

# Vote 8

## Human Settlements

R thousand	2018/19			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	3 647 237	3 785 079		137 842
MEC remuneration <sup>1</sup>				
<b>Total amount to be appropriated</b>	<b>3 647 237</b>	<b>3 785 079</b>		<b>137 842</b>
<i>of which:</i>				
Current payments	495 268	519 752		24 484
Transfers and subsidies	3 147 010	3 251 179		104 169
Payments for capital assets	4 959	14 148		9 189
Payments for financial assets	-	-		
Responsible MEC	MEC for Public Works and Human Settlements			
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 2018/19 financial year

The main appropriation of the department was R3.647 billion in 2018/19. During the year, the department received an additional allocation totalling R137.842 million, increasing the budget to R3.785 billion. The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

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

- *Virement between programmes:* The following virements were undertaken between programmes:
  - Savings of R5.939 million were identified under Programme 4: Housing Asset Management, which relates to the KZN Housing Fund against *Transfers and subsidies to: Departmental agencies and accounts*. These savings were as a result of an over-estimation made relating to municipal services in respect of bulk water supply for Oribi village which is one of the housing properties owned by the department in the Msunduzi Municipality under the Human Settlements Development grant (HSDG). The cost of the services was estimated based on previous years' trends, and the amount claimed by the municipality was lower than anticipated. These savings were moved to Programme 3: Housing Development against *Transfers and subsidies to: Households* due to the acceleration of service delivery in respect of the rural housing subsidy instrument, where projects such as KwaNzimakhwe rural housing and KwaXolo Phase 2 rural housing (Ugu District), Mkhonto rural housing and Macambini rural housing (iLembe District), as well as Ufafa rural housing (Harry Gwala District), progressed faster than anticipated and were ahead of the development programme.
  - Savings of R431 000 were identified under Programme 2: Housing Needs, Research and Planning against *Compensation of employees* as a result of two Assistant Director: Policy posts that were vacated in-year due to resignation. In addition, savings of R1.480 million were identified against *Compensation of employees* in Programme 3 due to vacancies as a result of two resignations and seven retirements including the posts of Building Inspector, Works Inspector, one Assistant Director, etc. These savings totalling R1.911 million were moved to Programme 1: Administration against *Goods and services* to cater for the following:
    - Expenditure relating to property payments including municipal services such as water, electricity, etc., security services, cleaning services and building maintenance at district offices, etc., which were under-budgeted for.
    - Audit costs that were higher than budgeted due to an audit team with new appointees being utilised by the Auditor-General (A-G), in respect of the audit on fixed properties.
    - Operating leases for departmental offices which were inadequately budgeted for.

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. The increase of R20 million in *Transfers and subsidies to: Provinces and municipalities* relating to the eThekweni Hostel Upgrade programme was approved by Provincial Treasury.

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 and summarised below:

Legislature approval is required for the decrease in *Transfers and subsidies to: Departmental agencies and accounts* in respect of the KZN Housing Fund, the decrease in *Transfers and subsidies to: Households* in respect of the HSDG and the decrease in *Payments for capital assets* in respect of *Machinery and equipment*.

- *Shifts:* The department did not undertake any shifts across programmes but shifts were undertaken across economic categories and sub-programmes within programmes, as explained in Section 4.
- *Other adjustments:* The department received additional funding of R137.842 million, as follows:
  - R37.842 million was allocated to the department relating to funds collected from the sale of units in Ridgeview Gardens. The department requested approval from Provincial Treasury to retain profits from the sale of 330 units at Ridgeview Gardens for Finance Linked Individual Subsidy Programme (FLISP) development. The development was to be repaired, upgraded and made available for application of the FLISP subsidy instrument. The department appointed three conveyancing attorneys to fast track the process of transferring the units to the beneficiaries. A total amount of R37.842 million was received from the sale of 144 of the 330 units and was paid over to the Provincial Revenue Fund in 2017/18, and approval for the funds to be allocated back to the department was granted. The department is experiencing budget

constraints as a result of budget cuts of R578.274 million against the HSDG in 2018/19, as well as the fact that most of the housing projects were far ahead of the planned development programme. These funds were allocated against *Goods and services, Transfers and subsidies to: Households*, as well as *Buildings and other fixed structures*, with R7 million allocated to Programme 1 and R30.842 million allocated to Programme 3.

- o R100 million was allocated to the department relating to the flood disaster that occurred in the province on 10 October 2017. These disaster relief funds were allocated by National Treasury and were added to the HSDG allocation. These funds were allocated against *Transfers and subsidies to: Households* under Programme 3 for reconstruction and repair of damaged houses, repair of damaged flats and repair of damaged hostels in areas such as eThekweni Metro, Mdoni Local Municipality, uMuziwabantu Local Municipality, Mzumbe Local Municipality, as well as Ray Nkonyeni Local Municipality. In total, over 3 280 subsidised houses were damaged and need to be repaired.

Tables 8.1 and 8.2 reflect a summary of the 2018/19 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	225 774	-	-	1 911	-	7 000	8 911	234 685
2. Housing Needs, Research and Planning	17 968	-	-	(431)	-	-	(431)	17 537
3. Housing Development	3 210 917	-	-	4 459	-	130 842	135 301	3 346 218
4. Housing Asset Management	192 578	-	-	(5 939)	-	-	(5 939)	186 639
<b>Total</b>	<b>3 647 237</b>	-	-	-	-	<b>137 842</b>	<b>137 842</b>	<b>3 785 079</b>
<b>Amount to be voted</b>							<b>137 842</b>	

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		
<b>Current payments</b>	<b>495 268</b>	-	-	<b>(2 206)</b>	<b>19 690</b>	<b>7 000</b>	<b>24 484</b>	<b>519 752</b>
Compensation of employees	340 345	-	-	(12 537)	6 409	-	(6 128)	334 217
Goods and services	154 923	-	-	10 048	13 281	7 000	30 329	185 252
Interest and rent on land	-	-	-	283	-	-	283	283
<b>Transfers and subsidies to:</b>	<b>3 147 010</b>	-	-	<b>3 017</b>	<b>(19 690)</b>	<b>120 842</b>	<b>104 169</b>	<b>3 251 179</b>
Provinces and municipalities	107 179	-	-	19 900	1 440	-	21 340	128 519
Departmental agencies and accounts	192 578	-	-	(5 939)	-	-	(5 939)	186 639
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	2 847 253	-	-	(10 944)	(21 130)	120 842	88 768	2 936 021
<b>Payments for capital assets</b>	<b>4 959</b>	-	-	<b>(811)</b>	-	<b>10 000</b>	<b>9 189</b>	<b>14 148</b>
Buildings and other fixed structures	-	-	-	-	-	10 000	10 000	10 000
Machinery and equipment	4 959	-	-	(811)	-	-	(811)	4 148
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3 647 237</b>	-	-	-	-	<b>137 842</b>	<b>137 842</b>	<b>3 785 079</b>
<b>Amount to be voted</b>							<b>137 842</b>	

#### 4. Changes to programme purposes and service delivery measures

There are no changes to the programme purposes. The department made no changes to indicator descriptions or service delivery measures and therefore these remain unchanged from the 2018/19 EPRE as they are aligned fully to the 2018/19 APP.

