site risk management;
 - Liaising with NHBRC for compliance before commencement of projects; and
 - Structural quality assessment

Both units have positive effects on improving the quality of service delivery of the Department, in the long run.

A budget was made available when establishing the new units.

11. Events after the reporting date

There are no significant events after the reporting date.

12. Performance information

A Performance Monitoring and Evaluation directorate under the Chief Financial Officer reviews the monthly and quarterly qualitative/performance reports to ensure that the performance of the Department is properly managed/monitored, that the reports are in line with Treasury requirements and are timeously submitted to Treasury.

13. SCOPA Resolution

There were no SCOPA Resolutions affecting the Department during the year under review.

14. Other

Committee of Enquiry

Member of the Executive Committee (MEC) for Housing disestablished the Committee of Enquiry and a draft hand-over report on the work performed by the committee was submitted to the Department on 15th August 2005. The Department has since implemented and are continuing to implement corrective actions to prevent its effort to prevent re-occurrence of identified weaknesses

Audit Report

The Department notes and acknowledged the Auditor General report for the 2004/2005 financial year. An action plan to ensure remedial actions on identified control weaknesses are implemented is already in place and actioned.

15. Approval

The annual financial statements set out on pages 85 to 127 have been approved by the Accounting Officer.

.....

BENEDICTA MONAMA

HEAD OF DEPARTMENT

DATE:

4.2 REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 7 - GAUTENG DEPARTMENT OF HOUSING FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages [] to [] for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

3.1 Committee of enquiry

As previously reported, a committee of enquiry was established in March 2003 to investigate various housing projects.

The total value of projects investigated amounted to several hundred million rands. Of this amount, substantial civil summonses were issued, disciplinary steps had been taken against various employees including terminations and many criminal cases were underway. In September 2004, the committee of enquiry was dissolved by the Member of the Executive Council of Housing. Adjustments were not made to the annual financial statements regarding irregular, unauthorised, fruitless and wasteful expenditure.

3.2 Property

As per note 6 of the annual financial statements all property transferred from the Gauteng Housing Fund were written down to zero. The write down was in terms of Regularisation of Transfer of Ownership (RETRO), however, not all of the properties were affected by RETRO, therefore property as disclosed in the annual financial statements appeared to be understated.

3.3 Provision for bad debt

3.3.1 The surplus of the Gauteng Housing Fund included an amount of R45 775 000 relating to interest raised on debtors' accounts. Provision for the irrecoverable portion of the debt was not made.

3.3.2 The provision for bad debts was accounted for against the accumulated loss - Gauteng Housing Fund. The provision was not accounted for in the statements of financial performance, resulting in an overstatement of the Gauteng Housing Fund surplus for the current year.

3.4 Commitments

Commitments represented orders for goods and services that were approved and/or contracted for, but delivery did not take place at 31 March 2005.

Commitments as disclosed in the annual financial statements were understated as commitments disclosed only related to the Department of Education.

4. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Gauteng Department of Housing at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Performance audit

5.1.1 Report of the Auditor-General

On 31 March 2004, the Auditor – General approved the focus areas of a transversal performance audit of the application and approval process pertaining to housing subsidies. This was a multi – phased audit, of which phases 1 and 2 were finalised. The audit revealed a number of significant shortcomings which might result in the application and approval process covering various periods up to March 2004, which may have resulted in unauthorised/irregular expenditure.

These included:

- (a) Subsidies were granted to government employees earning salaries in excess of the housing subsidy thresholds,
- (b) Subsidy approvals were granted to applicants after their date of death, and
- (c) Duplicate subsidy approvals were granted to specific individuals or to applicants and his/her spouse.

Detailed findings and conclusions in respect of the performance audit will be reported on at the conclusion of all the phases.

5.1.2 Report by Consultants: Performance of support organisations

As per the performance audit report dated the 14 May 2004, the following areas of concern relating to the performance of support organisations during the implementation of the peoples' housing process programme were reported:

- (a) Non-performance of actual units built (deviation percentage between actual and planned),
- (b) Long delays between authorisation and construction,
- (c) Non-maintenance of a separate bank account per the Housing Code,
- (d) Non-compliance to Housing Code,
- (e) Time delay in approval of housing plans,
- (f) Availability of certifier information,
- (g) Formalised agreement between housing support organisation and housing support centers.

Arising from this report, the department has taken certain corrective measures.

5.2 Report on an investigation into an allegation of misappropriation of public funds by the Gauteng Department of Housing

The Office of the Public Protector investigated a complaint of misappropriation of public funds against the Gauteng Department of Housing. It was alleged that the expenditure involved in the placing of an advertisement in a newspaper of 31 October 2004 was unjustified.

In his key finding on 13 July 2005 the Public Protector concluded that the expenditure of R45 144 incurred by the Gauteng Department of Housing in respect of the advertisement was unauthorised, fruitless and wasteful and therefore did not comply with the requirements of the Public Finance Management Act, 1999.

5.3 Non-compliance with the Public Finance Management Act, 1999 (Act No. 1 of 1999)

The Auditor-General was appointed auditor of the Gauteng Partnership Trust (GPT) and Xhasa ATC (Accounting and Technical Centre) during the financial year ended 31 March 2005 in terms of the Public Audit Act, 2004 (Act No. 25 of 2004). Arising from our appointment, these findings were made:

5.3.1 The Gauteng Partnership Trust

Contrary to section 38(1)(m) of the Public Finance Management Act, 1999, (Act No. 1 of 1999), the accounting officer of the Gauteng Department of Housing did not obtain prior written approval from National Treasury before the establishment of the Gauteng Partnership Trust.

The Gauteng Partnership Trust was established in 2002, and total funds of R350 000 000 was transferred from the Gauteng Department of Housing to the Trust up to the end of the financial year under review.

5.3.2 Xhasa ATC

Contrary to section 38(1)(m) of the Public Finance Management Act, 1999, (Act No. 1 of 1999), the accounting officer of the Gauteng Department of Housing did not obtain prior written approval from National Treasury before the establishment of Xhasa ATC.

Xhasa ATC was established in 2003, and a total of R146 000 000 was transferred from the Gauteng Department of Housing up to the end of the financial year under review.

5.3.3 Underspending by the Department

In the 2003 financial year the department reported a surplus of R67 997 000, while in 2004 financial year a surplus of R12 898 000 was reported. Taking these surpluses into consideration the large transfers, donations and/ or capitalisations referred to in paragraphs 5.3.1 and 5.3.2 above, were not spent by the Gauteng Partnership Trust and Xhasa ATC in those years. Accordingly, the department had through the creation and funding of these entities understated its underspending in previous years.

- 5.3.4** Due to a moratorium that was placed on the processing of all applications for the listing of new provincial public entities, National Treasury has not listed the Gauteng Partnership Trust and Xhasa ATC as public entities.

5.4 Leave report

A detailed leave report including the opening balances, movements and closing balances for the period under review could not be submitted for audit purposes. However, alternative audit procedures were performed to ensure that the provision for leave pay was not materially misstated.

5.5 Misallocation of payments

Expenditure for compensation of employees was incorrectly linked between BAS and PERSAL. Journals were passed to adjust these accounts after the BAS closed. The trial balance generated from BAS after the closing off of the system, did not agree to the trial balance used to prepare the annual financial statements.

5.6 Financial management capacity

The following weaknesses regarding the financial management capability of the department were identified:

- (a) The department relied on consultants for the performance of financial management functions.
- (b) Consultants prepared or were extensively involved in the preparation of the annual financial statements for the current and previous years.

This problem was worsened by the loss of a number of key personnel during the current and previous financial years.

5.7 Non-compliance with Treasury Regulations

In terms of Treasury Regulation 21.1, the accounting officer may approve gifts and donations and sponsorships of state money and other movable property in the interest of the state. When such cash amounts exceed R100 000 per case, the approval of the relevant legislature must be sought by including the item separately in the Appropriation Bill.

