



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

**STAY
SAFE**

PROTECT SOUTH AFRICA

VOTE NO. 11

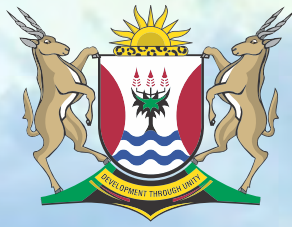
ANNUAL REPORT **2021/22**

FINANCIAL YEAR



**TRANSFORMING
COMMUNITIES TOGETHER**





Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

**2021
2022**

VOTE NO.11

**ANNUAL
REPORT**

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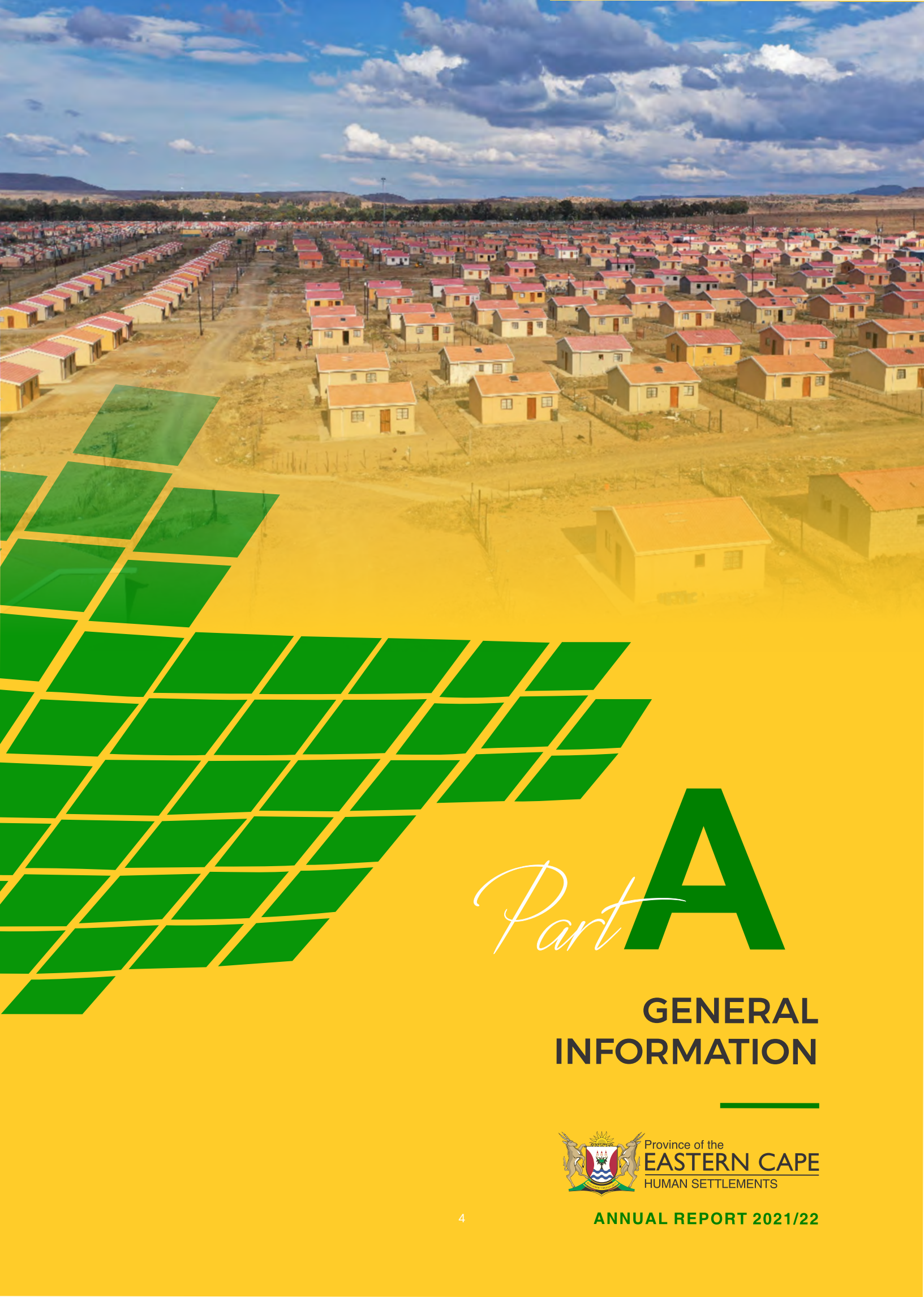
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Part **A**

GENERAL INFORMATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa	FLISP	Finance Linked Individual Subsidy Program
AFS	Annual Financial Statements	GIS	Geographical Information System
APP	Annual Performance Plan	HDA	Housing Development Agency
AOP	Annual Operational Plan	HIV	Human Immune Virus
BAC	Bid Adjudication Committee	HOD	Head of Department
BAS	Basic Accounting System	HR Plan	Human Resource Plan
BBBEE	Broad Based Black Economic Empowerment	HRD	Human Resource Development
BCM	Buffalo City Municipality	HRM	Human Resources Management
BEC	Bid Evaluation Committee	HSDG	Human Settlement Development Grant
BEE	Black Economic Empowerment	HSS	Housing Subsidy System
BNG	Breaking New Ground	HSRC	Human Science Research Council
BSC	Bid Specification Committee	IAR	Immovable Asset Register
CFO	Chief Financial Officer	ICT	Information and Communication Technology
CID	Corporate Identity	IDP	Integrated Development Plan
CMS	Case Management System	IGR	Intergovernmental Relations
COIDA	Compensation for Occupational Injuries and Disease Act	IOD	Injury on Duty
CRU	Community Residential Units	IT	Information Technology
CRUP	Community Residential Units Programme	ISS	Institute for Social Studies
DBSA	Development Bank of Southern Africa	JE	Job Evaluation
DORA	Division of Revenue Act	KM	Knowledge Management
DPSA	Department of Public Service and Administration	LAA	Land Availability Agreement
DRPW	Department of Road and Public Works	LAN	Local Area Network
ECATU	Eastern Cape Appropriate Technology Unit	LOGIS	Logistical Information System
eCMS	Electronic Construction Management System	LED	Local Economic Development
EDMS	Electronic Document Management System	IPAPE	Institutional Performance Assessment and Programme Evaluation
EE	Employment Equity	MEC	Member of the Executive Council
EEDBS	Enhanced Extended Discount Benefit Scheme	MFMA	Municipal Finance Management Act
EEP	Employment Equity Plan	MHSP	Municipal Housing Sector Plans
EHW	Employment Health and Wellness	MIG	Municipal Infrastructure Grant
EIA	Environmental Impact Assessment	MMC	Member of the Municipal Council
EPHP	Enhanced Peoples Housing Process	MINMEC	Ministers and Member of Executive Council
EPWP	Expanded Public Works Programme	MIS	Management Information System
EXCO	Executive Council	MISP	Master Information Systems Plan
FET	Further Education and Training	MPCC	Multi-purpose Community Centre
		MTEF	Medium Term Expenditure Framework
		MUNIMEC	Municipalities and Members of Executive Council
		MYHDP	Multi Year Housing Development Plan

