

Vote 8

Human Settlements

R thousand	2017/18			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	3 843 870	3 866 734		22 864
MEC remuneration				
Total amount to be appropriated	3 843 870	3 866 734		22 864
<i>of which:</i>				
Current payments	428 794	469 792		40 998
Transfers and subsidies	3 389 097	3 365 526	(23 571)	
Payments for capital assets	25 979	31 416		5 437
Payments for financial assets	-	-		
Responsible MEC	MEC for Public Works and Human Settlements ¹			
Administering department	Human Settlements			
Accounting Officer	Head: Human Settlements			

1. Vision and mission

Vision

The vision of the department is: *Together breaking new ground to achieve decent, integrated and sustainable human settlement patterns.*

Mission statement

The mission of the Department of Human Settlements (DOHS) is: *To deliver suitably located housing opportunities and security of tenure over the next five years through collaborative partnership, legislative planning processes and empowerment of women in construction.*

2. Strategic objectives

Strategic policy direction: By focusing on its role of achieving decent, integrated and sustainable housing opportunities and security of tenure, the department seeks to align its operations and strategic position with the overall aim of government to achieve accountability and effective service delivery for all citizens. The department's strategic objectives are summarised as follows:

- Ensuring the financial viability of the department.
- Provision of skilled human resources.
- Accelerating urban housing opportunities.
- Accelerating the creation of rental housing opportunities, and implementing projects that ensure spatial, social and economic integration.
- Identifying and implementing rectification projects to ensure transfers and home ownership.

3. Summary of adjusted estimates for the 2017/18 financial year

The main appropriation of the department was R3.844 billion in 2017/18. During the year, the department received an additional allocation totalling R22.864 million, increasing the budget to R3.867 billion. The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

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

- *Roll-overs:* An amount of R1.372 million was rolled over from 2016/17 in respect of the Human Settlements Development Grant (HSDG). The HSDG was under-spent in 2016/17 as a result of funds returned to the department by FNB at the end of March due to non-registration of units to beneficiaries in respect of the Finance Linked Individual Subsidy Programme (FLISP) subsidy for the Ridgeview Gardens project because of delays in receiving rates clearance certificates from the eThekweni Metro. The department has subsequently appointed conveyancers to finalise the transfer. These funds were allocated under Programme 3: Housing Development, against *Transfers and subsidies to: Households*. Note that this is treated as a provincial roll-over as the funds were not surrendered to National Treasury.
- *Virement between programmes:* Savings of R8.556 million were identified in Programme 4: Housing Asset Management, which relates to the KZN Housing Fund under *Transfers and subsidies to: Departmental agencies and accounts*. These savings were as a result of an over-estimation that was made in respect of the payment of liabilities to the Government Employees Pension Fund (GEPF) for officials who took voluntary severance packages in anticipation of the dissolution of the KZN Housing Fund in 2016/17. These claims are not timeously received from the GEPF, which makes it difficult to budget for them accurately. These savings were moved to Programme 1: Administration, as follows:
 - R1.496 million was moved to *Compensation of employees* to cater for critical posts such as Executive Assistant: Office of the HOD, Senior Administrative Officer: Monitoring and Evaluation, Assistant Director: Banking and Taxation, etc.
 - R4.882 million was moved to *Goods and services* to cater for expenditure relating to property payments such as municipal services, security services, etc. which were under-budgeted for, as well as costs incurred as a result of the relocation of the department's head office from two premises (the Samora House Building and 320 Redefine Building) to a single office (Eagle Building), in Durban.
 - R752 000 was moved to *Transfers and subsidies to: Households* to cater for unanticipated staff exit costs.
 - R1.426 million was moved to *Machinery and equipment* to cater for the higher than anticipated cost of purchasing IT equipment cabinets, switches, etc. as a result of the above-mentioned relocation of the department's head office to Eagle Building in Durban. The department needed to procure new equipment, taking into account the layout and structure of the new premises, and the number of users.

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

These virements are permissible in terms of the PFMA and Treasury Regulations. Several virements within programmes require Legislature approval, and these are highlighted in grey under the relevant programmes.

Legislature approval is required for the decrease in <i>Transfers and subsidies to: Departmental agencies and accounts</i> in respect of the KZN Housing Fund.
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- *Shifts:* The department undertook the following shifts across programmes:
 - An amount of R2.438 million was shifted from Programmes 2, 3 and 4 from *Goods and services* and *Transfers and subsidies to: Departmental agencies and accounts* (in respect of the KZN Housing Fund under Programme 4) to Programme 1 against *Goods and services* in respect of the centralisation of mobile communication services under Programme 1. This was due to the service provider issuing one consolidated claim for voice and data bundles for the entire department. The purpose of the funds remains unchanged.

Further shifts were undertaken across economic categories and sub-programmes within programmes, and these are explained in Section 4.

- *Other adjustments:* The department received additional funding of R21.492 million, as follows:

- o R18.954 million was allocated to the department relating to funds returned by the National Urban Reconstruction and Housing Agency (NURCHA). The contract signed by the Vulindlela Development Agency (VDA) and the department stipulated that funds were to be paid in advance to the Financial Community Resource Organisation and that these funds were to be paid to VDA on completion of construction milestones. NURCHA was required to place the funds in an interest bearing account with a recognised financial institution. The interest accrued was to be used for the Vulindlela Housing Project on approval by the MEC in line with the National Housing Code. The department received these funds into the Provincial Revenue Fund and asked for them to be re-allocated back in the Adjustments Estimate to be utilised for community facilities such as a community hall, crèche, as well as social amenities, including a sports field that will be used by the families benefiting from this project. These funds were allocated under Programme 3, against *Transfers and subsidies to: Households*.
- o R2.538 million was allocated back to the department in respect of funds returned from the service provider, Stedone Development. During 2016/17, the department discovered that there was a problem with one of the claims submitted by Stedone Development in relation to Njomelwane Rural Housing Project. This resulted in a complete reconciliation of all 59 invoices and all milestones that had been paid for this project. This reconciliation indicated that payment duplication had occurred on this project and a refund of the duplicated payments amounting to R2.538 million was made by Stedone Development in 2016/17. The department will utilise these funds for renovations of office buildings in respect to district offices in the King Cetshwayo, uMkhanyakude and uMzinyathi Districts. These funds were allocated under Programme 1, against *Goods and services*.

Tables 8.1 and 8.2 reflect a summary of the 2017/18 adjusted appropriation of the department, summarised according to programme and economic classification. Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 8: Human Settlements*.