##### 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 2018/19 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 R8.911 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	225 774			1 911		7 000	8 911	234 685
<b>Total</b>	<b>225 774</b>	-	-	<b>1 911</b>	-	<b>7 000</b>	<b>8 911</b>	<b>234 685</b>
Amount to be voted							<b>8 911</b>	

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
<b>Current payments</b>	<b>220 789</b>	-	-	<b>2 212</b>	-	<b>7 000</b>	<b>9 212</b>	<b>230 001</b>
Compensation of employees	144 604			(3 789)			(3 789)	140 815
Goods and services	76 185			5 718		7 000	12 718	88 903
Interest and rent on land				283			283	283
<b>Transfers and subsidies to:</b>	<b>887</b>	-	-	<b>348</b>	-	-	<b>348</b>	<b>1 235</b>
Provinces and municipalities	250			(100)			(100)	150
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	637			448			448	1 085
<b>Payments for capital assets</b>	<b>4 098</b>	-	-	<b>(649)</b>	-	-	<b>(649)</b>	<b>3 449</b>
Buildings and other fixed structures							-	-
Machinery and equipment	4 098			(649)			(649)	3 449
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>225 774</b>	-	-	<b>1 911</b>	-	<b>7 000</b>	<b>8 911</b>	<b>234 685</b>
Amount to be voted							<b>8 911</b>	

### Virement – Programme 1: Administration: R1.911 million

Savings of R1.911 million were moved to Programme 1, from Programme 2 (R431 000) and Programme 3 (R1.480 million), and these were realised under *Compensation of employees* as a result of two Assistant Director: Policy posts that were vacated during 2018/19, as well as vacancies as a result of two resignations and seven retirements including the posts of Building Inspector, Works Inspector, one Assistant Director, etc. These savings were allocated to *Goods and services* under the Corporate Services sub-programme to cater for expenditure relating to audit costs, operating leases, as well as property payments such as municipal services, security services, cleaning services, building maintenance, etc. which were under-budgeted for.

Savings totalling R4.538 million moved within Corporate Services, between economic classifications within Programme 1:

- Savings of R3.789 million were identified against *Compensation of employees* due to the post of the Head of Department, Chief Director: Human Capital, two State Accountants, etc. being vacant, as well as vacant posts resulting from the resignation of the Director: Supply Chain Management and early retirement of two officials within the programme during 2018/19.
- Savings of R100 000 were identified against *Transfers and subsidies to: Provinces and municipalities* due to the item being over-budgeted for in respect of motor vehicle licence fees. Note that this reduction in a transfer does not require Legislature approval as the transfer was not gazetted.
- Savings of R649 000 were identified against *Machinery and equipment* under transport equipment due to a decision taken by the department to postpone the purchase of motor vehicles to 2019/20 in order to defray spending pressures resulting from increased property payments such as municipal services such as water, electricity, etc., security services, cleaning services, building maintenance, etc. which were under-budgeted for.

These savings of R4.538 million were moved as follows:

- R3.807 million was moved to *Goods and services* to cater for spending pressures relating to audit costs, operating leases, as well as property payments such as municipal services, security services, cleaning services, building maintenance, etc. which were under-budgeted for, as mentioned.
- R283 000 was moved to *Interest and rent on land* due to interest paid to the Government Employees Pension Fund (GEPF) on overdue accounts as a result of invoices being received late from the GEPF relating to penalties for four officials who took early retirement at the age of 55 in the previous year.
- A net amount of R448 000 was moved to *Transfers and subsidies to: Households* to cater for unplanned staff exit costs which were not budgeted for in 2018/19, as well as a donation to a company called Mthembu Thando in respect of hosting a summit and prayer on moral regeneration issues in order to try and bring back the culture of mutual respect between men and woman in villages. This donation does not require Legislature approval because it does not exceed R100 000. The increase was offset by a decrease of R400 000 in respect of external bursaries due to fewer than anticipated applications for bursaries.

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

Legislature approval is required for the decrease in *Payments for capital assets* in respect of *Machinery and equipment* because the capital budget for the Vote as a whole is decreased.

#### Other adjustments – Programme 1: Administration: R7 million

An amount of R7 million was allocated to *Goods and services* in the sub-programme: Corporate Services under Programme 1 in respect of funds collected from the sale of units in Ridgeview Gardens. Of these funds, R3 million was allocated to cater for the development of an electronic management system for the department which will be used as a back-up of all manual records, such as contracts, invoices, project files, etc. in the event of a fire or disaster occurring. The balance of R4 million was allocated for expenditure relating to property payments such as municipal services, security services, cleaning services, building maintenance, etc. which were under-budgeted for, as mentioned.

#### 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 2018/19 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R431 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	Other adjustments		
1. Administration	475			(87)		(87)	388
2. Policy	5 395			(866)		(866)	4 529
3. Planning	3 991			59		59	4 050
4. Research	8 107			463		463	8 570
<b>Total</b>	<b>17 968</b>	-	-	<b>(431)</b>	-	<b>(431)</b>	<b>17 537</b>
<b>Amount to be voted</b>							<b>(431)</b>

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		
<b>Current payments</b>	17 968	-	-	(941)	-	-	(941)	17 027
Compensation of employees	15 779			(1 270)			(1 270)	14 509
Goods and services	2 189			329			329	2 518
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	-	-	-	500	-	-	500	500
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				500			500	500
<b>Payments for capital assets</b>	-	-	-	10	-	-	10	10
Buildings and other fixed structures							-	-
Machinery and equipment				10			10	10
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>	-	-	-		-	-	-	-
<b>Total</b>	17 968	-	-	(431)	-	-	(431)	17 537
<b>Amount to be voted</b>								(431)

### Virement – Programme 2: Housing Needs, Research and Planning: (R431 000)

The department identified savings of R953 000 from the Administration sub-programme (R87 000) and the Policy sub-programme (R866 000). These savings were moved to Programme 1 (R431 000), as well as to the Planning sub-programme (R59 000) and the Research sub-programme (R463 000) within Programme 2. These virements, which resulted in a net reduction of R431 000 in respect of Programme 2, are explained as follows:

- Savings of R1.270 million were identified against *Compensation of employees* as a result of two Assistant Director: Policy posts that were vacated during 2018/19 due to resignation, as mentioned, and these savings were moved as follows:
  - R329 000 was moved to *Goods and services* within the programme to provide for an increased number of capacity building programmes for housing consumer education, Councillor training, as well as *Amakhosi* training as a result of an increase in demand for these programmes. The increase also caters for the purchase of specialised stationery, such as plotter paper, ink and ink heads used for printing maps and project layout plans, which was inadequately budgeted for.
  - R500 000 was moved within the programme to *Transfers and subsidies to: Households* to cater for unplanned staff exit costs.
  - R10 000 was moved to *Machinery and equipment* within the programme to cater for office furniture which was budgeted for in 2017/18, but invoices were only received in 2018/19.
  - The balance of R431 000 was moved to Programme 1 to cater for expenditure relating to property payments such as municipal services, security services, cleaning services, building maintenance, etc. which were under-budgeted for, as mentioned.