NHBRC	National Home Builders Registration Council	PR	Public Relations
NHFC	National Housing Finance Corporation	PSC	Project Steering Committee
NIMR	National Information Requirements	PSDP	Provincial Spatial Development Plan
NMBM	Nelson Mandela Bay Municipality	PSLVDC	Provincial State Land Vesting and Disposal Committee
NSDF	National Spatial Development Framework	PVAS	Payment Voucher Administration System
NYDA	National Youth Development Agency	QPMS	Quarterly Performance Management System
NSDP	National Spatial Development Perspective	QPR	Quarterly Performance Report
NUSP	National Upgrading Support Programme	RHLF	Rural Housing Loan Fund
NURCHA	National Urban Reconstruction and Housing Agency	RMU	Revenue Management Unit
OAG	Office of the Auditor General	RULIV	Eastern Cape Rural Livelihoods Programme
OPS/CAP	Operational Capital Budget	SANMVA	South African National Military Veterans Association
OTP	Office of the Premier	SDIP	Service Delivery Improvement Plan
PACom	Project Assessment Committee	SCM	Supply Chain Management
Persal	Personnel and Salary System	SCMU	Supply Chain Management Unit
PFMA	Public Finance Management Act	SHI	Social Housing Institution
PGDP	Provincial Growth and Development Plan	SHRA	Social Housing Regulatory Authority
PGDS	Provincial Growth and Development Strategy	SITA	State Information Technology Agency
PHDP	People Housing Development Programme	SLA	Service Level Agreement
PILIR	Procedure on Incapacity Leave and Ill Health Retirement	SMME	Small Medium and Micro Enterprises
PMDS	Performance Management and Development System	UNDP	United Nations Development Programme
PMO	Project Management Office	USDG	Urban Settlements Development Grant
PMS	Performance Management System	WAN	Wide Area Network
PMU	Project Management Unit	PSR	Public Service Regulation
PMQA	Project Management & Quality Assurance	PSETA	Public Service Sector Education and Training Authority
PPPFMA	Preferential Procurement Policy framework Act	WSP	Workplace Skills Plan

3. FOREWORD BY THE MEC



- **Introduction**

The 2021/22 Annual Report is the third in the sixth term of government and its tabling gives effect to Section 26 of the South African Constitution (Act 108 of 1996), which is expressed through both the implementation of the National Development Plan (2030) and Provincial Development Plan (PDP).

The Department is guided by the programme of the ruling African National Congress (ANC) as outlined in its 2014 manifesto and will continue to reference the Freedom Charter in the pursuit of its declarations, the one which state that, "There Shall be Houses, Security and Comfort". The Department's mandate contributes to the fulfilment of the National Development Plan to address the triple challenges of unemployment, poverty and inequality and respond to Goal 2 of the Provincial Development Plan "an enabling infrastructure" in ensuring the development of sustainable and integrated human settlements. The creation of housing opportunities is the foremost amongst other deliverables this government has committed itself to, during this term of government and human and financial resources will be mobilised to address the imbalances created by the Apartheid separate development agenda.

- **Achievements in relation to policy directives, 2019-24 Medium Term Strategic Framework and department's outcomes**

As the Department reflects on the year under review, the Ministry wishes to highlight key activities that it has embarked upon while providing political leadership in pursuance of strategic priorities. The long-term strategy of the Department remains anchored on the national output encompassed in Outcome 8 as well as Provincial Medium Strategic Framework (PMTSF) and are aligned to the National Development Plan (NDP). Furthermore, to execute the Departments' mandate which calls for the sustainable human settlement and improved quality of household life.

The Department continues to focus on providing decent homes to the most destitute and vulnerable beneficiaries by building quality homes for the disabled, the elderly, child-headed families and military veterans. In the Destitute and Vulnerable Groups Programme, the Department assessed and verified 1 480 and 314 military veterans for housing opportunities.

The issuing of title deeds programme remains one of the Department's priorities which places emphasis on restoring South African citizens' dignity by building for them sustainable houses. The Title Deeds Restoration Project was initiated to deal with the backlog and thus ensuring access to adequate housing and full homeownership. The issuing of title deeds has been moving at an unacceptable pace due to pre-conveyancing activities such as township establishments, outdated general plans and township registers and these have since been resolved in most projects. However, working with municipalities, the department is managing other challenges such as untraceable beneficiaries, misallocation of title deeds,

illegal occupation, selling of houses and deceased beneficiaries which delayed the registration and issuance of title deeds. In ensuring security of tenure as pronounced in the 2021/22 Policy Speech, the Department managed to register 1 930 title deeds in the following categories pre-1994 (244), post-1994 (1 258), post-2014 (374) and new title deeds (54).

The Financed Linked Individual Subsidy Program (FLISP) provides affordable first-time ownership opportunity to the gap market who generally find it hard to qualify for housing finance. 228 households have received financial assistance to purchase residential properties and this contributes towards transforming the property market and promote access to urban opportunity and social integration through access to well-located, affordable housing and decent shelter. Rental housing annual target has not been met due to financial constraints faced by the Social Housing Institutions (SHIs), however the Department is engaging Social Housing Regulatory Authority (SHRA) on the performance of the Social Housing Institutions to assist with New Funding Model.