Table 8.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	201 248	-	-	8 556	2 438	2 538	13 532	214 780
2. Housing Needs, Research and Planning	16 903	-	-	-	(224)	-	(224)	16 679
3. Housing Development	3 419 351	1 372	-	-	(1 843)	18 954	18 483	3 437 834
4. Housing Asset Management, Property Management	206 368	-	-	(8 556)	(371)	-	(8 927)	197 441
Total	3 843 870	1 372	-	-	-	21 492	22 864	3 866 734
Amount to be voted								22 864

Table 8.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	428 794	-	-	4 089	34 371	2 538	40 998	469 792
Compensation of employees	309 634	-	-	(2 595)	-	-	(2 595)	307 039
Goods and services	119 160	-	-	6 684	34 371	2 538	43 593	162 753
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	3 389 097	1 372	-	(9 526)	(34 371)	18 954	(23 571)	3 365 526
Provinces and municipalities	124 460	-	-	-	-	-	-	124 460
Departmental agencies and accounts	220 368	-	-	(22 556)	(371)	-	(22 927)	197 441
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	3 044 269	1 372	-	13 030	(34 000)	18 954	(644)	3 043 625
Payments for capital assets	25 979	-	-	5 437	-	-	5 437	31 416
Buildings and other fixed structures	22 026	-	-	4 000	-	-	4 000	26 026
Machinery and equipment	3 953	-	-	1 437	-	-	1 437	5 390
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	3 843 870	1 372	-	-	-	21 492	22 864	3 866 734
Amount to be voted								22 864

4. Changes to programme purposes and service delivery measures

There are no changes to the programme purposes. It is noted, however, that there are a few minor changes to service delivery measures, as well as new indicators introduced to align the targets originally published in the 2017/18 EPRE with the APP, which was published after the 2017/18 EPRE.

4.1 Programme 1: Administration

The purpose of this programme is to identify and eliminate bottle-necks, as well as continuously improve the flow of financial, administrative and management information. The strategic objectives of this programme are to strengthen governance and service delivery. Tables 8.3 and 8.4 reflect a summary of the 2017/18 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R13.532 million, are provided in the paragraphs after the tables.

Table 8.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
1. Corporate Services	201 248			8 556	2 438	2 538	13 532	214 780
Total	201 248	-	-	8 556	2 438	2 538	13 532	214 780
Amount to be voted							13 532	

Table 8.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Current payments	197 223	-	-	6 378	2 438	2 538	11 354	208 577
Compensation of employees	125 871			1 496			1 496	127 367
Goods and services	71 352			4 882	2 438	2 538	9 858	81 210
Interest and rent on land							-	-
Transfers and subsidies to:	887	-	-	752	-	-	752	1 639
Provinces and municipalities	250						-	250
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	637			752			752	1 389
Payments for capital assets	3 138	-	-	1 426	-	-	1 426	4 564
Buildings and other fixed structures							-	-
Machinery and equipment	3 138			1 426			1 426	4 564
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	201 248	-	-	8 556	2 438	2 538	13 532	214 780
Amount to be voted							13 532	

Virement – Programme 1: Administration: R8.556 million

The department undertook virements from Programme 4 to Programme 1 which resulted in a net increase of R8.556 million in respect of the Corporate Services sub-programme as follows:

- Savings of R8.556 million were identified against *Transfers and subsidies to: Departmental agencies and accounts* in respect of the KZN Housing Fund under Programme 4 due to the over-estimation that was made in respect of the payment of liabilities to the GEPP for officials who took voluntary severance packages in 2016/17. These claims are not timeously received from the GEPP, which makes it difficult to budget for them accurately.
- These savings were moved to Programme 1, as follows:
 - R1.496 million was moved to *Compensation of employees* to cater for critical posts such as Executive Assistant: Office of the HOD, Senior Administrative Officer: Monitoring and Evaluation, Assistant Director: Banking and Taxation, etc., as mentioned.

- o R4.882 million was moved to *Goods and services* to cater for costs relating to property payments, such as municipal services, security services, etc. which were under-budgeted for, as well as costs incurred as a result of the relocation of the department's head office from two premises to a single office in Durban, as mentioned.
- o R752 000 was moved to *Transfers and subsidies to: Households* to cater for unanticipated staff exit costs, as mentioned.
- o R1.426 million was moved to *Machinery and equipment* to cater for the higher than anticipated purchase of IT equipment cabinets, switches, etc. as a result of the above-mentioned relocation of the department's head office to Eagle Building in Durban. The department needed to procure new equipment, taking into account the layout and structure of the new premises, and the number of users.

These virements are permissible in terms of PFMA and Treasury Regulations. Although Legislature approval is required for the decrease in *Transfers and subsidies to: Departmental agencies and accounts* in respect of the KZN Housing Fund, as highlighted under Programme 4.

Shifts – Programme 1: Administration: R2.438 million

An amount of R2.438 million was shifted within *Goods and services* and from *Transfers and subsidies to: Departmental agencies and accounts* (in respect of Programme 4) from Programmes 2, 3 and 4 to the sub-programme: Corporate Services in Programme 1, in respect of the centralisation of mobile communication services. This was due to the service provider issuing one consolidated claim for voice and data bundles for the entire department. The purpose of the funds remains unchanged.

Other adjustments – Programme 1: Administration: R2.538 million

An amount of R2.538 million was allocated back to the department in respect of funds returned from the service provider, Stedone Development, as mentioned. A reconciliation undertaken by the department indicated that payment duplication had occurred in respect of the Njomelwane Rural Housing Project and a refund of the duplicated payment amounting to R2.538 million was made by Stedone Development in 2016/17. The department will utilise these funds for renovations of district office buildings. These funds were allocated to the Corporate Services sub-programme under Programme 1, against *Goods and services*.

4.2 Programme 2: Housing Needs, Research and Planning

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

Tables 8.5 and 8.6 reflect a summary of the 2017/18 adjusted appropriation of Programme 2: Housing Needs, Research and Planning, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R224 000, are provided in the paragraphs following the tables.