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

### 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* and is fully aligned to the 2018/19 APP. The table also shows the actual achievements in the first half of the year.

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
<b>Planning</b>				
1.1 Improved planning to achieve integrated settlement developments	<ul style="list-style-type: none"> <li>Municipal Spatial Development plans aligned to the KZN HSMSP's focus area</li> <li>Approved beneficiary capacitation strategy on home ownership reviewed annually</li> <li>No. of nationally approved catalytic projects in pre-planning stage (stage 1)</li> <li>No. of catalytic projects approved</li> <li>No. of catalytic projects implemented</li> <li>No. of households provided with consumer education</li> <li>No. of projects in planning</li> <li>No. of policies approved</li> <li>Approved multi-year housing development plan reviewed annually</li> <li>No. of accredited municipalities provided with institutional support</li> </ul>	20	-	-
		1	-	-
		4	-	-
		2	-	-
		4	-	-
		12 000	16 116	-
		104	-	-
		1	-	-
		1	-	-
		7	-	-

### 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 and the Title Deeds Restoration grant (TDRG), the remainder of which falls under Programme 4. Programme 3 also includes the EPWP Integrated Grant for Provinces. Tables 8.8 and 8.9 reflect a summary of the 2018/19 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 R135.301 million, are given below.

**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	95 427			(1 480)		(1 480)	93 947
2. Financial Interventions	408 381			(37 632)		(27 632)	380 749
3. Incremental Interventions	1 673 583			(348 521)		(248 521)	1 425 062
4. Social and Rental Intervention	169 000			(39 234)		(39 234)	129 766
5. Rural Intervention	864 526			431 326		20 842	1 316 694
<b>Total</b>	<b>3 210 917</b>	-	-	<b>4 459</b>	-	<b>130 842</b>	<b>3 346 218</b>
<b>Amount to be voted</b>							<b>135 301</b>

**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
<b>Current payments</b>	<b>256 511</b>	-	-	<b>(3 477)</b>	<b>19 690</b>	-	<b>16 213</b>	<b>272 724</b>
Compensation of employees	179 962			(7 478)	6 409		(1 069)	178 893
Goods and services	76 549			4 001	13 281		17 282	93 831
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>2 953 545</b>	-	-	<b>8 108</b>	<b>(19 690)</b>	<b>120 842</b>	<b>109 260</b>	<b>3 062 805</b>
Provinces and municipalities	106 929			20 000	1 440		21 440	128 369
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 846 616			(11 892)	(21 130)	120 842	87 820	2 934 436
<b>Payments for capital assets</b>	<b>861</b>	-	-	<b>(172)</b>	-	<b>10 000</b>	<b>9 828</b>	<b>10 689</b>
Buildings and other fixed structures						10 000	10 000	10 000
Machinery and equipment	861			(172)			(172)	689
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>3 210 917</b>	-	-	<b>4 459</b>	-	<b>130 842</b>	<b>135 301</b>	<b>3 346 218</b>
<b>Amount to be voted</b>							<b>135 301</b>	

### Virement – Programme 3: Housing Development: R4.459 million

The department moved funds between programmes and economic classifications to offset spending pressures, resulting in a net increase of R4.459 million against the main appropriation of Programme 3. These adjustments are discussed in more detail below:

The following virements across programmes resulted in the net increase of R4.459 million in respect of Programme 3:

- Savings of R5.939 million were identified in Programme 4 as a result of an over-estimation made relating to municipal services in respect of bulk water supply relating to Oribi village which is one of the housing properties owned by the department in the Msunduzi Municipality under the HSDG, as mentioned. These saving were moved to the sub-programme: Rural Intervention under Programme 3 under *Transfers and subsidies to: Households* due to the acceleration of service delivery in respect of the rural housing subsidy instrument, as mentioned.
- This increase of R5.939 million was offset by the movement of R1.480 million from Programme 3 to Programme 1. In this regard, savings of R1.480 million were identified against *Compensation of employees* in Programme 3 under the Administration sub-programme due to vacancies as a result of two resignations and seven retirements including the posts of Building Inspector, Works Inspector, one Assistant Director, etc. These savings were moved to Programme 1 against *Goods and services* to cater for spending pressures relating to audit costs, operating leases, as well as property payments such as municipal services, security services, cleaning services, building maintenance, etc. which were under-budgeted for, as mentioned.

The following virements were undertaken within Programme 3, between sub-programmes and within the same economic classification:

- Savings of R37.632 million were identified under the Financial Interventions sub-programme against *Transfers and subsidies to: Households* as a result of bulk services in respect of servicing sites which are budgeted for under this category, not being installed due to the unavailability of bulk infrastructure from the district municipality to implement this programme in municipalities such as the eThekweni Metro.
- Savings of R348.521 million were identified under the Incremental Interventions sub-programme against *Transfers and subsidies to: Households* as a result of slow progress due to delays in the installation of bulk services by the district municipalities, in projects such as Fairleigh Siyahlala housing project, Groutville Priority Phase 2, Thubalethu Extension housing project, Mandeni H39 housing project, etc.
- Savings of R39.234 million were identified against the Social and Rental Interventions sub-programme under *Transfers and subsidies to: Households* in the Jika Joe Community Residential Unit (CRU) project which was delayed due to challenges related to the project classification from CRU to the Social Housing programme and the project is still in the process of conversion. The process of conversion involves the change in land agreement, change in income group from R800 – R3 500 per month in the CRU, to R1 500 – R7 500 per month under social housing, as well as changing the delivery agent from an implementing agent to a social housing institution.

These savings, totalling R425.387 million were moved to the Rural Intervention sub-programme against *Transfers and subsidies to: Households* to cater for the acceleration of service delivery in respect of the rural housing subsidy instrument, where projects such as Kwanzimakwe rural housing and KwaXolo Phase 2 rural housing (Ugu District), Mkhonto rural housing, Macambini rural housing (iLembe District), as well as Ufafa rural housing (Harry Gwala District), progressed faster than anticipated and are ahead of the development programme.

The following additional virements were undertaken within the programme affecting economic classifications:

- Savings of R5.998 million were identified against *Compensation of employees* due to internal delays in the recruitment processes in filling critical vacant posts that have been advertised. These are

budgeted for under the OPSCAP allocation within the HSDG, and include five Construction Project Managers. Further savings arose as a result of two resignations and seven retirements within the programme, and these posts are yet to be submitted for approval to the MEC: Finance and OTP before they can be advertised and filled.

- Savings of R17.831 million were identified against *Transfers and subsidies to: Households* in respect of the Newcastle CRU projects, which were delayed due to challenges related to the project classification from CRU to Social Housing programme and the project is still in the process of conversion, as explained above.
- Savings of R172 000 were identified against *Machinery and equipment* due to provision for the purchase of office equipment for newly appointed staff. The equipment will not be purchased due to delays in the filling of vacant posts.