On strengthening community education and awareness to increase visibility of Human Settlements and services in transforming communities, the Consumer Education and Social Facilitation programme has reached 4 783 beneficiaries, thereby exceeding the planned target of 4 276. The benefit of this programme extends beyond the handing over of a completed house, to ensuring that through care and maintenance, the product retains its growth value as well as affording consumer protection.

The Department continues to support the development of the “All of Government One Plan” to realize the vision of the District Development Model (DDM). This plan seeks to coordinate integrated planning across all spheres of government. The Department continues to reinforce IGR Forums across the province to ensure that the dream of integrated sustainable human settlements is realized. In the last financial year, the MEC had engagements with the Mayors and MMC’s of Buffalo City Metropolitan Municipality, Alfred Nzo DM, Amathole DM, Sarah Baartman DM, Joe Gqabi DM, Chris Hani DM and Nelson Mandela Metropolitan Municipality. These engagements seek to engage municipalities on human settlements programmes and projects and resolving challenges that require the MEC’s intervention and municipal cooperation.

- **Challenges for the financial year under review**

- o The shrinking fiscal allocation impacts negatively on the delivery of the program of the department and hamper its efforts to deal decisively with the housing backlog.
- o Micro and macro planning as well as procurement related inadequacies remain a challenge and causes regression in the Departmental performance.
- o In addition to these, were issues related to stagnation and regression in audit findings, ICT governance, poor contract Management, irregular expenditure and unfilled senior management posts.

- **The strategic focus over the medium to long term period**

The Department is making steady progress towards achieving Human Settlements goals against acute destitution and homelessness and it has developed a clear strategy to ensure that the most acute beneficiaries are prioritised. The Department continues to implement the following broad Policy Priorities of the Sixth Term of Administration:

- Upscaling the housing opportunities with special focus and prioritization of Destitute, Vulnerable Groups and Military veterans,
- Systematic unblocking of historically blocked projects,
- Accelerated Registration and Issuance of Title Deeds to Homeowners,

- Increase empowerment opportunities for SMMEs including women and youth,
- Upgrading of informal settlements and provision of social and economic amenities and
- Continuous use and application of Innovative and Sustainable Building Technologies (ISBT)

- **Acknowledgement/Appreciation**

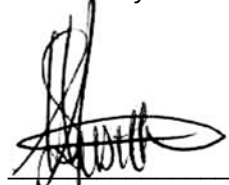
Appreciation goes to the Premier of our Province and my colleagues in the Executive Council for their continued support as well as the Portfolio Committee on Human Settlements for their robust oversight over the Department. A word of thanks goes to the Head of Department, Management and all staff of the Department for the commitment they continue to demonstrate in serving all our communities for the betterment of the lives of the people of the Eastern Cape.

A word of appreciation goes to all our Stakeholders in supporting the Department in its efforts of creating better communities and enriching the lives of our people, “together moving South Africa forward”.

- **Conclusion**

As a member of the Executive Council responsible for Human Settlements, I hereby present the 2021/22 Annual Report of the sixth administration, in line with our accountability prescripts which give an account of the policy speech directives as contained in the Annual Performance Plan as well as National and Provincial Medium Term Strategic Frameworks.

I thank you.



Siphokazi Lusithi
Member of Executive Council
MEC of the Department of Human Settlements

31 August 2022

4. REPORT OF THE ACCOUNTING OFFICER



- **Overview of the operations of the department**

The Eastern Cape Department of Human Settlements hereby submits the 2021/2022 Annual Report as part of its constitutional, legislative and civil responsibility to account on its performance against the resources allocated to provide services for the improvement of the lives of the citizens of the province.

The Annual Report will reflect the Departments performance against targets set out in the MEC's Policy speech and the Annual Performance Plan that have been aligned to priorities espoused in the State of the Nation Address, the State of the Province Address and the National Development Plan. To this end the Department subscribes to a vision of "integrated sustainable human settlements with improved quality of household lives by 2030, for residence of the Eastern Cape". The programmes of the Department are informed by Goal 2 of the Provincial Development Plan which is to create an enabling infrastructure network for the province. This will be done with a focus on:

- o Eradicating informal settlements,
- o Building integrated human settlements,
- o Fast-tracking housing provision,
- o Unlocking various housing products and finance options, and
- o Strengthening urban and rural settlement planning capacities.

Overview of the results and challenges for the department

- o **Achievements for the Year**

The Department has obtained an unqualified Audit outcome for 2021/22 financial year.

Contributing to accelerated delivery of housing opportunities, the Department has successfully delivered 6 854 housing units, serviced 5 832 sites against a target of 7 442 and 7 505 respectively. Construction pipeline on milestones attained include;

- o 2 710 Foundations
- o 1 622 Wall Plates
- o 2 333 Roofs
- o 1 075 Finishes

Through housing construction, 7 056 jobs were created in the following categories;

Categories	Statistics
Adult Women	664
Adult Men	2 179
Female youth	1 805
Male youth	2 407
Disabled persons	1
Total	7 056

o Challenges for the Year

Inadequate and decaying bulk infrastructure in secondary and small towns has a negative impact in unlocking new projects. The Department has been allocated 2 % of HSDG and will continue to negotiate with municipalities to utilize Municipal Infrastructure Grant (MIG) & Urban Settlements Development Grant (USDG) to unlock bulk infrastructure challenges.

Poor land-use management practices in municipalities are leading to land invasion and increased number of informal settlements. The Department will continue to use IGR platforms to encourage municipalities to implement by-laws that prevent illegal land invasions.

Lack of integrated planning between the Department, other sector departments, municipalities, private sector and donor institutions resulting in the misalignment of planning and implementation of the Municipal Infrastructure Grant and the Urban Settlements Development Grant. The Department has optimised its participation on IGR structures and Cluster system and is in the process of developing a long-term credible Provincial Project Pipelining.