The Gauteng Department of Housing provided a capitalisation fund of R350 000 000 during 2002 to the Gauteng Partnership Trust. These funds were accounted for as an irrevocable donation according to the Trust Deed, yet the approval of the legislature had not been sought.

5.8 Transfers to non-profit organisations, private enterprises and public corporations

Transfers to non-profit organisations, private enterprises and public corporations were not separately disclosed in the annexures to the annual financial statements as required by the specimen issued by the National Treasury. These amounts were instead included in the transfers to households annexure.

5.9 Follow-up information system audit of the general controls surrounding the information technology environment

The audit indicated that although some controls were in place, the following weaknesses existed in the general control environment:

- (a) A formal documented Disaster Recovery Plan and Business Continuity Plan were not finalised,
- (b) Environmental control weaknesses existed in the server room,
- (c) Significant control weaknesses surrounding user account management on the operating system and BAS existed, and
- (d) The Information Technology security officer's role was not defined.

Weaknesses pertaining to user account management raised concerns regarding the integrity of the data.

5.10 Disestablishment of the Gauteng Housing Funds

- 5.10.1** According to Government Gazette No. 25778 dated 5 December 2003, the South African Housing Fund was deleted as a schedule 3A public entity with effect from that date. However, according to section 8 of the Housing Amendment Bill 2005, the South African Housing Fund and the Provincial Housing Development Fund will only be disestablished, as from the date of commencement of the Act. This Act was not yet promulgated.

5.10.2 On instruction of the National Department of Housing dated 31 March 2004 the business activities as well as all the assets and liabilities of the Gauteng Housing Funds were transferred to the Gauteng Department of Housing - Vote 7, on 1 April 2004. Accordingly, the annual financial statement of the Gauteng Department of Housing – Vote 7 now represent the combined activities of the Gauteng Department of Housing, Gauteng Housing Fund - Old Business and Gauteng Housing Fund - New Business. Comparatives have not been restated.

5.11 Accruals

The Gauteng Department of Housing disclosed accruals of R78 876 000 in the disclosure note 25 to the annual financial statements. Had these accruals been accounted for in the statement of financial performance of the department, a deficit amounting to R26 974 000 would have been reported.

5.12 Unauthorised expenditure

Unauthorised expenditure of R310 170 occurred during the year due to the budgeted amounts of the following main divisions being exceeded. These amounts have not been disclosed in the annual financial statements:

Programme	Programme description	R
3	Road Infrastructure (transfers and subsidies)	27 012
4	Transport (current)	283 158
Total		<u>310 170</u>

5.13 Late completion of audit

Section 40 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) prescribes the accounting officers' reporting responsibilities whilst section 40(2) requires that the Auditor-General must audit the financial statements and submit an audit report on those statements to the accounting officer within two months of receipt of the statements.

The audit was only completed on 1 September 2005 due to the following:

- (a) Late submission of adjusted annual financial statements,
- (b) The delay in the approval of additional disclosure items from National Treasury,
- (c) Delays in the presentation of audit information.
- (d) Significant audit issues and delays in the finalisation thereof, and
- (e) Delays in the finalisation of unauthorised expenditure figures between the department and the Provincial Treasury.

6. APPRECIATION

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

I. Vanker *for* Auditor-General

Johannesburg

01 September 2005



**Annual Financial Statements
for
Gauteng – Department of Housing
Vote 7
for the year ended 31 March 2005**

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The annual financial Statements set out on pages 85 to 127 have been approved by the Head of Department

.....
Ms Benedicta Monama

Head of Department

Date:

.....
Anthony Green

Acting Chief Financial Officer

Date:

4.3 FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS for the year ended 31 March 2005

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully compiled with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. Basis of preparation

The Annual 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. Under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Appropriated funds

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National / Provincial Expenditure. Unexpended voted funds are annually surrendered to National / Provincial Revenue Fund, unless otherwise stated.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

Interest and Property rental income

Interest on instalment sale debtors and rental income accrue in accordance with the terms of the relevant agreement, usually recognised on a time apportionment basis. Only the cash receipt is recognised as revenue in the financial statements of the Department and then transferred to the Provincial Revenue Fund.

Sale of capital assets

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

Any profit or loss arising from fair value adjustments, pertaining to properties should be recognised in the income statement in the financial year in which the sale took place. Only the cash receipt is recognised as revenue in the financial statements of the Department and then transferred to the Provincial Revenue Fund.

Profits and losses realised from the sale of investment properties are recognised in the income statement in the financial year in which the sale took place. Only the cash receipt is recognised as revenue in the financial statements of the Department and then transferred to the Provincial Revenue Fund.

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes, are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

Miscellaneous income

Funds received on an adhoc basis from Account Administrators

Funds received by the Department, on an ad hoc basis, from account administrators, developers and implementing agents to compensate the Department for overpayments and cancellation of approved subsidies as per an agreement, are classified as miscellaneous income.

The Department interprets this type of income as miscellaneous income. However, overpayments to accredited account administrators and developers, identified proactively, by the Department will firstly be recovered from future amounts due on said projects and if not successful, the amounts will be debited against a disallowance account for subsequent recovery, conducted by way of a formal process, which can include possible legal action against the parties concerned.

Unallocated receipts

Receipts that are not allocated to accounts receivable within 12 months from date of receipt are credited to miscellaneous income.

3. Expenditure

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment is made. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the payment is made.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Medical benefits

The Department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when money is paid to the fund. No provision is made for medical benefits in the Annual Financial Statements of the Department

Post employment retirement benefits

The Department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National/Provincial Revenue Fund and not in the Annual Financial Statements of the employer Department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the payment is made. The expense is classified as capital if the goods and services was used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the payment is made. This item excludes rental on the use of buildings or other fixed structures.

Debt write off / Financial transactions in assets and liabilities

Debt written off in terms of Regularisation and Transfer of Ownership of properties

Irrecoverable debt in terms of former Own Affairs properties and utilisation of Capital Subsidy funding shall be written off to effect transfer of properties debt free. The write off shall be expensed on the Statement of Financial Performance.

In the event that no funds are available, the estimated amount of bad debt shall be disclosed in the notes

Other debt write off

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

In the event that no funds are available, the estimated amount of bad debt shall be disclosed in the notes.

Unauthorised expenditure

Unauthorised expenditure, is defined as:

- i The overspending of a vote or a main division within a vote, or
- ii Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure, is defined as :

expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- i the Public Finance Management Act
- ii the State Tender Board Act, or any regulations made in terms of this act, or
- iii any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as:

expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- i it must be recovered from a responsible official (a debtor account should be raised),
 or
- ii the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

Bridging finance to local authorities

The Department classifies short-term bridging finance released to performing projects, managed by local authorities, as actual expenditure. However, in respect of non-performing projects managed by local authorities, related expenditure claims are classified initially as debtors, the recovery of which is classified as miscellaneous income.

Tranche payments in respect of project-linked development as prescribed in terms of the Housing Procurement Policy

These payments are accounted for, having due regard to the prescripts and milestones contained in Chapter 3 A of the National Housing Code.

The Department classifies tranche payments to performing local authorities as expenditure. However, claims in respect of funds released in respect of non-performing local authorities, are classified initially as debtors, the recovery of which is subsequently classified as miscellaneous income

Tranche payments to local authorities in respect of project-linked development as pilot accreditation projects

These payments are accounted for, having due regard to the prescripts and milestones contained in pilot accreditation agreements between the Department and the Local Authority consistent with the prescripts contained in Part 3, Chapter 2: Roles and Functions of National, Provincial and Local Governments of the National Housing Code.

Payments, claims receivable and recovered are accounted for the same as above.

Payment in relation to People's Housing Projects

The Department enters into agreements with support organisations for the establishment of housing support centres for the building of "top" structures through community participation. The support organisation will appoint an account administrator and certifier to manage the financial and certification/quality control functions of the project, respectively.