These savings totalling R24.001 million were moved as follows:

- R4.001 million was moved to *Goods and services* to cater for spending pressures in respect of travel and subsistence costs, which increased due to increased usage of private vehicles on official duty as a result of the assessments done for the KZN Govan Mbeki Awards, which aims to promote the culture of excellent service delivery. There was also an increase in the costs of safeguarding properties due to the use of private security companies as part of implementing the province's Anti-land Invasion Strategy in specific informal settlements where there are high levels of violence and illegal sales of Human Settlements property.
- R20 million was moved to *Transfers and subsidies to: Provinces and municipalities* in respect of the eThekweni Hostel Upgrade programme which was under-budgeted for due to budget constraints as a result of budget cuts against the HSDG in 2018/19.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase of R20 million in *Transfers and subsidies to: Households* relating to the eThekweni Hostel Upgrade programme was approved by Provincial Treasury.

Legislature approval is required for the decrease in *Transfers and subsidies to: Households* in respect of the HSDG and the decrease in *Payments for capital assets* in respect of *Machinery and equipment* because the capital budget for the Vote as a whole is decreased.

### Shifts – Programme 3: Housing Development

The department undertook shifts between economic classifications which resulted in no change in respect of the sub-programmes or the programme as a whole. These shifts are discussed in detail below:

- An amount of R21.130 million was shifted within Programme 3 from *Transfers and subsidies to: Households* to the following economic classifications:
  - R6.409 million was shifted to *Compensation of employees* to cater for salaries of officials who are appointed on a contractual basis to fast track the title deeds backlog under the TDRG. These were incorrectly budgeted for against *Transfers and subsidies to: Households* instead of *Compensation of employees*. The purpose of the funds remains unchanged.
  - R13.281 million was shifted to *Goods and services* to cater for the appointment of professional services to assist in the reduction of the title deeds backlog under the TDRG (R5.993 million), as well as to cater for the appointment of professional services to undertake environmental impact assessments, feasibility studies, etc. in the eThekweni Metro as part of the department's Serviced Sites Programme under the HSDG (R7.288 million). These were budgeted for against *Transfers and subsidies to: Households* instead of *Goods and services*. The purpose of the funds remains unchanged.
  - R1.440 million was shifted to *Transfers and subsidies to: Provinces and municipalities* to cater for transfers to various municipalities for the appointment of social facilitators for the R293

townships and post-1994 housing stock to deal with the title deeds backlog under the TDRG (R571 000), as well as transfers to the eThekweni Metro in order to undertake the necessary planning, servicing of sites and associated activities in support of the department's priority interventions and programmes under the HSDG (R869 000). These were incorrectly budgeted for against *Transfers and subsidies to: Households* instead of *Transfers and subsidies to: Provinces and municipalities*. The purpose of the funds remains unchanged.

### Other adjustments – Programme 3: Housing Development: R130.842 million

The department received additional funds, resulting in an increase of R130.842 million against the main appropriation of Programme 3. These adjustments are discussed in more detail below:

- R30.842 million was allocated to the department relating to profits realised from the sale of 144 of the 330 units in Ridgeview Gardens. The department requested approval from Provincial Treasury to retain the profits from the sale of 330 units in Ridgeview Gardens for the FLISP. The development was to be repaired, upgraded and be made available for application of the FLISP subsidy instrument. These funds were paid over to the Provincial Revenue Fund in 2017/18. These funds were allocated as follows:
  - R20.842 million was allocated to the sub-programme: Rural Intervention against *Transfers and subsidies to: Households* due to the acceleration of service delivery in respect of the rural housing subsidy instrument, where projects progressed faster than anticipated and are ahead of the development programme, as mentioned.
  - R10 million was allocated to the sub-programme: Financial Interventions against *Building and other fixed structures* for the Social and Economic Amenities programme. The department was anticipating to finalise the programme in 2017/18 and this was therefore not budgeted for in 2018/19. These funds are in respect of the scope of the programme which was extended in-year in order to complete the remaining work within various districts, including eThekweni Metro, Cornubia Social Amenity, Sonkombo Social Amenity, etc., and to ensure that proper handover processes are undertaken. Other Social and Economic Amenities include Dududu Social Amenity in uMdoni Municipality and Siyathuthuka Social Amenity in Richmond Municipality.
- R100 million was allocated to the department relating to the flood disaster that occurred in the province on 10 October 2017. These disaster relief funds are allocated by National Treasury and are added to the HSDG allocation. These funds are allocated to the sub-programme: Incremental Interventions against *Transfers and subsidies to: Households* for reconstruction and repair of damaged houses, repair of damaged flats and repair of damaged hostels in areas such as eThekweni Metro, Mdoni Local Municipality, uMuziwabantu Local Municipality, Mzumbe Local Municipality, as well as Ray Nkonyeni Local Municipality, as mentioned.

### Service delivery measures – Programme 3: Housing Development

Table 8.10 shows the service delivery information for Programme 3, and the information is fully aligned to the department's APP. The table also shows the actual achievements in the first half of the year.

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/18 Revised target
1.1 Finance linked individual subsidy programme	• No. of houses completed	2 226	96	
1.2 Informal settlements upgrade programme	• No. of households connected to basic services (incl. PLS)	3 275	585	
	• No. of houses completed	4 110	323	
	• No. of informal settlements upgraded	2	-	
	• No. of households benefiting from informal settlements upgrading	4 110	-	
	• No. of housing units for subsidy sub-market provided	17 842	-	

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/18 Revised target
1.3 Integrated Residential Development programme	• No. of new sites connected to basic water and sanitation services	2 265	652	
	• No. of houses completed	2 704	1 503	
1.4 Peoples' housing process	• No. of houses completed	3 199	1 720	
1.5 Disaster management rehabilitation (incl. OSS)	• No. of houses completed	739	287	
1.6 Rectification prog. (1994-2002)	• No. of units rectified	248	188	
1.7 Community Residential Units	• No. of units completed	330	-	
	• No. of social housing units completed	330	-	
1.8 Rural housing	• No. of rural opportunities created	6 760	5 237	
1.9 Military Veterans' Housing programme	• No. of houses completed	76	-	
1.10 Job creation	• No. of targeted Full Time Equivalents	5 500	5 147	
1.11 All subsidy instruments	• No. of properties transferred	22 029	2 270	
	• No. of serviced sites delivered per human settlements (housing) prog.	5 540	1 237	
	• No. of new housing units completed (excluding rectification)	20 068	9 166	
	• No. of new title deeds issued for the subsidy market (from April 2014)	4 026	9 070	
	• No. of post-1994 title deeds issued (April 1994-March 2014)	18 003	1 189	
	• Percentage of HSDF construction budget allocated to designated groups	11 227	11.1%	
	• No. of urban housing opportunities created in line with National Service Delivery Outcome 8, NDP, the PGDS, Integrated Urban Development Framework, KZN HSMSP	30%	1 081	
	• Approved implementation plan to fast track the implementation of the Title Deeds Restoration programme, reviewed annually	1	-	
• Approved implementation plan to fast track the issuing of Title Deeds which were not issued during the "swopping" of project milestones during 01/04/1994 to 31/03/2014 reviewed annually	1	-		

#### 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 Enhanced Extended Discount Benefit Scheme (EEDBS), or be disposed of in the open market. Some of these properties will also be devolved to municipalities. In cases where a transfer is not possible, such stock will remain rental stock.