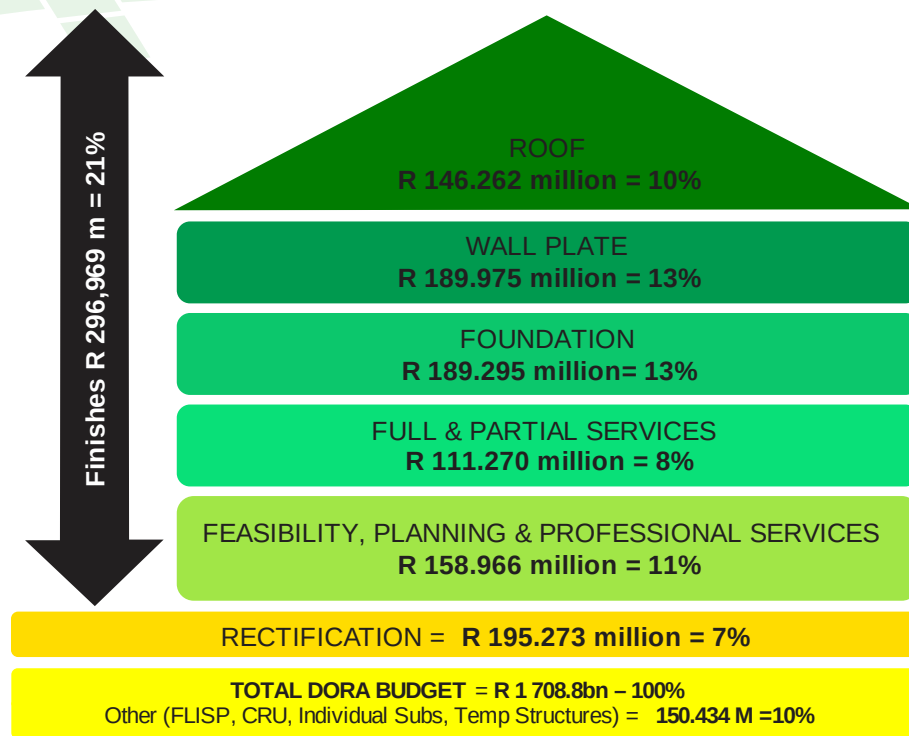
Lack of technical capacity for human settlements projects and non-existence of Housing Units in some municipalities, however the department working with COGTA will support all municipalities to ensure that there is necessary capacity on projects related issues.

• Overview of the financial results of the department:

The total adjusted allocation for the 2021/2022 financial year is R 2,613 billion which increased by 28.47% from R2,034 billion in the 2020/2021 financial year. The department has spent 97,81% of the allocated budget in the current financial year compared to 82% spent in the previous financial year.

The table demonstrates expenditure per milestones of construction and percentage breakdown

MILESTONES	AMOUNT R'000	PERCENTAGES
Pre-Planning	R158.965	11%
Services	R111.270	8%
Foundation	R189.296	13%
Wallplates	R189.976	13%
Roof	R146.262	10%
Finishes	R296.969	21%
Rectification	R195.273	14%
Other	R150.434	10%
Sub Total	R1 438.445	100%
Sub Total -HSDG (Informal Settlement)	R270.361	
HSDG GRAND TOTAL	R1 708.806	
UISPG	R432.392	



Equitable Share

The equitable share allocation for 2021/2022 was R414,819 million which has increased by 1.25% compared to R409,691 million in 2020/2021 financial year.

Compensation of Employees

For the 2021/2022 financial year the department allocated R 352,512 million for compensation of employees which increased by 2.11% from R 345,232 million in the 2021/2022 financial year, and the department spent 99.76% of the allocation in the current financial year.

Goods and Services

The Goods and Services allocation for 2021/2022 financial year was R 46,305 million which decreased by 7.23% as compared to R 49,653 million allocated for 2020/2021 financial year. The department has spent 100% of the allocation in the current financial year.

Included within the goods and services allocation, is the EPWP grant of which funding for the 2021/2022 financial year was R2,777 million which increased by 1.94 compared to R2,723 million in the previous financial year and 100% of this allocation was spent.

Capital Assets

The budget for capital assets allocated for 2021/2022 financial year is R 11,612 million which decreased by 2.45% compared to R 11,897 million in the 2020/2021 financial year. The department spent 59.41% and a roll over application of R 4.4 million has been submitted to Provincial Treasury for the procurement of the upgrading of the telephone system.

Transfers and households

The total allocation for Human Settlements Development Grant for the 2021/2022 financial year was R 1,762 billion which increased by 19.13% from R 1,479 billion in the 2020/2021 financial year. The department spent 97% compared to 81.14% in the previous financial year.

The allocation for the Title Deed Restoration Grant for the 2020/21 financial year was R3.821 million which decreased by 93.02% from R 54,749 million in the 2020/2021 financial year. The department spent 99.95% of its allocation. The allocation for the Informal Settlements Development Grant for the 2021/2022 financial year was R 432,428 million and the department has spent 99,99% of its allocation.

- **Departmental receipts**

Departmental receipts	2021/2022			2020/2021		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	663	303	360	520	327	193
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	581	1	580	451	1 072	(621)
Sale of capital assets	423	446	(23)	312		312
Financial transactions in assets and liabilities	-	158	(158)	-	10	(10)
Total	1 667	908	759	1283	1 409	(126)

The department under collected revenue by R759 000 for the 2021/2022 financial year. Under collection is mainly due to the under collection on interest on Trust Accounts.

- **Tariff Register**

The Department has an approved Tariff Policy, which mainly addresses the rental stock of the Housing Board, and they are predominantly allocated to low income earning citizens of the province. This has influenced the Departments decision to remain with the same tariff structure to accommodate the low-income tenants.

- **Programme Expenditure**

Sub-Programme Name	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	166 085	160 953	5 132	166 441	154 894	11 547
Housing Needs Planning & Research	19 832	19 808	24	20 424	18 461	1 963
Housing Development	2 410 064	2 357 021	53 043	1 778 897	1 462 956	315 941
Housing Asset Management	16 800	16 494	306	67 995	31 587	36 408
Total	2 612 781	2 554 276	58 505	2 033 757	1 667 898	365 859

Programme 1: Administration has spent 96.9% of its final budget on the year under review. Included in the Programme 1 appropriation and expenditure is the Statutory Appropriation of the Member of Executive Council

Programme 2: Housing Needs, Research and Planning has spent 99.9% of its final budget.