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

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
1. Administration	361				(8)	(8)	353
2. Policy	5 112			(850)	(36)	(886)	4 226
3. Planning	3 780				(40)	(40)	3 740
4. Research	7 650			850	(140)	710	8 360
Total	16 903	-	-	-	(224)	(224)	16 679
Amount to be voted							(224)

Table 8.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Current payments	16 903	-	-	(11)	(224)	-	(235)	16 668
Compensation of employees	14 524			(850)			(850)	13 674
Goods and services	2 379			839	(224)		615	2 994
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	-	-	-	11	-	-	11	11
Buildings and other fixed structures							-	-
Machinery and equipment				11			11	11
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	16 903	-	-	-	(224)	-	(224)	16 679
Amount to be voted								(224)

Virement – Programme 2: Housing Needs, Research and Planning

After virements, the main appropriation of Programme 2 remained unchanged. However, the department moved funds between sub-programmes and economic classifications within the programme to offset spending pressures. These virements are discussed in more detail below:

- Savings of R850 000 were identified against *Compensation of employees* under the Policy sub-programme as a result of a budgeted post of Chief Architect that was vacated during 2016/17. These savings were moved to *Goods and services* under the Research sub-programme to cater for the implementation of a capacity building programme relating to housing consumer and councillor training which was under-budgeted for.

The following virement was undertaken across economic classifications within the sub-programmes:

- Savings of R11 000 were identified against *Goods and services* under the Policy sub-programme due to a provision that was made for venues and facilities for when the department is conducting information sessions on policies with external stakeholders. However, government venues were utilised instead, and the resultant savings were moved to *Machinery and equipment* within the same sub-programme to cater for expenditure incurred in respect of office furniture which was carried over from 2016/17.

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

Shifts – Programme 2: Housing Needs, Research and Planning: (R224 000)

An amount of R224 000 was shifted from all sub-programmes within this programme to Programme 1, within *Goods and services*. This shift relates to the centralisation of the mobile communication services under Programme 1 due to the service provider issuing one consolidated claim for voice and data bundles for the department. The purpose of the funds remains unchanged, as mentioned.

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

Table 8.7 shows the service delivery information for Programme 2 as per the *EPRE*, as well as the actual achievements in the first half of the year. One new measure was introduced in the APP after the *EPRE* was published, and this is indicated as “New” in the Original target column and targets are shown in the Revised target column.

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

Outputs	Performance indicators	Performance targets			
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target	
Planning					
1.1	Improved planning to achieve integrated settlement developments	<ul style="list-style-type: none"> A multi-year development plan developed by October each year No. of municipalities capacitated and supported with regard to human settlement development planning No. of research papers completed No. of catalytic projects No. of policies and/or guidelines approved No. of nationally approved catalytic projects in pre-planning/planning stage 	1 40 1 6 1 New	- 35 5 - 2 -	6

4.3 Programme 3: Housing Development

This programme is responsible for the implementation and monitoring of housing delivery within all districts including the eThekweni Metro, through various subsidy mechanisms in terms of national and provincial policies. The programme has a number of projects at various stages of implementation within each municipality. It is also expected to achieve certain key strategic objectives of the department through the implementation of projects using various subsidy instruments. The subsidy instruments implemented are: individual, project linked, institutional, consolidation, relocation, disaster management, social housing, rectification, social and economic facilities and rural housing stock.

Programme 3 consists of the bulk of the HSDG, the remainder of which falls under Programme 4. Tables 8.8 and 8.9 reflect a summary of the 2017/18 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R18.483 million, are given in the paragraphs after the tables.

Table 8.8 : Programme 3: Housing Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
1. Administration	92 788				(1 843)	(1 843)	90 945
2. Financial Interventions	478 407	1 372		(10 000)		(8 628)	469 779
3. Incremental Interventions	1 759 482			10 000		28 954	1 788 436
4. Social and Rental Interventions	108 150					-	108 150
5. Rural Interventions	980 524					-	980 524
Total	3 419 351	1 372	-	-	(1 843)	18 954	3 437 834
Amount to be voted							18 483

Table 8.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Current payments	214 668	-	-	(2 278)	32 157	-	29 879	244 547
Compensation of employees	169 239			(3 241)			(3 241)	165 998
Goods and services	45 429			963	32 157		33 120	78 549
Interest and rent on land							-	-
Transfers and subsidies to:	3 181 842	1 372	-	(1 722)	(34 000)	18 954	(15 396)	3 166 446
Provinces and municipalities	124 210						-	124 210
Departmental agencies and accounts	14 000			(14 000)			(14 000)	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	3 043 632	1 372		12 278	(34 000)	18 954	(1 396)	3 042 236
Payments for capital assets	22 841	-	-	4 000	-	-	4 000	26 841
Buildings and other fixed structures	22 026			4 000			4 000	26 026
Machinery and equipment	815						-	815
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	3 419 351	1 372	-	-	(1 843)	18 954	18 483	3 437 834
Amount to be voted							18 483	

Roll-over – Programme 3: Housing Development: R1.372 million

An amount of R1.372 million was rolled over from 2016/17 in respect of the HSDG, relating to funds returned to the department by FNB at the end of March due to non-registration of units to beneficiaries in respect of the FLISP subsidy for the Ridgeview Gardens project, as a result of delays in receiving rates clearance certificates from the eThekweni Metro. The department subsequently appointed conveyancers to finalise the transfer. These funds were allocated to *Transfers and subsidies to: Households* under the Financial Interventions sub-programme in Programme 3.

Virement – Programme 3: Housing Development

The department moved funds between sub-programmes and economic classifications within the programme to offset spending pressures. These virements are discussed in more detail below:

- Savings of R14 million were identified against the Financial Interventions sub-programme under *Transfers and subsidies to: Departmental agencies and accounts* as a result of the termination of the three-year agreement between the department and the Housing Development Agency (HDA) in August 2017, due to the agency now being an implementing agent for the management of catalytic projects within the province. This follows a decision from the National Department of Human Settlements for all provinces to allocate 1 per cent of the HSDG to HDA to manage catalytic projects as an implementing agent. These savings were moved as follows:
 - R10 million was moved to the Incremental Interventions sub-programme under *Transfers and subsidies to: Households* to cater for emergency housing assistance and disaster management for the supply of materials in respect of repairs to houses recently damaged by storms on 10 October 2017 in the eThekweni Metro.
 - R4 million was moved to *Buildings and other fixed structures* in the Financial Interventions sub-programme due to accelerated performance by the contractor appointed in March 2017 in respect of the Social and Economic Amenities programme. This programme was delayed in 2016/17 due to delays in the appointment of new implementing agents for the construction of social and economic amenities. The initial contract was terminated in 2015/16 as a result of poor performance by the contractors.