It is noted that 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 2018/19 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 R5.939 million, are provided in the paragraphs after 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	Other adjustments		
1. Administration	42 405						-	42 405
2. Sale and Transfer of Housing Properties	65 889			(5 939)			(5 939)	59 950
3. Housing Properties Maintenance	84 284						-	84 284
<b>Total</b>	<b>192 578</b>	-	-	(5 939)	-	-	(5 939)	<b>186 639</b>
<b>Amount to be voted</b>								<b>(5 939)</b>

Table 8.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
<b>Current payments</b>	-	-	-	-	-	-	-
Compensation of employees						-	-
Goods and services						-	-
Interest and rent on land						-	-
<b>Transfers and subsidies to:</b>	<b>192 578</b>	-	-	(5 939)	-	(5 939)	<b>186 639</b>
Provinces and municipalities						-	-
Departmental agencies and accounts	192 578			(5 939)		(5 939)	186 639
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households						-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-
Buildings and other fixed structures						-	-
Machinery and equipment						-	-
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-
<b>Total</b>	<b>192 578</b>	-	-	(5 939)	-	(5 939)	<b>186 639</b>
Amount to be voted							(5 939)

#### Virement – Programme 4: Housing Asset Management: (R5.939 million)

Savings of R5.939 million were identified in Programme 4, which relates to the KZN Housing Fund, from the Sale and Transfer of Housing Properties sub-programme against *Transfers and subsidies to: Departmental agencies and accounts*. These savings were as a result of an over-estimation made relating to municipal services in respect of bulk water supply relating to Oribi village which is one of the housing properties owned by the department in the Msunduzi Municipality under the HSDG. The cost of the services was estimated based on previous years' trends, and the amount claimed by the municipality was lower than anticipated. These savings were moved to Programme 3 against *Transfers and subsidies to: Households* due to the acceleration of service delivery in respect of the rural housing subsidy instrument, as mentioned.

This virement is 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.

#### Service delivery measures – Programme 4: Housing Asset Management

Table 8.13 shows the service delivery information for Programme 4 and there is full alignment in this regard between the information shown in the 2018/19 EPRE and the APP. The table also shows the actual achievements in the first half of the year.

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

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. To provide secure tenure to communities	<ul style="list-style-type: none"> <li>• No. of pre-1994 title deeds issued</li> <li>• No. of rental units sold to beneficiaries</li> <li>• No. of debtors reduced per financial year</li> <li>• No. of units maintained</li> <li>• No. of units rectified for pre-1994 stock</li> <li>• No. of land parcels devolved to municipalities in terms of section 15 of the Housing Act, 1997</li> </ul>	9 225	273	
		458	146	
		560	172	
		770	457	
		764	251	
		62	-	

## 5. Specifically and exclusively appropriated allocations

The department did not receive any specifically and exclusively appropriated allocations in 2018/19, 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 2018/19. The department made a donation to a company called Mthembu Thando in respect of hosting a summit and prayer on moral regeneration issues in order to try and bring back the culture of mutual respect between men and woman in villages. This donation does not require Legislature approval because it does not exceed R100 000.

## 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 R30 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		
<b>Existing infrastructure assets</b>	-	-	-	-	-	-	-	-
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital							-	-
<b>New infrastructure assets: Capital</b>						10 000	10 000	10 000
<b>Infrastructure transfers</b>	106 929	-	-	20 000	-	-	20 000	126 929
Infrastructure transfers: Capital	106 929			20 000			20 000	126 929
Infrastructure transfers: Current							-	-
<b>Infrastructure: Payments for financial assets</b>							-	-
<b>Infrastructure: Leases</b>	21 777						-	21 777
<b>Non infrastructure</b>							-	-
Capital infrastructure	106 929	-	-	20 000	-	10 000	30 000	136 929
Current infrastructure	21 777	-	-	-	-	-	-	21 777
<b>Total</b>	<b>128 706</b>	-	-	<b>20 000</b>	-	<b>10 000</b>	<b>30 000</b>	<b>158 706</b>
<b>Amount to be voted</b>								<b>30 000</b>

- *Virement*: The department undertook a virement of R20 million which was moved to *Infrastructure transfers: Capital* in respect of the eThekweni Hostel Upgrade programme that was under-budgeted for due to budget constraints as a result of budget cuts against the HSDG in 2018/19. These savings were identified against *Transfers and subsidies to: Households* in Programme 3 due to the Newcastle CRU projects, which were delayed as a result of challenges related to the conversion of the project classification from CRU to Social Housing programme, as mentioned.
- *Other adjustments*: R10 million was allocated against *New infrastructure assets: Capital* for the Social and Economic Amenities programme. The department was anticipating to finalise the programme in 2017/18 and this was therefore not budgeted for in 2018/19. These funds are in respect of the scope of the programme being extended in order to complete the remaining work within various districts, including eThekweni Metro, Cornubia Social Amenity, Sonkombo Social Amenity, etc., and ensure that proper handover processes are undertaken. Other Social and Economic Amenities include Dududu Social Amenity in uMdoni Municipality and Siyathuthuka Social Amenity in Richmond Municipality, as mentioned.

## 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 R100 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			Other adjustments
<b>3. Housing Development</b>	<b>3 115 490</b>	-	-	<b>5 939</b>	-	<b>100 000</b>	<b>105 939</b>	<b>3 221 429</b>
Human Settlements Development grant	3 017 509			5 939		100 000	105 939	3 123 448
EPWP Integrated Grant for Provinces	11 484						-	11 484
Title Deeds Restoration grant	86 497						-	86 497
<b>4. Housing Asset Management, Property Management</b>	<b>150 173</b>	-	-	<b>(5 939)</b>	-	-	<b>(5 939)</b>	<b>144 234</b>
Human Settlements Development grant	135 248			(5 939)			(5 939)	129 309
Title Deeds Restoration grant	14 925						-	14 925
<b>Total</b>	<b>3 265 663</b>	-	-	-	-	<b>100 000</b>	<b>100 000</b>	<b>3 365 663</b>
<b>Amount to be voted</b>							<b>100 000</b>	

Table 8.16 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
<b>Current payments</b>	<b>161 114</b>	-	-	<b>112</b>	<b>19 690</b>	-	<b>19 802</b>	<b>180 916</b>
Compensation of employees	88 178			(1 092)	6 409		5 317	93 495
Goods and services	72 936			1 204	13 281		14 485	87 421
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>3 103 718</b>	-	-	<b>288</b>	<b>(19 690)</b>	<b>100 000</b>	<b>80 598</b>	<b>3 184 316</b>
Provinces and municipalities	106 929			20 000	1 440		21 440	128 369
Departmental agencies and accounts	150 173			(5 939)			(5 939)	144 234
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 846 616			(13 773)	(21 130)	100 000	65 097	2 911 713
<b>Payments for capital assets</b>	<b>831</b>	-	-	<b>(400)</b>	-	-	<b>(400)</b>	<b>431</b>
Buildings and other fixed structures							-	-
Machinery and equipment	831			(400)			(400)	431
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>	<b>-</b>	-	-	-	-	-	-	-
<b>Total</b>	<b>3 265 663</b>	-	-	-	-	<b>100 000</b>	<b>100 000</b>	<b>3 365 663</b>
<b>Amount to be voted</b>							<b>100 000</b>	