Programme 3: Housing Development has spent 97.8% of its final budget.

Programme 4: Housing Asset Management has spent 98.2% of its final budget.

- Virements /roll overs

Transferring Programme 1: Administration

Economic Classification	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	115 755	(10)	(631)	115 114
Goods & Services	33 381	3 197	573	37 151
Households	2 098	10	100	2 208
Machinery & Equipment	14 809	(3 197)	-	11 612
Total	166 043	-	42	166 085

A virement of R 42 000 was made to Programme 1 to fund cost pressures.

Receiving Programme 2: Housing, Needs, Research and Planning

Economic Classification	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	19 542	(21)	(530)	18 991
Goods & Services	270	-	148	418
Households	89	21	313	423
Total	19 901	-	(69)	19 832

A virement of R 69 000 was made from Programme 2 to fund cost pressures.

Transferring Programme 3: Housing Development

Economic Classification	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	204 485	1	1 696	206 182
Goods & Services	9 284	-	(861)	8 423
Households – current	1 730	-	(411)	1 318
Households - capital	2 194 141	(1)	-	2 194 141
Total	2 409 640	-	424	2 410 064

A virement of R 424 000 was made to Programme 3 to fund cost pressures.

Receiving Programme: Programme 4: Housing Development

Economic Classification	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	12 762	-	(537)	12 225
Goods & Services	173	-	140	313
Households – current	441	-	-	441
Households – capital	3 821	-	-	3 821
Total	17 197	-	(397)	16 800

A virement of R 397 000 was made from Programme 4 to fund cost pressures.

- **Unauthorized, fruitless and wasteful expenditure**

Irregular expenditure of R291.94 million has been identified and disclosed for the year under review. The expenditure is mainly due to contracts that were identified as irregular in the previous financial years and R4.158 million relates to cases where the applications for a variation order and a deviation from normal procurement process were not approved by Provincial Treasury. Fruitless and wasteful expenditure of R5.783 million has been identified and disclosed. The expenditure is mainly due to changes and cancellations of travel bookings, traffic fines, standing time and interest paid because of court orders. The expenditure disclosed is still under investigation and where negligence is found, the responsible officials will be charged with the recovery thereof.

- **Strategic focus over the short to medium term period**

The Departmental focus for the 2022/23 financial year is as follows,

- o Construction of 7 666 low-cost housing units
- o Provision of 243 housing units for Finance Linked Individual Subsidies Programme (FLISP)
- o Provision of 2 Socio-economic facilities
- o Provision of 210 affordable Rental accommodation
- o Delivery 6 205 serviced sites
- o Creation of 7 500 job opportunities
- o Registration of 3 500 Post-1994 title deeds backlog, 2 500 post-2014 title deeds and 1 250 new title deeds to beneficiaries
- o Rectify 1 120 defective houses
- o Verification of 100 Military Veterans and 1 050 Destitute and other vulnerable groups for housing opportunities

- **Public Private Partnerships**

The Department has continued to maintain and extend its Research Partnership with Higher Learning Institutions and has concluded Memoranda of Understandings that will expire in 2025. The following institutions have research partnerships with the department:

- University of Fort Hare
- Rhodes University
- Walter Sisulu University
- Nelson Mandela University
- Stellenbosch University

- **Discontinued key activities / activities to be discontinued**

- o No discontinued activities or activities to be discontinued in the year under review

- **New or proposed key activities**

- o None

- **Supply chain management**

- o The Department did not conclude any unsolicited bid proposals during the financial year under review.
- o Processes and procedures and internal controls were executed and monitored to ensure compliance with the Supply chain management prescripts and to minimize occurrence of

irregular expenditure and the department has done the following:

- Reviewal of the supply chain management policy
- Capacitation of bid committees
- The reviewed internal control to access documents
- o The Base Control Self-Assessment (BCSA) tool is not fully utilized to detect irregular expenditure in the procurement process due to staff compliment.
- o National Treasury releasing an advisory note to “all organs of state” that tenders advertised after 16 February 2022 be “held in abeyance”.

• **Challenges experienced in SCM and how they were resolved**

Challenges in SCM	How they were resolved
o The department faced a challenge of non-responsive bids	• The Department advertised an invitation for the panel of contractors to fast track the process of procurement and appointment of competent contractors. • The Department has reviewed and standardized the terms of reference.
o Base Control Self-Assessment (BCSA) too not utilized	• The students to use the system were identified and partially trained. • It transpired that for the system to be implemented effectively it needs permanent and experienced people. • Students rotate every three months so there was not continuity on the implementation of the project. • The implementation of the system has to start at Demand Unit and that is the unit that is overstretched already.
o Percentage of HSDG construction budget allocated to women, youth SMME's contractors	• The department will fast-track procurement processes to ensure bids are awarded in the first quarter of the next financial year.

• **Gifts and Donations received in kind from non-related parties**

This financial year, Govan Mbeki Housing Awards Ceremony could not be hosted and there were no gifts and donation received, however household furniture and linen were received from contractors for handover to some destitute and vulnerable groups houses.

• **Exemptions and deviations received from the National Treasury**

There were no exemptions from financial reporting requirements received from National Treasury for the financial year 2021/22

• **Events after the reporting date**

There was a change of Political leadership on the 16 August 2022

• **Other**

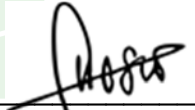
None

• **Acknowledgement/s or Appreciation**

I would like to express a word of gratitude to the Executive Authority for her leadership, the Portfolio Committee for their judicious oversight, our strategic partners for their continuous support and the entire Human Settlements family for their contribution to this noble cause.

- **Conclusion**

As the Accounting Officer of the Eastern Cape Department of Human Settlements, I have the pleasure and honour of submitting the Annual Report for the 2021/22 Financial Year.



Tabisa Poswa
Accounting Officer
Department of Human Settlements

31 August 2022

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

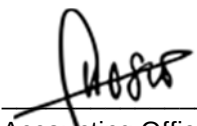
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2022.