Further virements were undertaken within the programme and within sub-programmes, but affecting economic classifications as follows:

- Savings of R3.241 million were identified against *Compensation of employees* in the Administration and Financial Interventions sub-programmes due to various vacant posts, including posts such as Administrative Officer, three Project Monitors, two Building Inspectors, Project Facilitator and Senior Administration Officers which were vacated due to retirement, resignation and natural attrition during 2017/18. These savings were moved within these sub-programmes as follows:
 - R1.044 million was moved to *Goods and services* to cater for travel and subsistence costs which were increased due to the usage of private vehicles on official duty mainly by officials who are awaiting the purchase of subsidised vehicles. This was as a result of delays in the procurement processes such as vetting of suppliers, as well as Central Supplier Database registration of the service provider who supplies the department with subsidised vehicles. This process is being handled by the National Department of Transport. The savings were also used for deed search claims that were delayed in 2016/17, and therefore only paid in 2017/18. This movement was offset by R81 000 which was moved from this category, as a result of the provision that was made in respect of the payment of insurance on subsidised vehicles. These savings were moved to *Transfers and subsidies to: Households* to cater for donations of furniture to OSS beneficiaries during the handover of houses, this amount is included in the HSDG.
 - R2.197 million was moved to *Transfers and subsidies to: Households* to cater for staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase of R10 million in *Transfers and subsidies to: Households* relating to emergency housing assistance and disaster management was approved by Provincial Treasury.

Legislature approval is required for the decrease in *Transfers and subsidies to: Departmental agencies and accounts* in respect of the HDA.

Shifts – Programme 3: Housing Development: (R1.843 million)

The department undertook shifts between programmes, sub-programmes and economic classifications which resulted in an overall decrease of R1.843 million in respect of this programme. These shifts are discussed in more detail below:

- R1.843 million was shifted within *Goods and services* from this programme to Programme 1. This shift relates to the centralisation of the mobile communication services under Programme 1, due to the service provider issuing one consolidated claim for voice and data bundles for the department. The purpose of the funds remains unchanged, as mentioned.
- There was also a shift of R34 million from *Transfers and subsidies to: Households* to *Goods and services* within Programme 3. This follows a decision from the National Department of Human Settlements for all provinces to allocate 1 per cent of the HSDG to HDA to manage catalytic projects as an implementing agent. This allocation was initially against *Transfers and subsidies to: Households* but National Treasury's SCOA unit advised the department that this should be allocated under *Goods and services* as the agency will be providing technical expertise to the department. The purpose of the funds remains unchanged.

Other adjustments – Programme 3: Housing Development: R18.954 million

An amount of R18.954 million was allocated to the department relating to funds returned by NURCHA. The contract signed by VDA and the department stipulated that funds were to be paid in advance to the Financial Community Resource Organisation and that these funds were to be paid to VDA on completion of construction milestones. NURCHA was required to place the funds in an interest bearing account with a recognised financial institution. The interest accrued was to be used for the Vulindlela Housing Project on approval by the MEC in line with the National Housing Code. The department received these funds into the Provincial Revenue Fund, and they were re-allocated back to be utilised for community facilities, such as a community hall, crèche, as well as social amenities, including a sports field, that will be used by the families benefiting from this project. These funds were allocated to the Incremental Interventions sub-programme against *Transfers and subsidies to: Households*.

Service delivery measures – Programme 3: Housing Development

Table 8.10 shows the service delivery information for Programme 3. The table also shows the actual achievements in the first half of the year.

One new measure was introduced in the APP after the *EPRE* was published, and this is indicated as “New” in the Original target column and the target is shown in the Revised target column.

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

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
1.1 Finance linked individual subsidy programme	• No. of houses completed	2 480	164	
1.2 Informal settlements upgrade programme	• No. of households connected to basic services (incl. PLS)	2 239	1 383	
	• No. of houses completed	4 902	630	

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

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
1.3 Integrated Residential Development programme	• No. of new sites connected to basic water and sanitation services	1 106	1 288	
	• No. of houses completed	2 964	596	
1.4 Peoples' housing process	• No. of houses completed	3 293	1 073	
	Disaster management rehabilitation (incl. OSS)	1 894	127	
1.5 Rectification prog. (1994-2002)	• No. of units rectified	802	1 080	
1.6 Community Residential Units	• No. of units completed	200	71	
1.7 Rural housing	• No. of houses completed	7 764	5 819	
1.8 Military Veterans' Housing Programme	• No. of houses completed	68	-	
1.9 Job creation	• No. of work opportunities created through related programmes	5 000	7 029	
1.10 Access to land and densification	• No. of ha of well-located land procured	1 344	32	
1.11 All subsidy instruments	• No. of properties transferred	32 109	2 022	
	• No. of beneficiaries approved	15 112	1 540	
	• No. of serviced sites delivered per Human Settlements (housing) programme	3 345	1 853	
	• No. of new housing units completed (excluding rectification)	23 790	4 639	
	• No. of new housing units completed (D3 certificate or happy letter) in the province across all housing programmes being utilised by the province	New	8 535	20 222

4.4 Programme 4: Housing Asset Management

This programme is responsible for the management of Ex-Natal Provincial Administration and Own Affairs stock. This stock includes residential properties, vacant land and a variety of other non-residential properties, all of which belong to the KZN Housing Fund.

In terms of its mandate, all properties will, on a progressive basis, either be transferred to individual occupants in terms of the EEDBS, or be disposed of in the open market. Some of these properties will also be devolved to municipalities. In cases where a transfer is not possible, such stock will remain rental stock. The KZN Housing Fund is in the process of being dis-established and, once this process is finalised, all assets and liabilities will be transferred to the Vote.

Tables 8.11 and 8.12 reflect a summary of the 2017/18 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R8.927 million, are provided in the paragraphs following the tables.

Table 8.11 : Programme 4: Housing Asset Management

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Administration	49 739			(8 556)	(371)	(8 927)	40 812
2. Sale and Transfer of Housing Properties	57 996					-	57 996
3. Housing Properties Maintenance	98 633					-	98 633
Total	206 368	-	-	(8 556)	(371)	(8 927)	197 441
Amount to be voted							(8 927)

Table 8.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	-	-	-	-	-	-	-	-
Compensation of employees								
Goods and services								
Interest and rent on land								
Transfers and subsidies to:	206 368	-	-	(8 556)	(371)	-	(8 927)	197 441
Provinces and municipalities								
Departmental agencies and accounts	206 368			(8 556)	(371)		(8 927)	197 441
Higher education institutions								
Foreign governments and international organisations								
Public corporations and private enterprises								
Non-profit institutions								
Households								
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures								
Machinery and equipment								
Heritage assets								
Specialised military assets								
Biological assets								
Land and subsoil assets								
Software and other intangible assets								
Payments for financial assets	-	-	-	-	-	-	-	-
Total	206 368	-	-	(8 556)	(371)	-	(8 927)	197 441
Amount to be voted								(8 927)