The income of the support organisation can be defined as follows:

- i Once-off facilitation grant prescribed in the National Housing Code to build capacity of the housing support centre;
- ii Establishment grant in the amount of R 570.00 per approved beneficiary to fund operational expenditure of the housing support centre;
- iii The value of the subsidy of the approved beneficiaries calculated in terms of the quantum prescribed in the National Housing Code for the procurement of building material and services;
- iv Variance to the maximum amount of 15% of the approved housing subsidy as prescribed in terms of the National Housing Code for geotechnical conditions, only after receipt by the Department of the prescribed report issued by a geotechnical engineer and approval thereof by the accounting officer.

The Department classifies the aforementioned payments to performing housing support centres as actual expenditure. The performance of the housing support centres is monitored on an ongoing basis. Monies released to housing support centres, not performing in terms of contractual timeframes and milestones, are initially classified as debtors, the recovery of which is classified as miscellaneous income.

Individual credit - linked subsidies

Approved credit-linked individual subsidies are released immediately after approval to accredited financial institutions for implementation in terms of conditions set forth in the accreditation agreement entered into between the Department and the said institution.

The Department classifies the aforementioned payments to performing financial institutions as actual expenditure. Monies released to financial institutions not performing in terms of contractual timeframes and milestones, are classified initially as debtors and upon recovery as miscellaneous income.

Outstanding funds advanced to accredited conveyancers in respect of non-credit-linked individual subsidies are accounted for in a similar manner. The process of advancing funding is done by the issuing, by the Department, of an irrevocable guarantee to release the approved subsidy as “actual expenditure” once the following milestones have been met:

- i Transfer of the property (serviced stand) into the name of the approved beneficiary.
- ii Completion of top structure (i.e. house which conforms to provincial norms and standards) to the satisfaction of the Department in terms of quality, norms and standards.
- iii Issuing of an occupation certificate by the local authority and issuing and signature by the beneficiary of a “happy letter” to confirm physical receipt of title deeds, keys and occupation of the property.

Financial Contributions made by housing subsidy beneficiaries

In terms of Housing Policy Directive No. 1 of 2003, beneficiaries are required to make a minimum contribution of R2,479.00 to the Fund in order to qualify for participation (certain exemptions apply) in the Housing Subsidy Programmes operating within Gauteng Province.

The categories of beneficiaries required to make a financial contribution are:

- i Individual non-credit linked subsidies (only new housing development projects);
- ii Project linked subsidy projects (without end user finance / non-credit linked);
- iii Consolidation subsidy projects (without end user finance / non-credit linked);
- iv Individual non-credit linked consolidation subsidies; and
- v Credit linked subsidy beneficiaries.

Contributions received from beneficiaries are classified as sundry payables pending approval and payment of the capital subsidies and contributions to implementing agents, following the approval of individual subsidy applications. Where subsidy applications are declined, the value of payments made by beneficiaries is refunded, without any payment of interest. In certain instances, the Fund will advance any shortfall in payments received and will subsequently institute action for the recovery of all residual amounts outstanding.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the payment is made.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the payment is made.

6. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and Other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made and also includes housing debtors i.e Rental, Loans and Instalment debtors transferred from the Housing Fund - Old Business, which arose from services rendered.

Trade / Property debtors

Trade receivables are stated at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the end of the financial year. Bad debts are written off during the financial year in which they are identified. In the event that no budget is available, the estimate shall be disclosed in the form of a note.

Loans to individuals

Loans to individuals, which are unsecured, are accounted for in line with the departmental policy. Fixed interest is charged in accordance with the relevant agreement.

Instalment debtors

Houses are sold to individuals over a maximum period of thirty years and subject to fixed terms of repayment. Interest charged depends on the departmental policy applicable. Ownership of the property will pass onto the buyers after the full settlement of the outstanding balances.

A phasing in period is currently in process, which stipulates that a fixed interest rate of 13.5% will be applicable to all residential units for a period of 5 years starting from 1 May 2002. Interest rates for property sold for commercial purposes are negotiated on a case by case basis.

8. Cash and cash equivalent

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

10. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, or an invoice has been received, but remains unpaid at the reporting date. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

12. Contingent liability

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Department; or

a present obligation that arises from past events but is not recognised because:

- i it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the Statement of Financial Position, but the information is disclosed as part of the disclosure notes.

13 Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

16. Investment Property

Properties that are held to earn rentals are classified as investment properties.

Freehold land is stated at municipal values, derived independently by Local Authorities on a cyclical basis over a period of three years. Buildings are stated at valuation, based on the SA Reserve Bank seasonally adjusted index (KBP 7020J) applicable to housing in metropolitan areas. Gains or losses arising from the periodic revaluation of property are accounted for as revaluation reserve transfers during the period in which they arise.

Properties are sold at market value. Profits and losses realised on the sale of properties are recognised in the income statement in the financial year in which the sale took place. Revaluation surpluses realised on the disposal of properties are transferred to distributable reserves.

17. Consolidation of the Housing Fund Old and New Businesses into the Vote

In terms of National Treasury directives, the Gauteng Department of Housing dis-established the existing SA Housing and Provincial Housing Development Funds on 1 April 2004 and transferred the assets and liabilities to main Vote 7 (Department of Housing). Both the Income and the Expenses of the SA Housing Fund are now reported / accounted for in the books of the Vote, which results in the issuance of one set of Annual Financial Statements.

18. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.

**Appropriation Statement
for the year ended 31 March 2005**

5. HUMAN RESOURCES MANAGEMENT

HR OVERSIGHT STATISTICS FOR THE PERIOD APRIL 2004 TO MARCH 2005

Type of Arrangement	Potential Customer	Actual Customer	Actual Achievements
Beneficiary and subsidy administration			73,363
Clearing of Waiting List			
Provide operational support to the various business units in the Department			
Promote effective and efficient delivery of quality services and houses	51,000	51,000	
Undertake project management of urban regeneration projects			
Effectively enhance Customer Support Services	51,000	51,000	
Effectively manage Communications and Customer Relations			
Promoting and achieving sustainable development within communities	All communities in Gauteng	All communities in Gauteng	
Continuous training and education provided for beneficiaries and employees	51,000	51,000	
Provide capacity and support to municipalities	Number of officials not known	All municipalities to be trained and educated on Departmental programmes and housing related issues	

TABLE 1.1 - Main Service for Service Delivery Improvement and Standards

Type of Arrangement	Potential Customer	Actual Customer	Actual Achievements
Beneficiary Education	Every resident of Gauteng Province	Regional Professional Teams	Education of communities on all Programmes of the Department
Community Outreach (Actual Visits)		Local Authorities	Distribution of educational materials
Mobile unit		Ward Councillors	Train-the-Trainer Programme
Community Awareness Campaigns		Ward Committees; Communities	Stakeholder workshops
Constituency meetings		Communities	Community Workshops
Participation in Multi-purpose Community Centres (MPCCs)			System of Consultation
Participation in Roving EXCOs			Follow up on complaints
Participation in Departmental Launches and exhibitions			Facilitate report backs on complains and queries
Participation in Rand Easter Show being responsive to Community Needs and Creation of Culture of Access			

TABLE 1.2 - Consultation Arrangements for Customers

Access Strategy	Actual Achievements
Beneficiary Education	Leaflets, Posters, Banners, Booklets, Workshops, Educational and training sessions
Development Communication	MPCC, Community Outreach, Community Awareness, Roving EXCOs, Mobile Advertising, Community Interviews

TABLE 1.3 - Service Delivery Access Strategy

Type of Information Tool	Actual Achievements
Beneficiary Education	Educational information on all Housing related materials, Leaflets, Posters, Banners, Booklets, Educational and Training Sessions
Development Communication	Housing and Departmental Programme Information distributed at MPCCs, Housing Support Centres, Customer Support Centre, Community outreach, community awareness, roving EXCOs, mobile advertising and community interviews

TABLE 1.4 - Service Information Tool

Complaint Mechanism	Actual Achievements
Verbal and written housing complaints and queries received from government Departments, MPCCs, Housing Support Centre, Community Outreach, Community Awareness, Roving EXCOs, Mobile advertising, and community interviews	Encouragement of adherence to system of consultant Follow up complaints Facilitate report backs on complaints and queries Occupancy audit of 217,000 RDP houses. Audit of 210,000 completed.