Yours faithfully



Accounting Officer
Tabisa Poswa

31 August 2022

6. STRATEGIC OVERVIEW

6.1 Vision

Integrated sustainable Human Settlements with improved quality of household lives by 2030, for residence of Eastern Cape

6.2 Mission

Provision of quality integrated and sustainable Human Settlements that offer our communities a better living environment.

6.3 Values

Core Values / Principles – Department of Human Settlements	
Transparency and accountability	Good governance and clear communication
Respect and courtesy	Acknowledge the centrality of human dignity in all that we do
Professionalism and integrity	Ethical conduct that upholds a client oriented public service ethos
Commitment and Teamwork	Achieving more and better together
Service Standards	High quality service delivery through client-oriented approaches

7. LEGISLATIVE AND OTHER MANDATES

The mandate of the Department emanates from Section 26 of the RSA Constitution which provides that everyone has the right to have access to adequate housing, the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right and no one may be evicted from their home, or have their home demolished, without an order of court.

The Mandate of the National Department is also embedded in Section 3 of the Housing Act of 1997 as amended which provides that the National government acting through Minister should determine national Policy. Such policy should, include norms and standards in respect of housing Development. The National government should amongst other functions set broad national housing delivery goals and facilitate the setting of provincial and where appropriate, local government housing delivery goals.

General Proclamation Notice No. 1570 of 2009 as signed off by the President of the Republic of South Africa then created the Department of Human Settlements as a successor to Department of Housing. This notice together with the Comprehensive Plan for the Creation of sustainable human settlements adopted by Cabinet in 2004 presents a shift in mandate from providing housing to providing sustainable and integrated human settlements. Chapter eight of the National Development Plan, 2011 further controlled housing to work towards transforming human settlements to eliminate the apartheid spatial geography to create settlements where people can work, pray, play and have access to social and economic amenities.

The Department's mandate is derived from Chapter 2, the Bill of Rights, Chapters 3 and 6 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). In terms of Section 26 of the Bill of Rights:

- Everyone has the right to have access to adequate housing.
- The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right.
- No one may be evicted from their home, or have their home demolished, without an order of court being made after consideration of all the relevant circumstances. No legislation may permit arbitrary eviction.

The following sections of the Constitution provide the legislative framework for the institutional arrangements used in the development of sustainable human settlements:

- Part A of Schedule 4, Chapter 14 lists housing, urban and rural development and regional planning and development as functional areas of concurrent national and provincial legislative competence.
- Section 154(4) further provides for the delegation of powers and functions to local government, by agreement, if municipalities have the necessary capacity and are regarded as the most effective site from which these powers can be exercised.
- Section 125(3) provides that, by legislative and other measures, national government must assist provinces to develop their administrative capacity, which is required for the effective exercise of their powers and the performance of their human settlements functions.

The table below [provides a list of key policies and legislation that supports the implementation of the Mandate of the Department of Human Settlements

Legislative Mandate	Brief Description
The Housing Act, 1997 (Act No. 107 of 1997)	This act creates the provision for the granting of housing subsidies for low income earners
Prevention of Illegal Eviction from Unlawful Occupation of Land Act, 1998	This act repeals the Prevention of illegal squatting act (Act 52 of 1951) and makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land, from their homes. The Act makes it an offence to evict without following the due process of law.
The Housing Consumer Protection Measures Act, 1998	Provides for the establishment of a statutory regulating body for homebuilders. The National Home Builders Registration Council registers builders engaged in certain categories of housing construction, and regulates the home building industry by formulating and enforcing a code of conduct
The Rental Housing Act, 1999 as Amended	The Rental Housing Act repeals the Rent Control Act (1976) and defines government responsibilities in respect of rental housing property. It creates mechanisms to promote relations between landlords and tenants.
Social Housing Act, No.16 of (2008)	The Act provides for the establishment of affordable rental accommodation for low to medium income households in designated restructuring zones i.e. places of economic opportunities, enabling spatial and social integration.
Home Loan and Mortgage Disclosure Act, 2000	This Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities
Promotion of Access to Information Act 2 of 2000 (as amended)	The Act underlines the importance of access to information for an open, democratic, transparent society. The Act gives legislative form to Section 32 of the Bill of Rights of the Constitution and should be interpreted as legislation giving effect to a constitutional right.
Housing Development Agency Act [Act No. 23 of 2008]	The Act serves to establish the Housing Development Agency and to provide for its functions and powers. It also outlines the roles of the Agency which is to facilitate the acquisition of land and landed property, in a way that complements the capacities of Government across all spheres, and to fast-track land acquisition and housing development services for the purpose of creating sustainable human settlements.
Community Scheme Ombud Service Act [Act No. 9 of 2011]	The Act serves to provide for the establishment of the Community Schemes Ombud Service and to provide for its mandate and functions. The Act also provides for a dispute resolution mechanism in community schemes.
Sectional Titles Management Act [Act No. 8 of 2011]	The Act provides for the establishment of bodies corporate to manage and regulate sections and common property in sectional titles schemes and for that purpose to apply rules applicable to such schemes. It further requires the bodies corporate to establish a sectional titles schemes management advisory council.
Preferential Procurement Policy Framework Act, No 5 of 2000	The Act gives effect to Section 217, Chapter 3 of the Constitution by providing a framework for the implementation of the Procurement Policy contemplated in Section 217, Chapter 2, of the Constitution and to provide for matters connected therewith
Broad Based Black Economic Empowerment Act, No 53 of 2003	The Act aim act promoting the achievement of the constitutional right to equality by increasing broad-based and effective participation of Black people in the economy. It also sets parameters for the development of the Property Charter and the Constitution Charter as mechanisms to secure commitment from stakeholders in the construction and property industries
Public Finance Management Act 105,1999	This Act regulates financial management in National Government and Provincial Government

Legislative Mandate	Brief Description
Spatial Planning and Land Use Management Act (SPLUMA) [Act No 16 of 2013	The Spatial Planning and Land Use Management Act (2013) was adopted shortly after the introduction of the NDP. SPLUMA- is an important component of the drive to set the broad spatial agenda of the country, promoting the development principles of spatial justice, spatial sustainability, efficiency, spatial resilience and good administration. The status establishes mechanisms for the negotiation of spatial conflicts, issuance of guidelines and monitoring compliance. Although SPLUMA does not delay with fragmentation of the spatial planning function directly, it introduces a new approach to spatial planning that can be refined and linked with overall long-term planning. Embedding spatial planning within the overall system of planning is critical.