Virement – Programme 4: Housing Asset Management: (R8.556 million)

The department moved funds between programmes and economic classifications to offset spending pressures, resulting in a decrease of R8.556 million against the main appropriation of Programme 4 which comprises the KZN Housing Fund, as detailed below:

- Savings of R8.556 million were identified under the Administration sub-programme against *Transfers and subsidies to: Departmental agencies and accounts* due to an over-estimation that was made in respect of the payment of liabilities to the GEFP for officials who took voluntary severance packages in 2016/17, as mentioned. These savings were moved to Programme 1, as follows:
 - R1.496 million to *Compensation of employees* to cater for critical posts, as mentioned.
 - R4.882 million to *Goods and services* to cater for expenditure relating to property payments, such as municipal services, security services, etc., as well as costs incurred as a result of the relocation to new offices in Durban, as mentioned.
 - R752 000 to *Transfers and subsidies to: Households* to cater for unanticipated staff exit costs, as mentioned.
 - R1.426 million to *Machinery and equipment* to cater for the higher than anticipated purchase of IT equipment cabinets, switches, etc. as a result of the relocation of the department's head office to new offices in Durban. The department needed to procure new equipment, taking into account the layout and structure of the new premises and the number of users.

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

Legislature approval is required for the decrease in *Transfers and subsidies to: Departmental agencies and accounts* in respect of the KZN Housing Fund.

Shifts – Programme 4: Housing Asset Management: (R371 000)

An amount of R371 000 was shifted from *Transfers and subsidies to: Departmental agencies and accounts* under this programme to *Goods and services* in Programme 1. This shift relates to the centralisation of the mobile communication services under Programme 1. This is due to the service provider issuing one consolidated claim for voice and data bundles for the department. The purpose of the funds remains unchanged, as mentioned.

Service delivery measures – Programme 4: Housing Asset Management

Table 8.13 shows the service delivery information for Programme 4 as per APP. The table also shows the actual achievements in the first half of the year. Two new measures were introduced in the APP after the EPRE was published, and these are indicated as “New” in the Original target column and the targets are shown in the Revised target column. One measure has been corrected to ensure alignment with the APP, and this is also shown in the Revised target column.

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

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
1. To provide secure tenure to communities	• No. of units maintained	1 500	458	
	• No. rectified and or upgraded for pre-1994 units	1 253	-	
	• No. of rental units transferred	553	3 089	
	• No. of rental units sold to beneficiaries	New	396	553
	• No. of debtors reduced per financial year	New	131	200
	• No. of land parcels devolved to municipalities in terms of section 15 of the Housing Act, 1997	10	-	20

5. Specifically and exclusively appropriated allocations

The department did not receive any specifically and exclusively appropriated allocations in 2017/18, apart from conditional grant funding and transfers to local government, which are mentioned in Sections 8 and 10 below.

6. Gifts, donations and sponsorships

The department is not envisaging granting any gifts, donation or sponsorships exceeding R100 000 during 2017/18.

7. Infrastructure

Table 8.14 shows the summary of infrastructure payments per main category.

Details of the main adjustments, which resulted in an overall net increase of R1.241 million, are provided in the paragraphs following the tables.

Table 8.14 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	-	-	-	-	-	-	-	-
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital							-	-
New infrastructure assets: Capital	22 026	-	-	4 000	-	-	4 000	26 026
Infrastructure transfers	124 210	-	-	-	-	-	-	124 210
Infrastructure transfers: Capital	124 210						-	124 210
Infrastructure transfers: Current							-	-
Infrastructure: Payments for financial assets							-	-
Infrastructure: Leases	21 462			(2 759)			(2 759)	18 703
Non infrastructure							-	-
Capital infrastructure	146 236	-	-	4 000	-	-	4 000	150 236
Current infrastructure	21 462	-	-	(2 759)	-	-	(2 759)	18 703
Total	167 698	-	-	1 241	-	-	1 241	168 939
Amount to be voted								1 241

- **Virement:** The department undertook the following virements affecting the infrastructure allocation:
 - An amount of R4 million was moved to *New infrastructure assets: Capital* due to the accelerated performance by the contractor appointed in March 2017 in respect of the Social and Economic Amenities programme. This programme was delayed in 2016/17 due to delays in the appointment of new implementing agents for the construction of social and economic amenities. The initial contract was terminated in 2015/16 as a result of poor performance by the contractors. These savings were identified against *Transfers and subsidies to: Departmental agencies and accounts* in Programme 3 due to the termination of the three-year agreement between the department and HDA in August 2017, as mentioned previously.
 - Savings of R2.759 million were identified against *Infrastructure: Leases* due to the relocation of the department's head office from two offices to a new single office in Durban. These savings were moved to property payments which were under-budgeted for. It is noted that this virement is only evident in this table because it is within *Goods and services*.

8. Conditional grants

Tables 8.15 and 8.16 provide a summary of changes to conditional grants. Details of the main adjustments, which resulted in an overall increase of R1.372 million in the conditional grant allocation, are given in the paragraphs following the tables.

Table 8.15 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
3. Housing Development	3 326 563	1 372	-	-	-	1 372	3 327 935
Human Settlements Development grant	3 320 938	1 372				1 372	3 322 310
EPWP Integrated Grant for Provinces	5 625					-	5 625
4. Housing Asset Management	156 629	-	-	-	-	-	156 629
Human Settlements Development grant	156 629					-	156 629
Total	3 483 192	1 372	-	-	-	1 372	3 484 564
Amount to be voted							1 372

Table 8.16 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Current payments	122 005	-	-	(231)	34 000	-	155 774
Compensation of employees	82 564			(150)		(150)	82 414
Goods and services	39 441			(81)	34 000	33 919	73 360
Interest and rent on land						-	-
Transfers and subsidies to:	3 338 471	1 372	-	(3 769)	(34 000)	-	3 302 074
Provinces and municipalities	124 210					-	124 210
Departmental agencies and accounts	170 629			(14 000)		(14 000)	156 629
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	3 043 632	1 372		10 231	(34 000)	(22 397)	3 021 235
Payments for capital assets	22 716	-	-	4 000	-	-	26 716
Buildings and other fixed structures	22 026			4 000		4 000	26 026
Machinery and equipment	690					-	690
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets							
Total	3 483 192	1 372	-	-	-	1 372	3 484 564
Amount to be voted							1 372

- **Roll-overs:** An amount of R1.372 million was rolled over from 2016/17 in respect of the HSDG, relating to funds returned to the department by FNB at the end of March due to non-registration of units to beneficiaries in respect of the FLISP subsidy for the Ridgeview Gardens project as a result

of delays in receiving rates clearance certificates from the eThekweni Metro. The department subsequently appointed conveyancers to finalise the transfer. These funds were allocated under Programme 3, against *Transfers and subsidies to: Households*.