TABLE 1.5 - Complaint Mechanism

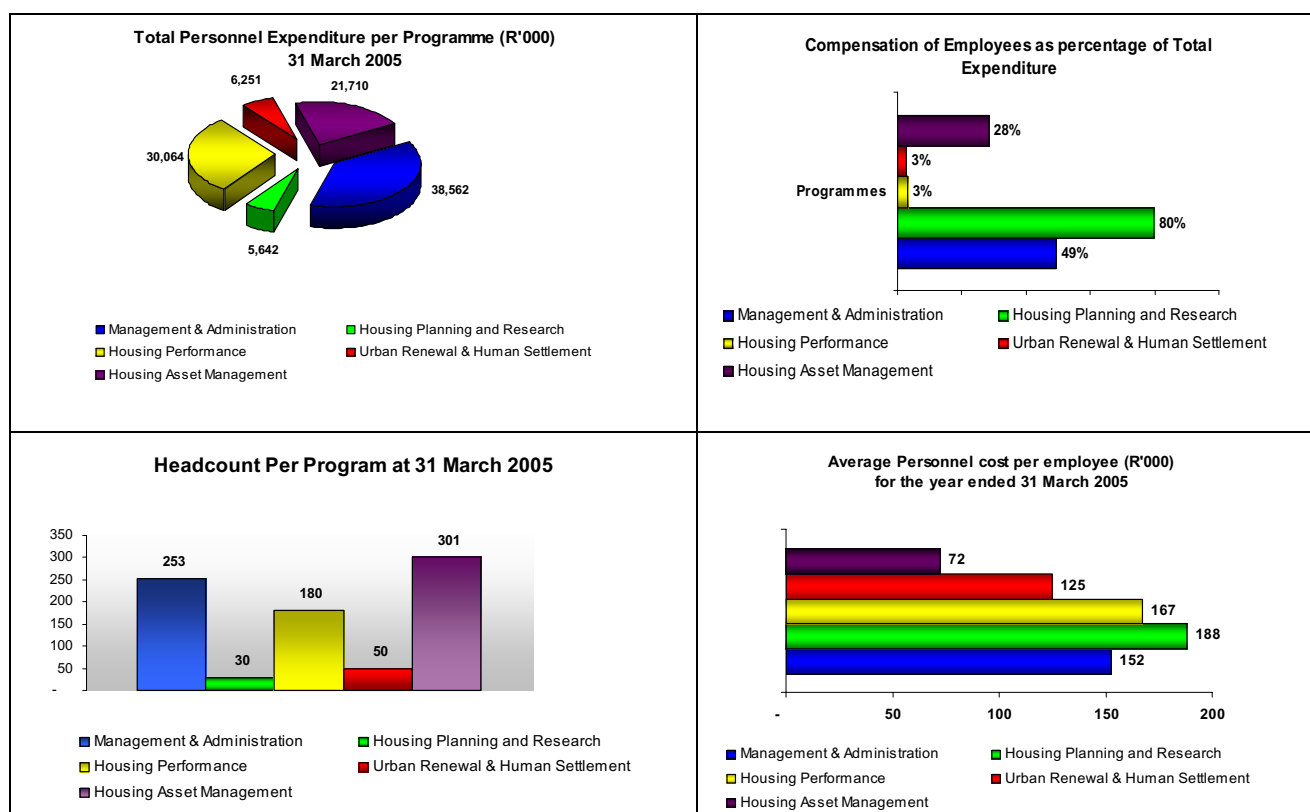
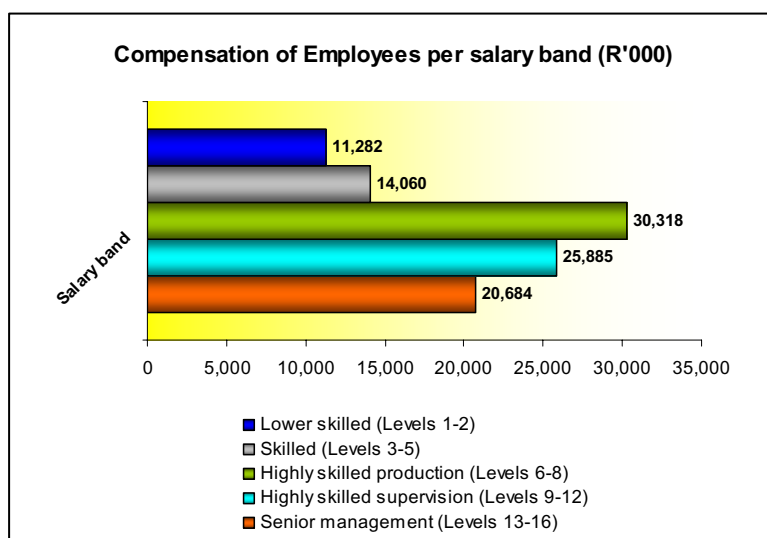


TABLE 2.1 - Personnel costs by Programme



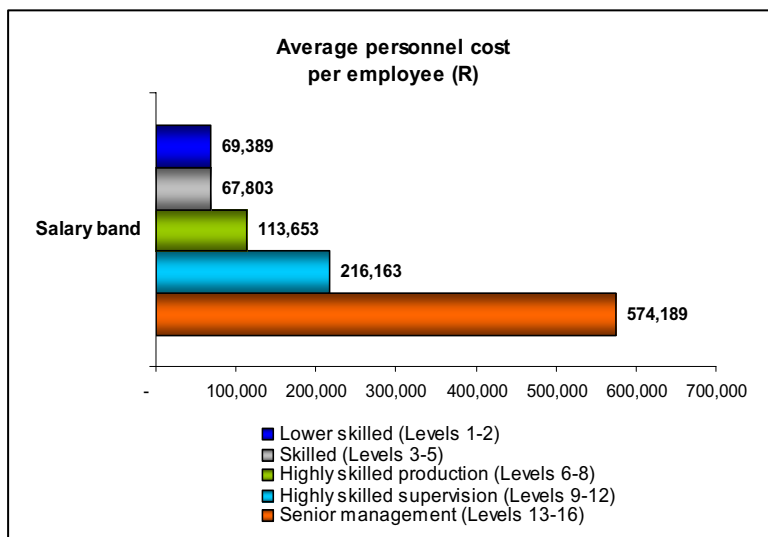
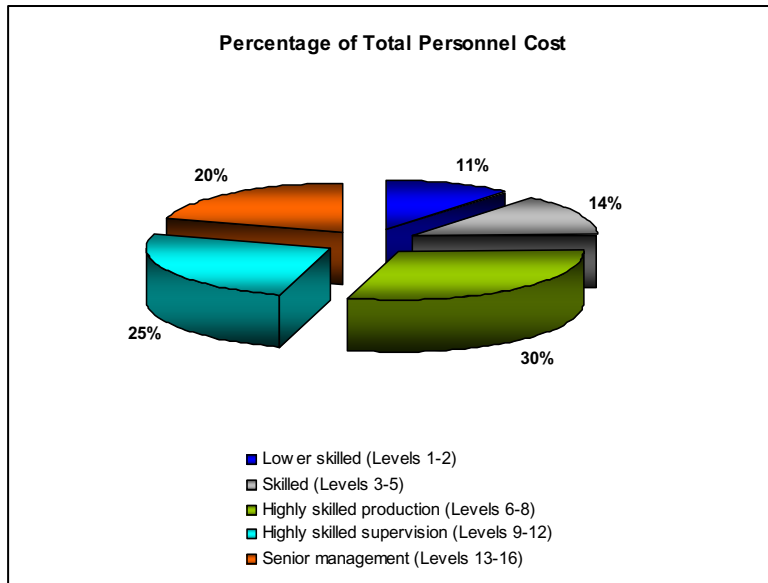
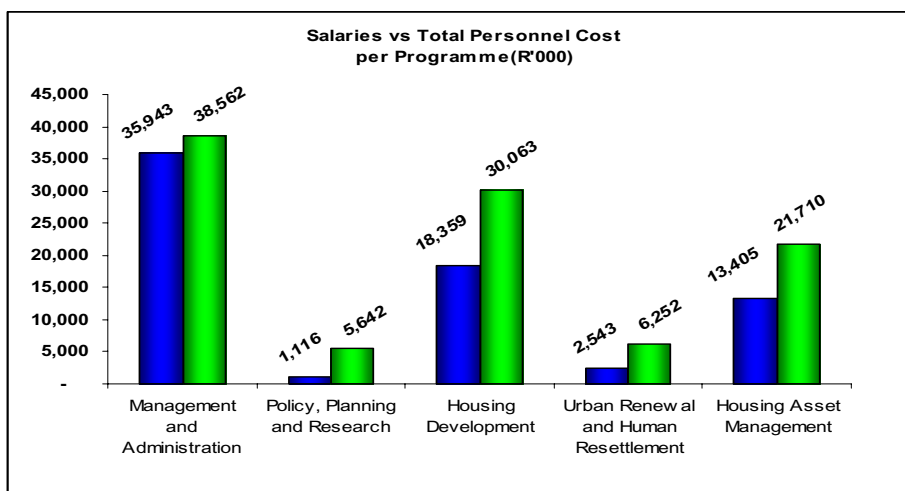