ORGANISATIONAL
 STRUCTURE



Ms. Siphokazi Lusithi
 MEC for Human Settlements



Ms. Tabisa Poswa
 Head of Department



Vacant Position
 CD: Financial
 Management
 Services



Vacant Position
 CD: Corporate Services



Vacant Position
 CD: Human Settlements
 Delivery Planning
 and Performance



Mr S Galahitiyawa
 CD: District
 Coordination &
 Project Management



Mr D Mpendu
 CD: Human Settlements
 Facilitation Programme



Mr E Venn
 CD: Human Settlements
 Incremental Programs



Mrs. B Gobe
 CD: Strategy &
 Systems



Ms. T Tindleni
 CD: Human Settlements
 Property & Assets
 Management

9. ENTITIES REPORTING TO THE MEC

- There are no entities reporting to the MEC.

9.1 *Additional information*

9.1.1 Membership of Cabinet Committees and Cluster

- Leader of Government Business
- Member of Social Transformation Cabinet Committee
- Member of the Governance and Administration Cabinet Committee
- Member of the Budget Cabinet Committee



Part **B**

PERFORMANCE INFORMATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 169 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

- The departmental establishment has 566 posts and 518 filled posts. The functional structure was last reviewed in 2018 and its review was focused on alignment of functions, the core functions and the implementation of the Support Services Generic Structure that was introduced by the Department of Public Service and Administration. There has been no significant increase in the post establishment in the past five (5) years due to limited budget for compensation of employees. The Department has limited Human Resources more especially in the Districts, Government Information and Communication Technology Management and Supply Chain Management. This might be a risk for the implementation of the SDM.
- The Department is currently reviewing the Service Delivery Model and the draft SDM is available for approval. This SDM will improve the way the Department performs through decentralization of core functions, increase assignment of municipalities as developers and automation of business processes. The new SDM will assist the Department with the review of the current Organogram to be aligned with the SDM for improvement of service delivery. As part of facilitating improvement of human capacity, the department has utilised the Skills Levy budget to continuously train the employees on short courses that are service delivery related and the provision of bursaries for long term knowledge and competencies development. The Department is also constantly filling the funded vacant posts within the turn - around time frame

Budget

The expenditure analysis as at 31st of March 2022 is 97.76% (Equitable Share expenditure at 98.66% and Conditional Grant Expenditure is 97.65%) of the adjusted budget. The main contributors to the underspending are:

- Vacant funded posts at year-end
- Delays by SITA in the procurement for the upgrading of the telephone management system
- Delays in the transfers at the deeds office as well as the delays in the approval of rates clearance of sellers of the properties in NMBM
- Delays in the additional funding approval and procurement of service providers for the 3 MPCC's planned
- Delays in the installation of services
- Unavailability of bulk infrastructure on some projects
- Illegal occupation of a project in BCM Region

Progress on Key Deliverables:

The table below provides a snapshot of progress against key delivery targets as depicted in the Departmental Annual Performance Plan for the 2021/22 financial year.

KEY DELIVERY OUTPUTS	2021/22 ANNUAL TARGET	ACTUAL OUTPUT
Housing Subsidies (low-cost housing)	7 442 houses	6 854
Individual Subsidies (facilitated for payment)	112	41
FLISP (allocated)	190	228
Rental Housing units	200	0
Socio-economic facilities	3	0
Informal Settlements upgraded to phase 3	115	0
Title Deeds (Pre- 1994)	400	244
(Post- 1994)	2 200	1 258
(Post -2014)	1 500	374
(New title deeds)	403	54
Job Opportunities	7 500	7 056
Rectification	1 287	1 103
Access to Basic Services	7 505	5 832
Youth empowerment opportunities	200	150
SMME contractors supported	116	112
Unblocking of historical projects	55	12
Projects supported on innovative and sustainable buildings technologies	8	5
Municipalities supported on human settlements programmes	15	36
Short learning programmes implemented	4	4
Destitute and other vulnerable groups verified for housing opportunities	1 050	1 480
Military Veterans verified for housing opportunities	100	314

Regional Performance

The District Co-ordination and Project Management Program main purpose is to manage and oversee an effective and efficient District Co-Ordination and Project Management through District Teams. The Programme further oversees implementation of sound Project Management principles across the delivery spectrum of the construction activity in the Department and co-ordinates the execution and control environment of all the projects as per the approved Business Plan.

Performance for the year under review demonstrates under performance in units, services and houses rectified. 77.71% of sites were serviced, 92,10% units were delivered and 85.70% of defected houses were rectified. Under performance in units delivered was because of acute shortfall in the NMBM region where 14.43% of the set targets were achieved, Sarah Baartman region where 20.86% was achieved, Buffalo City Metropolitan Municipality region with 52.02% was achieved, Amathole region with 62.74% achieved and Alfred Nzo region with 75.62% achieved. In addition, inclement weather conditions around the province imposed a negative impact towards service delivery since the province is predominantly rural in nature and there are no proper access roads to deliver building materials.

Moreover, infrastructure in terms of bridges were affected and most rivers were flooded, this presented a situation where contractors had to wait for a period of 2 weeks for the land to dry before construction commences. The Department has made plans to avoid the delays in 2022/2023 financial year through creating of sufficient pipeline projects and enforcing contractual terms to ensure value for money.

The table below provides an overview of performance against planned outputs on key delivery indicators.