- *Virement*: The department undertook the following virements in Programme 3, within the HSDG between economic classifications:
 - Savings of R150 000 were identified against *Compensation of employees* due to a vacant post of Project Monitor which is budgeted for under the operational capital (OPSCAP) allocation within the HSDG. This post was vacated due to natural attrition during 2017/18. These savings were moved to *Transfers and subsidies to: Households* to fund unanticipated staff exit costs.
 - Savings of R81 000 were identified against *Goods and services* from the provision that was made relating to the payment of insurance on subsidised vehicles. This was as a result of delays in procurement processes such as vetting of suppliers, as well as Central Supplier Database registration of the service provider who supplies the department with subsidised vehicles. This process is being handled by the National Department of Transport. These savings were moved to *Transfers and subsidies to: Households* to cater for donations of furniture to OSS beneficiaries during the handover of houses.
 - Savings of R14 million were identified against *Transfers and subsidies to: Departmental agencies and accounts* due to the termination of the three-year agreement between the department and HDA in August 2017 as the agency is now an implementing agent for the management of catalytic projects within the province, as mentioned. These savings were moved as follows:
 - R10 million was moved to *Transfers and subsidies to: Households* to cater for emergency housing assistance and disaster management for the supply of material in respect of repairs to houses recently damaged by storms.
 - The balance of R4 million was moved to *Buildings and other fixed structures* due to accelerated performance by the contractor appointed in March 2017 in respect of the Social and Economic Amenities programme. This programme was delayed in 2016/17 due to delays in the appointment of new implementing agents for the construction of social and economic amenities. The initial contract was terminated in 2015/16 as a result of poor performance by the contractor.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Transfers and subsidies: Households* relating to the emergency housing assistance and disaster management was approved by Provincial Treasury.

Legislature approval is required for the decrease in *Transfers and subsidies to: Departmental agencies and accounts* in respect of the KZN Housing Fund.

- *Shifts*: An amount of R34 million was shifted from *Transfers and subsidies to: Households* to *Goods and services* within the conditional grant. This relates to funding allocated to HDA, as an implementing agent for the management of catalytic projects. This allocation was initially against *Transfers and subsidies to: Households*, but National Treasury's SCOA unit advised the department that this should be allocated under *Goods and services* as the agency will be providing technical expertise to the department. The purpose of the funds remains unchanged.

9. Transfers and subsidies

Table 8.17 shows the summary of transfers and subsidies by programme and main category. This table also includes transfers to public entities.

Details of the main adjustments, which resulted in an overall decrease of R23.571 million in the transfers and subsidies allocation, are provided in the paragraphs following the tables.

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

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Administration	887	-	-	752	-	-	752	1 639
Provinces and municipalities	250	-	-	-	-	-	-	250
Motor vehicle licences	250	-	-	-	-	-	-	250
Households	637	-	-	752	-	-	752	1 389
Staff exit costs and bursaries	637	-	-	752	-	-	752	1 389
2. Housing Needs, Research and Planning	-	-	-	-	-	-	-	-
3. Housing Development	3 181 842	1 372	-	(1 722)	(34 000)	18 954	(15 396)	3 166 446
Provinces and municipalities	124 210	-	-	-	-	-	-	124 210
Operational costs for accredited municipalities	55 210	-	-	-	-	-	-	55 210
CRU programme	69 000	-	-	-	-	-	-	69 000
Departmental agencies and accounts	14 000	-	-	(14 000)	-	-	(14 000)	-
Housing Development Agency	14 000	-	-	(14 000)	-	-	(14 000)	-
Households	3 043 632	1 372	-	12 278	(34 000)	18 954	(1 396)	3 042 236
Staff exit costs	-	-	-	2 047	-	-	2 047	2 047
Human Settlements Development grant	3 043 632	1 372	-	10 231	(34 000)	-	(22 397)	3 021 235
Other: Social amenities	-	-	-	-	-	18 954	18 954	18 954
4. Housing Asset Management, Property Management	206 368	-	-	(8 556)	(371)	-	(8 927)	197 441
Departmental agencies and accounts	206 368	-	-	(8 556)	(371)	-	(8 927)	197 441
KZN Housing Fund	206 368	-	-	(8 556)	(371)	-	(8 927)	197 441
Total	3 389 097	1 372	-	(9 526)	(34 371)	18 954	(23 571)	3 365 526
Amount to be voted								(23 571)

- *Roll-overs*: An amount of R1.372 million was rolled over from 2016/17 in respect of the HSDG, relating to funds returned to the department by FNB at the end of March due to non-registration of units to beneficiaries in respect of the FLISP subsidy for the Ridgeview Gardens project as a result of delays in receiving rates clearance certificates from the eThekweni Metro. These funds were allocated under Programme 3, against *Households*.
- *Virement*: The department undertook the following virements affecting *Transfers and subsidies*:
 - Programme 1 was increased by R752 000 against *Households* to cater for staff exit costs.
 - Under Programme 3, the following virements were undertaken:
 - *Departmental agencies and accounts* decreased by R14 million due to the termination of the three-year agreement between the department and HDA in August 2017 due to the agency now being an implementing agent for the management of catalytic projects within the province, as mentioned previously.
 - *Households* was increased by R12.278 million to fund unanticipated staff exit costs (R2.047 million), a further R150 000 to fund staff exit costs under the HSDG and to cater for donations of furniture to OSS beneficiaries during the handover of houses (R81 000), also under the HSDG. The increase also provides for emergency housing assistance and disaster management for material supply in respect of repairs to houses recently damaged by storms on 10 October 2017 in the eThekweni Metro (R10 million).
 - Programme 4, which relates to the KZN Housing Fund, was decreased by R8.556 million against *Departmental agencies and accounts* due to the over-estimation made in respect of the payment of liabilities to the GEFP for officials who took voluntary severance packages in 2016/17.

Legislature approval is required for the decreases in *Transfers and subsidies to: Departmental agencies and accounts* in respect of the HDA and the KZN Housing Fund.