TABLE 2.2 - Personnel costs by Salary band



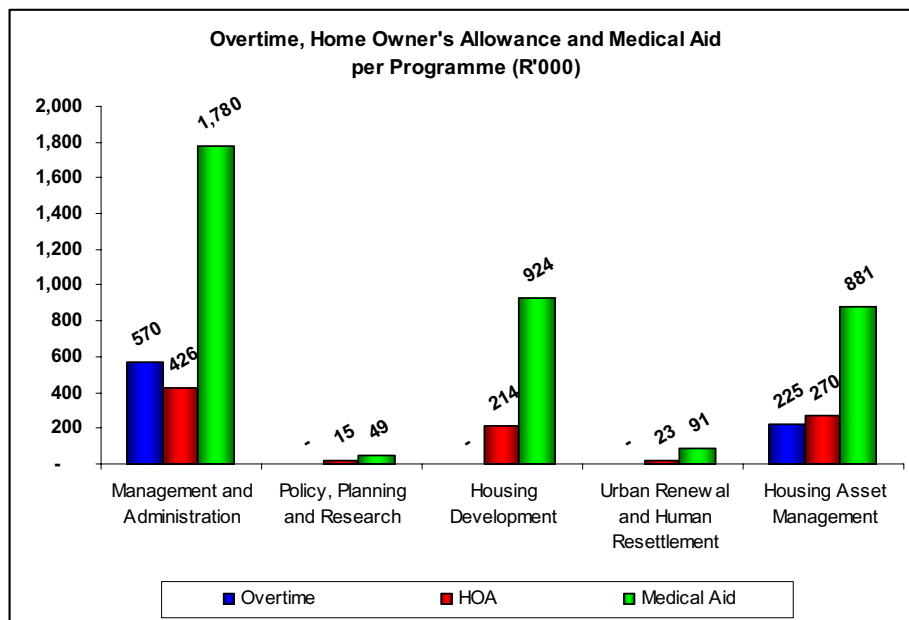
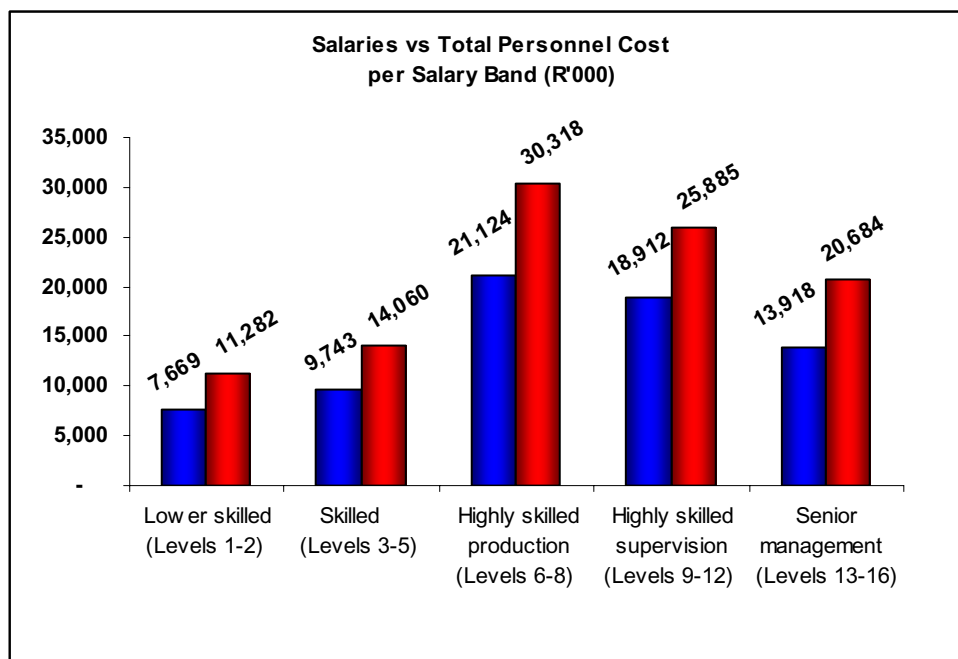


TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme



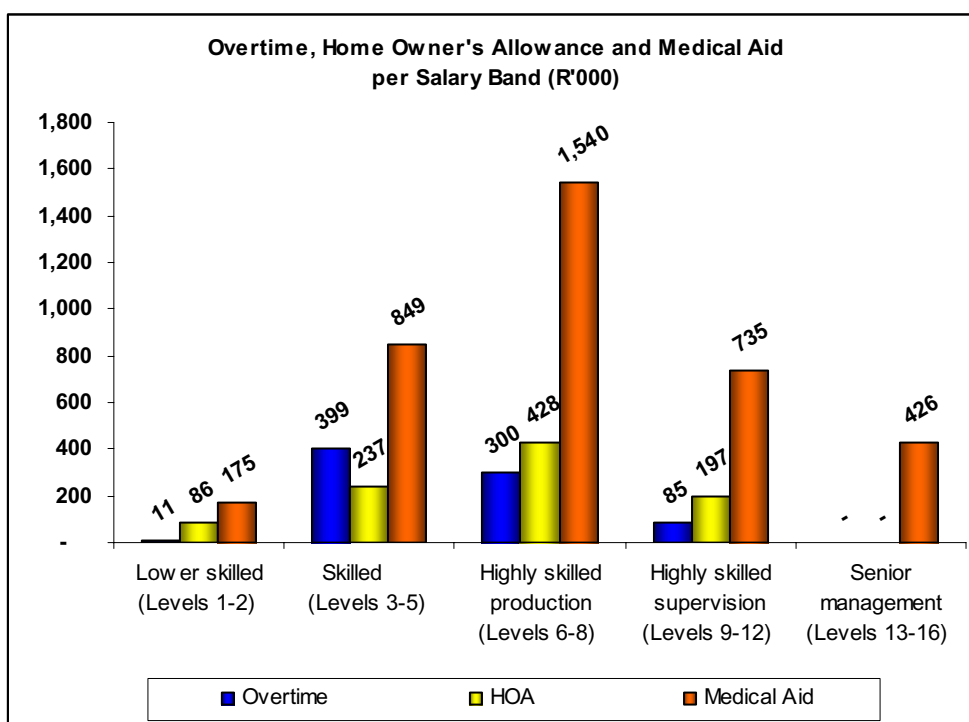
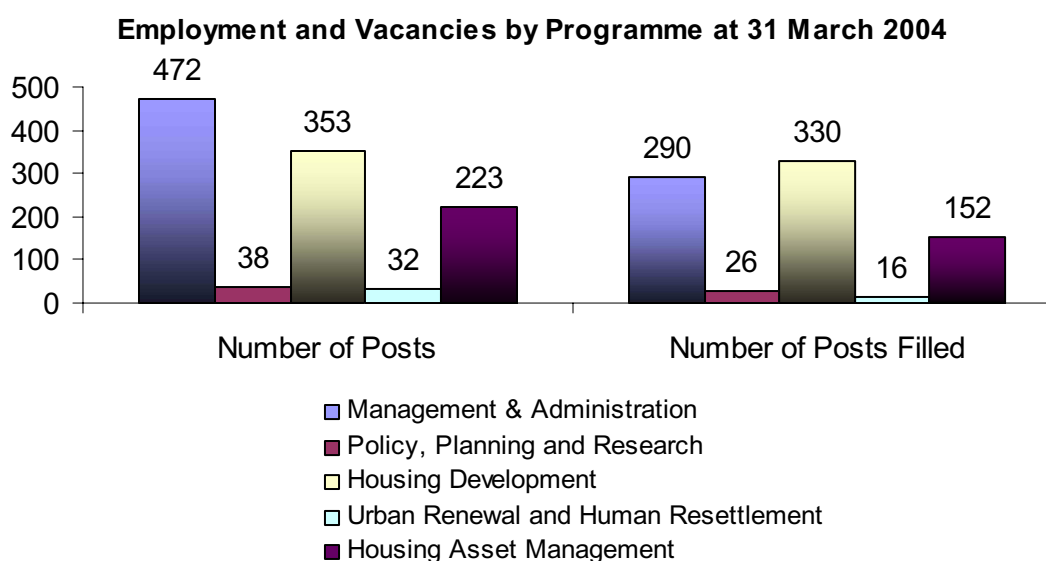


TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Management & Administration	472	290		152
Policy, Planning and Research	38	26		0
Housing Development	353	330		116
Urban Renewal and Human Resettlement	32	16		0
Housing Asset Management	223	152		36
TOTAL	1118	814	27.2	304

TABLE 3.1 - Employment and Vacancies by Programme at end of period



Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	263	203	22.8	122
Skilled (Levels 3-5), Permanent	238	190	20.2	39
Highly skilled production (Levels 6-8), Permanent	346	263	24	19
Highly skilled supervision (Levels 9-12), Permanent	223	120	46.2	0
Senior management (Levels 13-16), Permanent	48	38	20.8	2
TOTAL	1118	814	27.2	182

TABLE 3.2 - Employment and Vacancies by Salary Band at end of period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	125	73	41.6	0
Appraisers-valuers and related professionals, Permanent	21	2	90.5	0
Architects town and traffic planners, Permanent	3	1	66.7	0
Artisan project and related superintendents, Permanent	13	9	30.8	0
Bus and heavy vehicle drivers, Permanent	1	1	0	0
Cartographers and surveyors, Permanent	1	0	100	0
Cartographic surveying and related technicians, Permanent	3	1	66.7	0
Civil engineering technicians, Permanent	6	3	50	1
Cleaners in offices workshops hospitals etc., Permanent	87	76	12.6	0
Client inform clerks(switchb receipt inform clerks), Permanent	4	4	0	0
Communication and information related, Permanent	13	6	53.8	0
Computer system designers and analysts., Permanent	3	2	33.3	0
Engineering sciences related, Permanent	16	8	50	0
Engineers and related professionals, Permanent	2	2	0	0
Finance and economics related, Permanent	4	2	50	0
Financial and related professionals, Permanent	12	10	16.7	0
Financial clerks and credit controllers, Permanent	72	61	15.3	19
Food services aids and waiters, Permanent	5	4	20	0
General legal administration & rel. professionals, Permanent	3	3	0	0
Head of department/chief executive officer, Permanent	3	2	33.3	1
Human resources & organisat developm & relate prof, Permanent	12	11	8.3	0
Human resources clerks, Permanent	8	8	0	0
Human resources related, Permanent	5	3	40	0
Information technology related, Permanent	4	2	50	0
Inspectors of apprentices works and vehicles, Permanent	6	6	0	0
Language practitioners interpreters & other commun, Permanent	26	22	15.4	18
Legal related, Permanent	4	1	75	0
Library mail and related clerks, Permanent	47	35	25.5	2
Light vehicle drivers, Permanent	10	6	40	0
Logistical support personnel, Permanent	13	11	15.4	0
Material-recording and transport clerks, Permanent	23	21	8.7	0
Messengers porters and deliverers, Permanent	6	5	16.7	0
Other administrat & related clerks and organisers, Permanent	211	133	37	41
Other administrative policy and related officers, Permanent	81	54	33.3	0
Other information technology personnel., Permanent	108	107	0.9	99
Other occupations, Permanent	1	1	0	0
Printing and related machine operators, Permanent	5	5	0	0
Quantity surveyors & rela prof not class elsewhere, Permanent	1	1	0	0
Regulatory inspectors, Permanent	15	13	13.3	0
Risk management and security services, Permanent	5	4	20	0
Secretaries & other keyboard operating clerks, Permanent	47	30	36.2	0
Security officers, Permanent	32	26	18.8	0
Senior managers, Permanent	45	35	22.2	1
Trade related, Permanent	6	4	33.3	0
TOTAL	1118	814	27.2	182

TABLE 3.3 - Employment and Vacancies by Critical Occupation at end of period

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded
Lower skilled (Levels 1-2)	263	0	0	0	0	0
Skilled (Levels 3-5)	238	23	9.7	11	47.8	0
Highly skilled production (Levels 6-8)	346	35	10.1	15	42.9	0
Highly skilled supervision (Levels 9-12)	223	26	11.7	16	61.5	1
Senior Management Service Band A	36	2	5.6	3	150	0
Senior Management Service Band B	9	0	0	0	0	0
Senior Management Service Band C	2	1	50	1	100	0
Senior Management Service Band D	1	0	0	0	0	0
TOTAL	1118	87	7.8	46	52.9	1

TABLE 4.1 - Job Evaluation

Beneficiaries	African	Asian	Coloured	White	Total
Female	37	4	2	7	50
Male	30	2	1	4	37
Total	67	6	3	11	87
Employees with a Disability	0	0	0	0	0

TABLE 4.2 - Profile of employees whose positions were upgraded due to their posts being upgraded

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
xxx	0	xxx	xxx	xxx	
xxx	0	xxx	xxx	xxx	
Total	0				
Percentage of Total Employment	0				0

TABLE 4.3 - Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

TABLE 4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	101	223	71	70.3
Skilled (Levels 3-5), Permanent	152	34	8	5.3
Highly skilled production (Levels 6-8), Permanent	206	53	24	11.7
Highly skilled supervision (Levels 9-12), Permanent	121	39	54	44.6
Senior Management Service Band A, Permanent	20	7	3	15
Senior Management Service Band B, Permanent	7	2	4	57.1
Senior Management Service Band C, Permanent	1	0	0	0
Senior Management Service Band D, Permanent	1	0	0	0
TOTAL	609	358	164	26.9