- *Virement*: The department undertook the following virements between Programmes 3 and 4 and across various economic classifications and this only affected the HSDG:
  - Savings of R1.092 million were identified against *Compensation of employees* due to delays in internal recruitment processes in filling critical vacant posts. These posts are now at the final stages of appointment and are budgeted for under the OPSCAP allocation within the HSDG, and include five Construction Project Managers.
  - Savings of R5.939 million were identified against *Transfers and subsidies to: Departmental agencies and accounts* which relates to the KZN Housing Fund. These savings were as a result of an over-estimation made relating to municipal services in respect of bulk water supply relating to Oribi village which is one of the housing properties owned by the department in the Msunduzi Municipality under the HSDG, as mentioned. This virement is evident in Table 8.15, because the funds were moved within the HSDG from Programme 4 to Programme 3.
  - Savings of R13.950 million were identified against *Transfers and subsidies to: Households* in respect of the Newcastle CRU projects, which were delayed due to challenges related to the conversion of the project classification from CRU to Social Housing programme, as mentioned.
  - Savings of R400 000 were identified against *Machinery and equipment* due to provision for the purchase of office equipment for newly appointed staff. The equipment was not purchased due to delays in the filling of vacant posts.

These savings were moved as follows:

- An amount of R1.204 million was moved to *Goods and services* to cater for spending pressures in respect of travel and subsistence costs, which increased due to increased usage of private vehicles on official duty as a result of the assessments for the KZN Govan Mbeki Awards, which

aims to promote the culture of excellent service delivery. There was also an increase in the costs of safeguarding properties due to the use of private security companies as part of implementing the province's Anti-land Invasion Strategy in specific informal settlements where there are high levels of violence and illegal sales of Human Settlements property, as mentioned.

- o R20 million was moved to *Transfers and subsidies to: Provinces and municipalities* in respect of the eThekweni Hostel Upgrade programme which was under-budgeted for due to budget constraints as a result of budget cuts against the HSDG in 2018/19.
- o R177 000 was moved to *Transfers and subsidies to: Households* to cater for higher than budgeted staff exit costs within the HSDG.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Transfers and subsidies to: Households* relating to the eThekweni Hostel Upgrade programme 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, the decrease in *Transfers and subsidies to: Households* in respect of the HSDG and the decrease in *Payments for capital assets* in respect of *Machinery and equipment* because the capital budget for the Vote as a whole is decreased.

- *Shifts*: An amount of R21.130 million was shifted from *Transfers and subsidies to: Households* to the following economic classification:
  - o R6.409 million was shifted to *Compensation of employees* to cater for salaries of officials who are appointed on a contractual basis to fast track the Title Deeds Restoration programme under the TDRG. These were incorrectly budgeted for against *Transfers and subsidies to: Households* instead of *Compensation of employees*. The purpose of the funds remains unchanged.
  - o R13.281 million was shifted to *Goods and services* to cater for the appointment of professional services to assist in the reduction of the title deeds backlog under the TDRG (R5.993 million). The funds were also shifted to cater for the appointment of professional services to undertake environmental impact assessments, feasibility studies, etc. in the eThekweni Metro as part of the department's Service Sites Programme under the HSDG (R7.288 million). These were incorrectly budgeted for against *Transfers and subsidies to: Households* instead of *Goods and services*. The purpose of the funds remains unchanged.
  - o R1.440 million was shifted to *Transfers and subsidies to: Provinces and municipalities* to cater for transfers to various municipalities for the appointment of social facilitators for the R293 townships and post-1994 housing stock to deal with the title deeds backlog under the TDRG (R571 000), as well as transfers to the eThekweni Metro in order to undertake the necessary planning, servicing of sites and associated activities in support of the department's priority interventions and programmes under the HSDG (R869 000). These were incorrectly budgeted for against *Transfers and subsidies to: Households* instead of *Transfers and subsidies to: Provinces and municipalities*. The purpose of the funds remains unchanged.
- *Other adjustments*: R100 million was allocated to the department relating to the flood disaster that occurred in the province on 10 October 2017. The disaster relief funds were allocated by National Treasury and are added to the HSDG allocation. These funds were allocated against *Transfers and subsidies to: Households* for reconstruction and repair of damaged houses, repair of damaged flats and repair of damaged hostels in various areas, as mentioned.

## 9. Transfers and subsidies

Table 8.17 shows the summary of transfers and subsidies by programme and main category.

Details of the main adjustments, which resulted in an overall increase of R104.169 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
<b>1. Administration</b>	<b>887</b>	-	-	<b>348</b>	-	-	<b>348</b>	<b>1 235</b>
Provinces and municipalities	250	-	-	(100)	-	-	(100)	150
Motor vehicle licences	250	-	-	(100)	-	-	(100)	150
Households	637	-	-	448	-	-	448	1 085
Staff exit costs				748			748	748
Donations and gifts: Mthembu Thando				100			100	100
Bursaries	637	-	-	(400)	-	-	(400)	237
<b>2. Housing Needs, Research and Planning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>
Households	-	-	-	500	-	-	500	500
Staff exit costs				500			500	500
<b>3. Housing Development</b>	<b>2 953 545</b>	<b>-</b>	<b>-</b>	<b>8 108</b>	<b>(19 690)</b>	<b>120 842</b>	<b>109 260</b>	<b>3 062 805</b>
Provinces and municipalities	106 929	-	-	20 000	1 440	-	21 440	128 369
Operational costs for accredited municipalities (HSDG)	46 929	-	-				-	46 929
CRU Programme (HSDG)	60 000	-	-	20 000			20 000	80 000
Title Deeds Restoration grant					1 440		1 440	1 440
Households	2 846 616	-	-	(11 892)	(21 130)	120 842	87 820	2 934 436
Staff exit costs				1 881			1 881	1 881
Staff exit costs (HSDG)	54			177			177	231
Re-allocation: Ridgeview Gardens						20 842	20 842	20 842
Title Deeds Restoration grant	86 497				(12 973)		(12 973)	73 524
Human Settlements Development grant	2 760 065			(13 950)	(8 157)	100 000	77 893	2 837 958
<b>4. Housing Asset Management</b>	<b>192 578</b>	<b>-</b>	<b>-</b>	<b>(5 939)</b>	<b>-</b>	<b>-</b>	<b>(5 939)</b>	<b>186 639</b>
Departmental agencies and accounts	192 578	-	-	(5 939)	-	-	(5 939)	186 639
KZN Housing Fund, of which:								
Equitable share	42 405							42 405
Title Deeds Restoration grant	14 925							14 925
Human Settlements Development grant	135 248			(5 939)			(5 939)	129 309
<b>Total</b>	<b>3 147 010</b>	<b>-</b>	<b>-</b>	<b>3 017</b>	<b>(19 690)</b>	<b>120 842</b>	<b>104 169</b>	<b>3 251 179</b>
<b>Amount to be voted</b>								<b>104 169</b>