- *Shifts*: The department undertook the following shifts affecting *Transfers and subsidies*:
 - An amount of R34 million was shifted from *Households* to *Goods and services* in respect of funding allocated to HDA for the management of catalytic projects. This allocation was initially against *Households*, but National Treasury's SCOA unit advised the department that this should be allocated under *Goods and services* as the agency will be providing technical expertise to the department. The purpose of the funds remains unchanged.
 - An amount of R371 000 was shifted from *Departmental agencies and accounts* in Programme 4 (relating to the KZN Housing Fund) to *Goods and services* in Programme 1. This shift relates to

the centralisation of the mobile communication services under Programme 1. This is due to the service provider issuing one consolidated claim for voice and data bundles for the department. The purpose of the funds remains unchanged.

- *Other adjustments:* An amount of R18.954 million was allocated to the department relating to funds returned by NURCHA. NURCHA was required to place the funds in an interest bearing account with a recognised financial institution. The interest accrued was to be used for the Vulindlela Housing Project. The department received these funds into the Provincial Revenue Fund and asked for them to re-allocated back for community facilities such as a community hall, crèche, as well as social amenities including a sports field that will be used by the families benefiting from this project. These funds were allocated against *Households*.

10. Transfers to local government

Tables 8.18 to 8.20 show the details of transfers to local government, which are specifically and exclusively appropriated in terms of the KZN Adjustments Appropriation Act, 2017. It is noted that the amount against *Transfers and subsidies to: Provinces and municipalities* in Table 8.2 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. The adjusted appropriation remains unchanged from the main appropriation.

Table 8.18 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	86 966	-	-	-	-	-	-	86 966
Total: Ugu Municipalities	5 082	-	-	-	-	-	-	5 082
B KZN216 Ray Nkonyeni	5 082	-	-	-	-	-	-	5 082
Total: uMgungundlovu Municipalities	9 688	-	-	-	-	-	-	9 688
B KZN225 Msunduzi	9 688	-	-	-	-	-	-	9 688
Total: uThukela Municipalities	3 959	-	-	-	-	-	-	3 959
B KZN238 Alfred Duma	3 959	-	-	-	-	-	-	3 959
Total: Amajuba Municipalities	8 761	-	-	-	-	-	-	8 761
B KZN252 Newcastle	8 761	-	-	-	-	-	-	8 761
Total: King Cetshwayo Municipalities	2 628	-	-	-	-	-	-	2 628
B KZN282 uMhlatuze	2 628	-	-	-	-	-	-	2 628
Total: iLembe Municipalities	7 126	-	-	-	-	-	-	7 126
B KZN292 KwaDukuza	7 126	-	-	-	-	-	-	7 126
Total	124 210	-	-	-	-	-	-	124 210
Amount to be voted								-

Table 8.19 : Transfers to local government - Operational costs for accredited municipalities

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	17 966	-	-	-	-	-	-	17 966
Total: Ugu Municipalities	5 082	-	-	-	-	-	-	5 082
B KZN216 Ray Nkonyeni	5 082	-	-	-	-	-	-	5 082
Total: uMgungundlovu Municipalities	9 688	-	-	-	-	-	-	9 688
B KZN225 Msunduzi	9 688	-	-	-	-	-	-	9 688
Total: uThukela Municipalities	3 959	-	-	-	-	-	-	3 959
B KZN238 Alfred Duma	3 959	-	-	-	-	-	-	3 959
Total: Amajuba Municipalities	8 761	-	-	-	-	-	-	8 761
B KZN252 Newcastle	8 761	-	-	-	-	-	-	8 761
Total: King Cetshwayo Municipalities	2 628	-	-	-	-	-	-	2 628
B KZN282 uMhlatuze	2 628	-	-	-	-	-	-	2 628
Total: iLembe Municipalities	7 126	-	-	-	-	-	-	7 126
B KZN292 KwaDukuza	7 126	-	-	-	-	-	-	7 126
Total	55 210	-	-	-	-	-	-	55 210
Amount to be voted								-

Table 8.20 : Transfers to local government - CRU

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	69 000	-	-	-	-	-	-	69 000
Total	69 000	-	-	-	-	-	-	69 000
Amount to be voted								-

11. Actual payments and revised spending projections for the rest of 2017/18

Tables 8.21 and 8.22 reflect actual payments as at the end of September 2017, projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2016/17 Audited outcome.

Table 8.21 : Actual payments and revised spending projections by programme

R thousand	2016/17 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2017 - September 2017	% of budget	October 2017 - March 2018	% of budget	
1. Administration	205 279	214 780	100 737	46.9	114 043	53.1	214 780
2. Housing Needs, Research and Planning	15 928	16 679	7 913	47.4	8 766	52.6	16 679
3. Housing Development	3 113 612	3 437 834	1 638 239	47.7	1 799 595	52.3	3 437 834
4. Housing Asset Management	194 184	197 441	91 667	46.4	105 774	53.6	197 441
Total	3 529 003	3 866 734	1 838 556	47.5	2 028 178	52.5	3 866 734

Table 8.22 : Actual payments and revised spending projections by economic classification

R thousand	2016/17 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2017 - September 2017	% of budget	October 2017 - March 2018	% of budget	
Current payments	457 004	469 792	215 605	45.9	254 187	54.1	469 792
Compensation of employees	280 036	307 039	148 921	48.5	158 118	51.5	307 039
Goods and services	176 569	162 753	66 684	41.0	96 069	59.0	162 753
Interest and rent on land	399	-	-	-	-	-	-
Transfers and subsidies to:	3 065 932	3 365 526	1 605 622	47.7	1 759 904	52.3	3 365 526
Provinces and municipalities	124 345	124 460	22 040	17.7	102 420	82.3	124 460
Departmental agencies and accounts	194 114	197 441	91 667	46.4	105 774	53.6	197 441
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	100 000	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	2 647 473	3 043 625	1 491 915	49.0	1 551 710	51.0	3 043 625
Payments for capital assets	5 596	31 416	17 329	55.2	14 087	44.8	31 416
Buildings and other fixed structures	1 712	26 026	16 155	62.1	9 871	37.9	26 026
Machinery and equipment	3 884	5 390	1 174	21.8	4 216	78.2	5 390
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	471	-	-	-	-	-	-
Total	3 529 003	3 866 734	1 838 556	47.5	2 028 178	52.5	3 866 734