TABLE 5.1 - Annual Turnover Rates by Salary Band

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	43	21	10	23.3
Appraisers-valuers and related professionals, Permanent	0	1	0	0
Architects town and traffic planners, Permanent	3	0	1	33.3
Auxiliary and related workers, Permanent	1	0	0	0
Building and other property caretakers, Permanent	5	0	0	0
Bus and heavy vehicle drivers, Permanent	3	1	1	33.3
Cartographers and surveyors, Permanent	2	0	0	0
Cartographic surveying and related technicians, Permanent	1	0	0	0
Civil engineering technicians, Permanent	1	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	85	3	3	3.5
Client inform clerks(switchb receipt inform clerks), Permanent	3	1	0	0
Communication and information related, Permanent	2	2	1	50
Computer system designers and analysts., Permanent	3	0	0	0
Electrical and electronics engineering technicians, Permanent	1	0	0	0
Engineering sciences related, Permanent	8	0	0	0
Engineers and related professionals, Permanent	10	0	9	90
Finance and economics related, Permanent	5	1	1	20
Financial and related professionals, Permanent	3	1	0	0
Financial clerks and credit controllers, Permanent	14	10	0	0
Food services aids and waiters, Permanent	5	0	0	0
General legal administration & rel. professionals, Permanent	6	0	1	16.7
Head of department/chief executive officer, Permanent	0	1	0	0
Human resources & organisat developm & relate prof, Permanent	3	1	1	33.3
Human resources clerks, Permanent	11	2	1	9.1
Human resources related, Permanent	1	0	0	0
Information technology related, Permanent	1	0	0	0
Inspectors of apprentices works and vehicles, Permanent	22	1	1	4.5
Language practitioners interpreters & other commun, Permanent	3	15	2	66.7
Legal related, Permanent	3	0	0	0
Library mail and related clerks, Permanent	13	3	0	0
Light vehicle drivers, Permanent	6	0	1	16.7
Logistical support personnel, Permanent	4	0	0	0
Material-recording and transport clerks, Permanent	11	5	0	0
Messengers porters and deliverers, Permanent	6	0	1	16.7
Motor vehicle drivers, Permanent	1	0	0	0
Other administrat & related clerks and organisers, Permanent	137	102	62	45.3
Other administrative policy and related officers, Permanent	55	8	3	5.5
Other information technology personnel., Permanent	2	100	3	150
Other occupations, Permanent	31	56	49	158.1
Quantity surveyors & rela prof not class elsewhere, Permanent	0	3	2	0
Rank: Unknown, Permanent	2	0	0	0
Regulatory inspectors, Permanent	15	0	1	6.7
Risk management and security services, Permanent	0	3	0	0
Secretaries & other keyboard operating clerks, Permanent	26	10	2	7.7
Security guards, Permanent	5	0	0	0
Security officers, Permanent	23	0	1	4.3
Senior managers, Permanent	23	7	6	26.1
Trade related, Permanent	1	0	1	100
TOTAL	609	358	164	26.9

TABLE 5.2 - Annual Turnover Rates by Critical Occupation

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	8	4.9	1.3	164	609
Resignation, Permanent	31	18.9	5.1	164	609
Expiry of contract, Permanent	107	65.2	17.6	164	609
Dismissal-operational changes, Permanent	3	1.8	0.5	164	609
Discharged due to ill health, Permanent	3	1.8	0.5	164	609
Dismissal-misconduct, Permanent	3	1.8	0.5	164	609
Retirement, Permanent	4	2.4	0.7	164	609
Other, Permanent	5	3	0.8	164	609
TOTAL	164	100	26.9	164	609

TABLE 5.3 - Reasons why staff are leaving the Department

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	43	33	76.7	22	51.2
Architects town and traffic planners	3	0	0	1	33.3
Auxiliary and related workers	1	0	0	1	100
Building and other property caretakers	5	0	0	0	0
Bus and heavy vehicle drivers	3	0	0	1	33.3
Cartographers and surveyors	2	0	0	1	50
Cartographic surveying and related technicians	1	0	0	0	0
Civil engineering technicians	1	1	100	0	0
Cleaners in offices workshops hospitals etc.	85	0	0	9	10.6
Client inform clerks(switchb receipt inform clerks)	3	1	33.3	2	66.7
Communication and information related	2	1	50	0	0
Computer system designers and analysts.	3	0	0	1	33.3
Electrical and electronics engineering technicians	1	0	0	0	0
Engineering sciences related	8	6	75	5	62.5
Engineers and related professionals	10	0	0	0	0
Finance and economics related	5	1	20	1	20
Financial and related professionals	3	4	133.3	4	133.3
Financial clerks and credit controllers	14	1	7.1	4	28.6
Food services aids and waiters	5	0	0	0	0
General legal administration & rel. professionals	6	0	0	0	0
Human resources & organisat developm & relate prof	3	1	33.3	0	0
Human resources clerks	11	5	45.5	10	90.9
Human resources related	1	3	300	0	0
Information technology related	1	2	200	0	0
Inspectors of apprentices works and vehicles	22	1	4.5	13	59.1
Language practitioners interpreters & other commun	3	8	266.7	5	166.7
Legal related	3	1	33.3	1	33.3
Library mail and related clerks	13	3	23.1	9	69.2
Light vehicle drivers	6	0	0	5	83.3
Logistical support personnel	4	0	0	1	25
Material-recording and transport clerks	11	0	0	9	81.8
Messengers porters and deliverers	6	0	0	4	66.7
Motor vehicle drivers	1	0	0	1	100
Other administrat & related clerks and organisers	137	20	14.6	75	54.7
Other administrative policy and related officers	55	8	14.5	37	67.3
Other information technology personnel.	2	1	50	3	150
Other occupations	31	12	38.7	0	0
Rank: Unknown	2	0	0	0	0
Regulatory inspectors	15	0	0	7	46.7
Secretaries & other keyboard operating clerks	26	5	19.2	5	19.2
Security guards	5	0	0	5	100
Security officers	23	0	0	20	87
Senior managers	23	12	52.2	2	8.7
Trade related	1	0	0	0	0
TOTAL	609	130	21.3	264	43.3

TABLE 5.4 - Promotions by Critical Occupation

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	101	1	1	9	8.9
Skilled (Levels 3-5), Permanent	152	16	10.5	84	55.3
Highly skilled production (Levels 6-8), Permanent	206	48	23.3	131	63.6
Highly skilled supervision (Levels 9-12), Permanent	121	52	43	38	31.4
Senior management (Levels 13-16), Permanent	29	13	44.8	2	6.9
TOTAL	609	130	21.3	264	43.3

TABLE 5.5 - Promotions by Salary Band

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
Legislators, senior officials and managers, Permanent	18	1	3	22	5	7
Professionals, Permanent	113	11	11	135	26	130
Clerks, Permanent	64	2	4	70	8	132
Service and sales workers, Permanent	25	0	0	25	0	5
Craft and related trades workers, Permanent	9	1	0	10	10	0
Plant and machine operators and assemblers, Permanent	8	0	0	8	0	0
Elementary occupations, Permanent	82	3	2	87	1	40
Other, Permanent	0	0	0	0	0	3
TOTAL	319	18	20	357	50	317

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
Employees with disabilities	1	0	0	1	0	0

TABLE 6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
Top Management, Permanent	2	1	2	5	1	1
Senior Management, Permanent	15	0	1	16	5	8
Professionally qualified and experienced specialists and mid-management, Permanent	48	0	7	55	18	33
Skilled technical and academically qualified workers, junior management, supervisor:	79	10	7	96	21	99
Semi-skilled and discretionary decision making, Permanent	114	4	2	120	1	87
Unskilled and defined decision making, Permanent	61	3	1	65	4	86
Not Available, Permanent	0	0	0	0	0	3
TOTAL	319	18	20	357	50	317

TABLE 6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
Senior Management, Permanent	6	0	1	7	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	12	0	4	16	4	15
Skilled technical and academically qualified workers, junior management, supervisor:	18	0	0	18	0	33
Semi-skilled and discretionary decision making, Permanent	11	0	1	11	0	23
Unskilled and defined decision making, Permanent	88	5	1	94	8	117
TOTAL	135	5	6	146	12	190

TABLE 6.3 - Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
Top Management, Permanent	1	0	0	1	0	1
Senior Management, Permanent	6	0	0	6	3	3
Professionally qualified and experienced specialists and mid-management, Permanent	37	0	2	39	18	23
Skilled technical and academically qualified workers, junior management, supervisor:	53	6	6	65	14	50
Semi-skilled and discretionary decision making, Permanent	45	4	2	51	1	38
Unskilled and defined decision making, Permanent	8	0	0	8	0	1
TOTAL	150	10	10	170	36	116

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
Employees with disabilities	2	0	0	2	0	0

TABLE 6.4 - Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
Senior Management, Permanent	3	0	1	4	1	0
Professionally qualified and experienced specialists and mid-management, Permanent	9	3	1	13	25	11
Skilled technical and academically qualified workers, junior management, supervisor:	7	0	0	7	3	9
Semi-skilled and discretionary decision making, Permanent	6	0	0	6	0	2
Unskilled and defined decision making, Permanent	30	2	0	32	4	35
TOTAL	55	5	2	62	33	57