- *Virement*: The department undertook the following virements affecting *Transfers and subsidies*:
  - o Programme 1 was increased by R748 000 against *Households* to cater for unanticipated staff exit costs, as well as the donation of R100 000 to a company called Mthembu Thando in respect of hosting a summit and prayer on moral regeneration issues addressing the issues of bringing back the culture of mutual respect between men and woman in villages. This increase was offset by a decrease of R400 000 in respect of external bursaries due to fewer than anticipated applications for bursaries, as well as R100 000 against *Provinces and municipalities* due to the item being over-budgeted for in respect of motor vehicle licence fees. Note that this reduction in a transfer does not require Legislature approval as the transfer was not gazetted, as mentioned.
  - o Programme 2 was increased by R500 000 against *Households* to cater for unanticipated staff exit costs.
  - o Under Programme 3, the following virements were undertaken:
    - *Province and municipalities* increased by R20 million in respect of the eThekweni Hostel Upgrade programme under the CRU programme which was under-budgeted for due to budget constraints as a result of budget cuts against the HSDG in 2018/19. This increase is as a result of savings under the Newcastle CRU project, which was delayed due to challenges related to the project classification from CRU to the Social Housing programme and the project is still in the process of conversion. This increase in a transfer was approved by Provincial Treasury.
    - *Households* was decreased by a net amount of R11.892 million in respect of the Newcastle CRU projects, which were delayed due to challenges related to the project reclassification from CRU to Social Housing programme. This net decrease is after an increase of R1.881 million in respect of unplanned staff exit costs, as well as R177 000 in respect of staff exit costs under the HSDG, which were higher than anticipated.
  - o Programme 4, which relates to the KZN Housing Fund, was decreased by R5.939 million against *Departmental agencies and accounts* as a result of an over-estimation made relating to municipal services in respect of bulk water supply relating to Oribi village which is one of the housing properties owned by the department in the Msunduzi Municipality under the HSDG, as mentioned.

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

- *Shifts*: The department undertook the following shifts resulting in a net decrease of R19.690 million, affecting *Transfers and subsidies*:
  - An amount of R12.973 million was shifted from *Households* in respect of title deeds backlog under the TDRG, as mentioned above. The purpose of the funds remains unchanged.
  - An amount of R8.157 million was shifted from *Households* to cater for the appointment of professional services to undertake environmental impact assessments, feasibility studies, etc, as mentioned above. The purpose of the funds remains unchanged.
  - An amount of R1.440 million was shifted to *Provinces and municipalities* from *Households* to cater for funds transferred to various municipalities for the appointment of social facilitators for the R293 townships and post-1994 housing stock to deal with the title deeds backlog under the TDRG, as well as funds transferred to the eThekweni Metro in order to undertake the necessary planning, servicing of sites and associated activities in support of the department's priority interventions and programmes under the HSDG. The purpose of the funds remains unchanged.
- *Other adjustments*: additional funding of R120.842 million was allocated against *Households* from profits collected from the sale of units in Ridgeview Gardens due to the acceleration of service delivery in respect of the rural housing subsidy instrument, where projects progressed faster than anticipated and are ahead of the development programme (R20.842 million), as well as funds allocated by National Treasury to increase the HSDG relating to the flood disaster that occurred in the province on 10 October 2017 (R100 million).

## 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, 2018. 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 increased by R21.440 million 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	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
A KZN2000 eThekweni	75 235	-	-	20 000	1 440	-	21 440	96 675
<b>Total: Ugu Municipalities</b>	<b>4 337</b>	-	-	-	-	-	-	<b>4 337</b>
B KZN216 Ray Nkonyeni	4 337	-	-	-	-	-	-	4 337
<b>Total: uMgungundlovu Municipalities</b>	<b>8 281</b>	-	-	-	-	-	-	<b>8 281</b>
B KZN225 Msunduzi	8 281	-	-	-	-	-	-	8 281
<b>Total: uThukela Municipalities</b>	<b>3 377</b>	-	-	-	-	-	-	<b>3 377</b>
B KZN238 Alfred Duma	3 377	-	-	-	-	-	-	3 377
<b>Total: Amajuba Municipalities</b>	<b>7 437</b>	-	-	-	-	-	-	<b>7 437</b>
B KZN252 Newcastle	7 437	-	-	-	-	-	-	7 437
<b>Total: King Cetshwayo Municipalities</b>	<b>2 213</b>	-	-	-	-	-	-	<b>2 213</b>
B KZN282 uMhlatuze	2 213	-	-	-	-	-	-	2 213
<b>Total: iLembe Municipalities</b>	<b>6 049</b>	-	-	-	-	-	-	<b>6 049</b>
B KZN292 KwaDukuza	6 049	-	-	-	-	-	-	6 049
<b>Total</b>	<b>106 929</b>	-	-	<b>20 000</b>	<b>1 440</b>	-	<b>21 440</b>	<b>128 369</b>
Amount to be voted							<b>21 440</b>	

Table 8.19 : Transfers to local government - CRU Programme

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
A KZN2000 eThekweni	60 000	-	-	20 000	1 440	-	21 440	81 440
<b>Total</b>	<b>60 000</b>	-	-	<b>20 000</b>	<b>1 440</b>	-	<b>21 440</b>	<b>81 440</b>
Amount to be voted							<b>21 440</b>	

Table 8.20 : Transfers to local government - Accredited Municipalities

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	15 235						-	15 235
<b>Total: Ugu Municipalities</b>	<b>4 337</b>	-	-	-	-	-	-	<b>4 337</b>
B KZN216 Ray Nkonyeni	4 337						-	4 337
<b>Total: uMgungundlovu Municipalities</b>	<b>8 281</b>	-	-	-	-	-	-	<b>8 281</b>
B KZN225 Msunduzi	8 281						-	8 281
<b>Total: uThukela Municipalities</b>	<b>3 377</b>	-	-	-	-	-	-	<b>3 377</b>
B KZN238 Alfred Duma	3 377						-	3 377
<b>Total: Amajuba Municipalities</b>	<b>7 437</b>	-	-	-	-	-	-	<b>7 437</b>
B KZN252 Newcastle	7 437						-	7 437
<b>Total: King Cetshwayo Municipalities</b>	<b>2 213</b>	-	-	-	-	-	-	<b>2 213</b>
B KZN282 uMhlatuze	2 213						-	2 213
<b>Total: iLembe Municipalities</b>	<b>6 049</b>	-	-	-	-	-	-	<b>6 049</b>
B KZN292 KwaDukuza	6 049						-	6 049
<b>Total</b>	<b>46 929</b>	-	-	-	-	-	-	<b>46 929</b>
Amount to be voted								-

## 11. Actual payments and revised spending projections for the rest of 2018/19

Tables 8.21 and 8.22 reflect actual payments as at the end of September 2018, 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 2017/18 Audited outcome.