Mid-year spending for the Vote was fairly low, with 47.5 per cent spent compared to the 50 per cent straight-line benchmark. Programme 1 was at 46.9 per cent, mainly due to funds moved to this programme from Programme 4 which will be spent in the second half of the year. In respect of Programme 2, 47.4 per cent was spent, with a projection to fully spend at year-end. There was spending of 47.7 per cent in Programme 3 and 46.4 per cent in Programme 4. This was mainly attributed to the following:

- *Compensation of employees* was low, at 48.5 per cent of the annual budget spent, due to various vacant posts, including posts of an Investigations Officer, Senior State Accountant, Administrative Officer, three Project Monitors, and two Building Inspectors, which are in the process of being filled, as well as five employees who took retirement during the period.
- *Goods and services* was low, at 41 per cent of the annual budget spent. This low level of spending was due to a shift undertaken from *Transfers and subsidies to: Households* to *Goods and services* of R34 million relating to HDA for the management of catalytic projects which will be spent in the second half of the year.
- *Transfers and subsidies to: Provinces and municipalities* was low, at 17.7 per cent spent compared to the 50 per cent straight-line benchmark, due to delays in receiving claims for operational costs of accredited municipalities for the second quarter. These will be processed in the third quarter.

Vote 8: Human Settlements

- *Transfers and subsidies to: Departmental agencies and accounts* was fairly low, at 46.4 per cent of the annual budget, in respect of the KZN Housing Fund due to the Rectification of pre-1994 housing stock programme, specifically the Colita and Fodderville projects which are new projects that did not commence as anticipated due to SCM non-compliance by the Inkosi Langalibalele Municipality. The category is projected to be fully spent at year-end.
- *Transfers and subsidies to: Households* was almost on track, at 49 per cent. The slight under-spending was in respect of the Umlazi Infill housing project as a result of under-spending experienced at mid-year due to outstanding National Home Builders Registration Council (NHBRC) verifications resulting from the disruptions on site by communities in respect of social issues, beneficiary approvals not done timeously by the municipality and houses not being fully completed.
- *Buildings and other fixed structures* was high, at 62.1 per cent of the annual budget spent, due to the accelerated performance by the contractor appointed in March 2017 in respect of the Social and Economic Amenities programme. This programme was delayed in 2016/17 due to delays in the appointment of new implementing agents for the construction of social and economic amenities. The initial contract was terminated in 2015/16 as a result of poor performance of the contractors. The category is projected to be fully spent at year-end.
- *Machinery and equipment* was low, at 21.8 per cent of the annual budget, due to provision made for the purchase of office furniture, as well as departmental motor vehicles in the second half of the year. The category is projected to be fully spent at year-end.

Table 8.A : Summary by economic classification : Human Settlements

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	428 794	-	-	4 089	34 371	2 538	40 998	469 792
Compensation of employees	309 634	-	-	(2 595)	-	-	(2 595)	307 039
Salaries and wages	276 230	-	-	(3 125)	-	-	(3 125)	273 105
Social contributions	33 404	-	-	530	-	-	530	33 934
Goods and services	119 160	-	-	6 684	34 371	2 538	43 593	162 753
Administrative fees	645	-	-	54	-	-	54	699
Advertising	1 554	-	-	(1 116)	-	-	(1 116)	438
Minor assets	426	-	-	1 105	-	-	1 105	1 531
Audit cost: External	5 746	-	-	2 358	-	-	2 358	8 104
Bursaries: Employees	150	-	-	-	-	-	-	150
Catering: Departmental activities	1 182	-	-	3 798	-	-	3 798	4 980
Communication (G&S)	8 796	-	-	(1 248)	371	-	(877)	7 919
Computer services	12 023	-	-	(1 619)	-	-	(1 619)	10 404
Cons & prof serv: Business and advisory services	9 924	-	-	(7 096)	-	-	(7 096)	2 828
Infrastructure and planning	1 952	-	-	1 772	34 000	-	35 772	37 724
Laboratory services	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-
Legal services	3 130	-	-	-	-	-	-	3 130
Contractors	5 745	-	-	4 685	-	-	4 685	10 430
Agency and support / outsourced services	86	-	-	(86)	-	-	(86)	-
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	4 735	-	-	81	-	-	81	4 816
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	18	-	-	23	-	-	23	41
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	93	-	-	(86)	-	-	(86)	7
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	256	-	-	(226)	-	-	(226)	30
Inventory: Materials and supplies	61	-	-	(61)	-	-	(61)	-
Inventory: Medical supplies	7	-	-	(6)	-	-	(6)	1
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	104	-	-	1 164	-	-	1 164	1 268
Consumable: Stationery, printing and office supplies	1 349	-	-	74	-	-	74	1 423
Operating leases	22 551	-	-	(1 373)	-	-	(1 373)	21 178
Property payments	19 389	-	-	3 855	-	2 538	6 393	25 782
Transport provided: Departmental activity	133	-	-	841	-	-	841	974
Travel and subsistence	12 852	-	-	599	-	-	599	13 451
Training and development	2 117	-	-	(585)	-	-	(585)	1 532
Operating payments	1 818	-	-	(308)	-	-	(308)	1 510
Venues and facilities	2 201	-	-	(1 560)	-	-	(1 560)	641
Rental and hiring	117	-	-	1 645	-	-	1 645	1 762
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	3 389 097	1 372	-	(9 526)	(34 371)	18 954	(23 571)	3 365 526
Provinces and municipalities	124 460	-	-	-	-	-	-	124 460
Provinces	250	-	-	-	-	-	-	250
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	250	-	-	-	-	-	-	250
Municipalities	124 210	-	-	-	-	-	-	124 210
Municipalities	124 210	-	-	-	-	-	-	124 210
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	220 368	-	-	(22 556)	(371)	-	(22 927)	197 441
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	220 368	-	-	(22 556)	(371)	-	(22 927)	197 441
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	3 044 269	1 372	-	13 030	(34 000)	18 954	(644)	3 043 625
Social benefits	50	-	-	2 799	-	-	2 799	2 849
Other transfers to households	3 044 219	1 372	-	10 231	(34 000)	18 954	(3 443)	3 040 776
Payments for capital assets	25 979	-	-	5 437	-	-	5 437	31 416
Buildings and other fixed structures	22 026	-	-	4 000	-	-	4 000	26 026
Buildings	22 026	-	-	4 000	-	-	4 000	26 026
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	3 953	-	-	1 437	-	-	1 437	5 390
Transport equipment	1 050	-	-	-	-	-	-	1 050
Other machinery and equipment	2 903	-	-	1 437	-	-	1 437	4 340
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	3 843 870	1 372	-	-	-	21 492	22 864	3 866 734
Amount to be voted								22 864