TABLE 6.5 - Terminations

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
TOTAL	0	0	0	0	0	0

TABLE 6.6 - Disciplinary Action

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African
Legislators, Senior Officials and Managers	0	0	0	0	0	0
Professionals	0	0	0	0	0	0
Technicians and Associate Professionals	0	0	0	0	0	0
Clerks	0	0	0	0	0	0
Service and Sales Workers	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0

TABLE 6.7 - Skills Development

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	77	317	24.3	308	3,995
African, Male	112	318	35.2	509	4,549
Asian, Female	8	10	80	35	4,415
Asian, Male	10	20	50	47	4,742
Coloured, Female	10	29	34.5	50	5,003
Coloured, Male	8	18	44.4	33	4,141
Total Blacks, Female	95	356	26.7	393	4,136
Total Blacks, Male	130	356	36.5	590	4,539
White, Female	35	51	68.6	189	5,395
White, Male	33	50	66	194	5,868
Employees with a disability	0	1	0	0	0
TOTAL	293	814	36	1,365	4,660

TABLE 7.1 - Performance Rewards by Race, Gender and Disability

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	3	167	1.8	7	2,333
Skilled (Levels 3-5)	101	213	47.4	300	2,970
Highly skilled production (Levels 6-8)	132	274	48.2	656	4,970
Highly skilled supervision (Levels 9-12)	50	123	40.7	309	6,180
TOTAL	286	777	36.8	1272	4448

TABLE 7.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
TOTAL	0	0	0	0	0

TABLE 7.3 - Performance Rewards by Critical Occupation

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill
Band A	6	24	25	53	883	0.4
Band B	0	6	0	0	0	0
Band C	0	7	0	0	0	0
Band D	1	0	0	40	4,000	6.6
TOTAL	7	37	18.9	93	1328.6	0.6

TABLE 7.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total
Lower skilled (Levels 1-2)	0	0	2	40	2	-9.1
Highly skilled supervision (Levels 9-12)	4	14.8	2	40	-2	9.1
Senior management (Levels 13-16)	23	85.2	1	20	-22	100
TOTAL	27	100	5	100	-22	100

TABLE 8.1 - Foreign Workers by Salary Band

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total
Administrative office workers	0	0	2	40	2	-9.1
Other occupations	17	63	1	20	-16	72.7
Professionals and managers	10	37	2	40	-8	36.4
TOTAL	27	100	5	100	-22	100

TABLE 8.2 - Foreign Workers by Major Occupation

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	785	75.7	114	20	7	112
Skilled (Levels 3-5)	1321	67.4	176	30.8	8	305
Highly skilled production (Levels 6-8)	1204	67.9	196	34.3	6	429
Highly skilled supervision (Levels 9-12)	393	71.2	71	12.4	6	278
Senior management (Levels 13-16)	57	73.7	14	2.5	4	94
TOTAL	3760	69.8	571	100	7	1218

TABLE 9.1 - Sick Leave for Jan 2004 to Dec 2004

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)
TOTAL	0	0	0	0	0	0

TABLE 9.2 - Disability Leave (Temporary and Permanent) for Jan 2004 to Dec 2004

Salary Band	Total Days Taken	Average per Employee	Employment
Lower skilled (Levels 1-2)	3080	11	268
Skilled (Levels 3-5)	3749	14	259
Highly skilled production (Levels 6-8)	3837	14	276
Highly skilled supervision (Levels 9-12)	1491	13	111
Senior management (Levels 13-16)	389	12	32
TOTAL	12546	13	946

TABLE 9.3 - Annual Leave for Jan 2004 to Dec 2004

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2004	Number of Employees	Total number of capped leave available at 31 December 2004	Number of Employees as at 31 December 2004
Lower skilled (Levels 1-2)	4	4	65	1	520	8
Skilled (Levels 3-5)	54	4	50	13	7931	160
Highly skilled production (Levels 6-8)	179	4	35	42	6234	178
Highly skilled supervision (Levels 9-12)	57	6	48	9	3034	63
Senior management (Levels 13-16)	11	6	75	2	1565	21
TOTAL	305	5	45	67	19284	430

TABLE 9.4 - Capped Leave for Jan 2004 to Dec 2004

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	35	4	8750
Capped leave payouts on termination of service for 2004/05	551	58	9500
Current leave payout on termination of service for 2004/05	416	34	12235
TOTAL	1002	96	10438

TABLE 9.5 - Leave Payouts

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
XXX	XXX
XXX	XXX

TABLE 10.1 - Steps taken to reduce the risk of occupational exposure

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.		X	
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	X		
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.	X		
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		X	

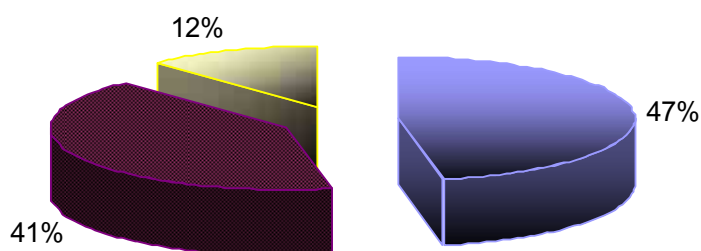
TABLE 10.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]

Subject Matter	Date
There were no such agreements for the current year	

TABLE 11.1 - Collective Agreements

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
TOTAL	7	100	7

Misconduct (Progressive Discipline)



■ Written Warning ■ Verbal Warning ■ Final Written Warning

TABLE 11.2 - Misconduct and Discipline Hearings Finalised

Type of misconduct	Number	% of total
Financial Misconduct	3	42.9
Gross Misconduct	4	57.1
Total	7	100.0

TABLE 11.3 - Types of Misconduct Addressed and Disciplinary Hearings

Number of grievances addressed	Number	% of total
Resolved	35	97.2
Not resolved	1	2.8
Total	36	

TABLE 11.4 - Grievances Lodged

Number of disputes addressed	Number	% of total
Upheld	0	0
Dismissed	0	0
Pending	3	0
Total	3	

TABLE 11.5 - Disputes Lodged

Strike Actions	
Total number of person working days lost	132
Total cost(R'000) of working days lost	132
Amount (R'000) recovered as a result of no work no pay	R30 070.80

TABLE 11.6 - Strike Actions

Precautionary Suspensions	
Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	27
Cost (R'000) of suspensions	R6 255.09

TABLE 11.7 - Precautionary Suspensions

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Gender sub totals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0

TABLE 12.1 - Training Needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Gender sub totals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0

TABLE 12.2 - Training Provided

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	

TABLE 13.1 - Injury on Duty

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Provision of Satellite images	1		R 1 238 388.61
Ekhaya system	1		R 224 580.00
Spatial frameworks	1		R 896 885.41
Implementation of Retro Programme	1		R 2 494 483.02
Implementation of Retro Programme – Tshwane	1		R 484 070.65
Strategic Support to Office of HOD	1		R 602 448.00
Strategic Intervention & Organisational design	1		R 570 000.00
Regional Professional Teams	1		R 1 148 800.80
TORPS adjudication legal fees	1		R 171 151.97
Co-sourcing of skills & other services	1		R35 438 874.74
Strategic Support & Governance	1		R 2 634 717.17
Investigations	1		R11 609 382.15

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
12	12	X	R57 513 782.52

TABLE 14.1 - Report on consultant appointments using appropriated funds

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
xxx	xxx	xxx	

TABLE 14.2 - Analysis of consultant appointments using appropriated funds, i.t.o. HDIs

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
No Consultants were appointed using donor funding.	xxx	xxx	xxx
No donor funding received by the Department for this purpose			
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
No Consultants were appointed using donor funding.	xxx	xxx	xxx
No donor funding received by the Department for this purpose			

TABLE 14.3 - Report on consultant appointments using Donor funds

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
No Consultants were appointed using donor funding.	xxx	xxx	
No donor funding received by the Department for this purpose			

TABLE 14.4 - Analysis of consultant appointments using Donor funds, i.t.o. HDIs