Mid-year spending for the Vote was fairly low, with 46.7 per cent spent compared to the 50 per cent straight-line benchmark. Programme 4 spending was fairly high at 53.5 per cent, while the other three programmes showed fairly low spending compared to the benchmark. The Vote as a whole is projected to be fully spent at year-end.

Table 8.21 : Actual payments and revised spending projections by programme

R thousand	2017/18 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2018 - September 2018	% of budget	October 2018 - March 2019	% of budget	
1. Administration	217 793	234 685	106 147	45.2	128 538	54.8	234 685
2. Housing Needs, Research and Planning	16 511	17 537	7 982	45.5	9 555	54.5	17 537
3. Housing Development	3 652 475	3 346 218	1 552 851	46.4	1 793 367	53.6	3 346 218
4. Housing Asset Management	179 955	186 639	99 772	53.5	86 867	46.5	186 639
<b>Total</b>	<b>4 066 734</b>	<b>3 785 079</b>	<b>1 766 752</b>	<b>46.7</b>	<b>2 018 327</b>	<b>53.3</b>	<b>3 785 079</b>

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

R thousand	2017/18 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2018 - September 2018	% of budget	October 2018 - March 2019	% of budget	
<b>Current payments</b>	<b>484 804</b>	<b>519 752</b>	<b>227 805</b>	<b>43.8</b>	<b>291 947</b>	<b>56.2</b>	<b>519 752</b>
Compensation of employees	298 724	334 217	158 512	47.4	175 705	52.6	334 217
Goods and services	186 065	185 252	69 010	37.3	116 242	62.7	185 252
Interest and rent on land	15	283	283	100.0	-	-	283
<b>Transfers and subsidies to:</b>	<b>3 548 460</b>	<b>3 251 179</b>	<b>1 533 002</b>	<b>47.2</b>	<b>1 718 177</b>	<b>52.8</b>	<b>3 251 179</b>
Provinces and municipalities	257 039	128 519	18 038	14.0	110 481	86.0	128 519
Departmental agencies and accounts	179 955	186 639	99 772	53.5	86 867	46.5	186 639
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	3 111 466	2 936 021	1 415 192	48.2	1 520 829	51.8	2 936 021
<b>Payments for capital assets</b>	<b>33 120</b>	<b>14 148</b>	<b>5 945</b>	<b>42.0</b>	<b>8 203</b>	<b>58.0</b>	<b>14 148</b>
Buildings and other fixed structures	29 913	10 000	4 915	49.2	5 085	50.9	10 000
Machinery and equipment	3 207	4 148	1 030	24.8	3 118	75.2	4 148
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4 066 734</b>	<b>3 785 079</b>	<b>1 766 752</b>	<b>46.7</b>	<b>2 018 327</b>	<b>53.3</b>	<b>3 785 079</b>

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		
<b>Current payments</b>	<b>495 268</b>	-	-	(2 206)	19 690	7 000	<b>24 484</b>	<b>519 752</b>
Compensation of employees	340 345	-	-	(12 537)	6 409	-	(6 128)	334 217
Salaries and wages	302 365	-	-	(10 838)	6 409	-	(4 429)	297 936
Social contributions	37 980	-	-	(1 699)	-	-	(1 699)	36 281
Goods and services	154 923	-	-	10 048	13 281	7 000	30 329	185 252
Administrative fees	550	-	-	43	321	-	364	914
Advertising	823	-	-	452	75	-	527	1 350
Minor assets	393	-	-	249	-	-	249	642
Audit cost: External	5 772	-	-	2 000	-	-	2 000	7 772
Bursaries: Employees	200	-	-	(100)	-	-	(100)	100
Catering: Departmental activities	2 366	-	-	884	-	-	884	3 250
Communication (G&S)	8 668	-	-	(3 384)	-	-	(3 384)	5 284
Computer services	13 296	-	-	(958)	-	-	(958)	12 338
Cons. & prof serv: Business and advisory services	8 199	-	-	(547)	4 573	-	4 026	12 225
Infrastructure and planning	35 746	-	-	264	7 406	-	7 670	43 416
Laboratory services	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	3 127	-	-	(176)	182	-	6	3 133
Contractors	7 159	-	-	90	3	4 000	4 093	11 252
Agency and support / outsourced services	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl gov't motor transport)	4 917	-	-	839	-	-	839	5 756
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	23	-	-	(23)	-	-	(23)	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	1	-	-	(1)	-	-	(1)	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	62	-	-	(62)	-	-	(62)	-
Inventory: Materials and supplies	56	-	-	(56)	-	-	(56)	-
Inventory: Medical supplies	10	-	-	(10)	-	-	(10)	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	3 564	-	-	(1 641)	-	-	(1 641)	1 923
Consumable: Stationery, printing and office supplies	1 484	-	-	76	-	-	76	1 560
Operating leases	23 333	-	-	644	-	-	644	23 977
Property payments	12 799	-	-	11 981	596	3 000	15 577	28 376
Transport provided: Departmental activity	1 070	-	-	(843)	-	-	(843)	227
Travel and subsistence	11 925	-	-	2 851	69	-	2 920	14 845
Training and development	2 455	-	-	(2 455)	-	-	(2 455)	-
Operating payments	4 965	-	-	(154)	56	-	(98)	4 867
Venues and facilities	265	-	-	(49)	-	-	(49)	216
Rental and hiring	1 695	-	-	134	-	-	134	1 829
Interest and rent on land	-	-	-	283	-	-	283	283
Interest	-	-	-	283	-	-	283	283
Rent on land	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to</b>	<b>3 147 010</b>	-	-	<b>3 017</b>	<b>(19 690)</b>	<b>120 842</b>	<b>104 169</b>	<b>3 251 179</b>
Provinces and municipalities	107 179	-	-	19 900	1 440	-	21 340	128 519
Provinces	250	-	-	(100)	-	-	(100)	150
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	250	-	-	(100)	-	-	(100)	150
Municipalities	106 929	-	-	20 000	1 440	-	21 440	128 369
Municipalities	106 929	-	-	20 000	1 440	-	21 440	128 369
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	192 578	-	-	(5 939)	-	-	(5 939)	186 639
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	192 578	-	-	(5 939)	-	-	(5 939)	186 639
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	2 847 253	-	-	(10 944)	(21 130)	120 842	88 768	2 936 021
Social benefits	54	-	-	3 006	-	-	3 006	3 060
Other transfers to households	2 847 199	-	-	(13 950)	(21 130)	120 842	85 762	2 932 961
<b>Payments for capital assets</b>	<b>4 959</b>	-	-	<b>(811)</b>	-	<b>10 000</b>	<b>9 189</b>	<b>14 148</b>
Buildings and other fixed structures	-	-	-	-	-	10 000	10 000	10 000
Buildings	-	-	-	-	-	10 000	10 000	10 000
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	4 959	-	-	(811)	-	-	(811)	4 148
Transport equipment	1 550	-	-	(1 000)	-	-	(1 000)	550
Other machinery and equipment	3 409	-	-	189	-	-	189	3 598
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3 647 237</b>	-	-	-	-	<b>137 842</b>	<b>137 842</b>	<b>3 785 079</b>
<b>Amount to be voted</b>								<b>137 842</b>