REGIONS	UNITS			SERVICES			RECTIFICATION		
	Plan	Actual	% Progress	Plan	Actual	% Progress	Plan	Actual	% Progress
Amathole	883	554	62,74%	1 395	364	26,09%	209	0	0,00%
Alfred Nzo	1 202	909	75,62%	1 452	909	62,60%	0	0	0,00%
BCMM	1 607	836	52,02%	410	386	94,15%	100	154	154,00%
Chris Hani	1 755	2 762	157,38%	1 625	2 666	164,06%	321	302	94,08%
Joe Gqabi	378	472	124,87%	728	452	62,09%	0	0	0,00%
NMBM	395	57	14,43%	0	0	0,00%	191	102	53,40%
OR Tambo	920	1 201	130,54%	825	1 055	127,88%	376	545	144,95%
Sarah Baartman	302	63	20,86%	1 070	-	0,00%	90	0	0,00%
TOTAL	7 442	6 854	92,10%	7 505	5 832	77,71%	1 287	1 103	85,70%

Title Deeds Restoration Project

The Department has delivered a significantly high number of houses since the dawn of democracy. Research, however, based on an assessment of National Deeds Register, has revealed that many beneficiaries of state subsidized houses have not received their title deeds. The findings of this assessment brought to the fore the need to prioritize the transferring and issuing of title deeds. The issuing of a title deed to the rightful beneficiary is the apex of the housing delivery value chain as it legalizes security of tenure and homeownership.

The Title Restoration Programme (TRP) was established to address the title deeds' backlog through fast-tracking the transfer of title deeds and facilitating issuing of title deeds to the rightful beneficiaries. On embarking on the implementation of the TRP, the department experienced some impediments that delayed the entire title registration process. These impediments include pre-conveyancing activities that had to be resolved before the transfer of title deeds could take place. These include but not limited to winding up of deceased beneficiaries' estates; missing and untraceable beneficiaries; illegal occupation of built units; disputed ownership and divorces cases; need to rehabilitate defective units; encroachments over site boundaries; expired, incomplete and never done township establishment; and non-opening of township registers. The department is attending and prioritizing these pre – conveyancing activities. The Department has also appointed a Panel of Conveyancers for a period of three years to address the title deed's backlog in the province.

Declaration of restructuring zones and new social housing projects

The programme has intervened by creating awareness of social housing to enhance the development of social housing in the province with focus to other local municipalities in Northern and eastern parts of the Eastern Cape Province. The following municipalities have submitted motivations for declaration of Restructuring Zones in their respective municipalities:

- Intsika Yethu Local Municipality
- Enoch Mgijima Local Municipality
- Umzimvubu Local Municipality

- Ndlambe Local Municipality

The motivations in support of declaration of Restructuring Zones in respect of the above-mentioned municipalities have been supported by the Member of Executive for consideration by the National Minister of Human Settlements. The approval of Restructuring Zones in the identified secondary towns will enhance social housing development opportunities in the areas. The creation of awareness sessions at local municipal level is on-going encouraging municipalities to prioritize declaration of Restructuring Zones in their respective areas. In the fourth quarter an application by the Buffalo City Metropolitan Municipality for extension of Restructuring Zones in the Mdantsane/Highway CBD and Mount Ruth CBD have been received and processed for submission to the National Department of Human Settlements.

Awareness sessions to encourage local municipalities to submit applications motivating for declaration of Restructuring Zones in their respective municipalities have been conducted at the following municipalities:

- Walter Sisulu Municipality
- Ingquza Local Municipality

Running projects

Steve Biko Precinct: Nelson Mandela Bay Metropolitan Municipality

The above-mentioned project is a conversion of three multi-story buildings into (220) two hundred and twenty affordable social housing rental units for the income category of between R1 500 – R15 000 per month. 109 units are completed and tenanted, whilst the remainder of the units are still under construction to complete the project.

The construction of the remainder of the project is not progressing as planned due to financial constraints experienced by the social housing institution that are adversely impacting on the completion of the project and no completions were achieved. The Eastern Cape Development Corporation (ECDC) that funded the loan facility to Qhama Social Housing Institute has now committed to release the remaining loan facility which has been suspended until the project achieves full tenanted of the completed units. Once the remainder of the loan facility is released the project will be resuscitated.

John Street Social Housing: Nelson Mandela Bay Metropolitan Municipality

The John Street Social housing project was born out of a Land Availability Agreement between the Nelson Mandela Bay Metropolitan Municipality and Imizi Housing Utility. This development in Uitenhage is the first social housing development in the area since the declaration of restructuring zones by the Minister of Human Settlements in 2011 and has yielded three hundred and eighty-five (385) affordable houses in previous financial year. The development has now commenced with tenanted and at this stage has tenanted a total of one hundred and sixty eight (168) units equating to 73% at various income brackets. Of the one hundred and sixty eight (168) tenanted units eighty-five (85) beneficiaries earn less than R5 500 and eighty-three (83) earn more than R5 500 per month.

Allocation of Finance Linked Individual Subsidies to approved beneficiaries

The focus of the intervention is the approval of Finance Linked Individual Subsidies to qualifying beneficiaries with a gross household income of between R3 501 and R22 000 per month. During the 2021/22 financial year a total (228) two hundred and twenty-eight subsidies were disbursed to qualifying first time buyers in various parts of the province. The programme has seen an over achievement by (35) thirty-five disbursements. This remarkable increase in demand has been because of the extensive awareness creation on the target market at both private and public sector. The awareness campaigns are continuing to reach potential beneficiaries.

The Fairwest Village in Fairview, Port Elizabeth which has been born out of a Land Availability Agreement between the Provincial Human Settlements and Imizi Housing Utility has completed the final phase of the FLISP project which comprises of One hundred and forty (140) affordable housing units to first time buyers. The project has completed a total of Eighty (80) affordable housing units for first time buyers in the income

category of FLISP and the other units were completed in the previous financial year. The beneficiaries approved in this period under review were approved by the National Housing Finance Corporation (NHFC).

2.2 Service Delivery Improvement Plan

The department has consolidated a service delivery improvement plan implementation report for 2021/22 financial year. This service delivery improvement plan implementation report was initially prepared at the end March 2022 in line with the actual annual delivery of the Department.

The tables below highlight the service delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/Actual standard of service 2020/21	Desired standard of service 2021/22	Actual achievement 2021/22
First service: Allocation of quality houses to qualifying beneficiaries	Eastern Cape Communities	970 destitute beneficiaries approved for housing opportunities.	700	4 367 destitute beneficiaries have been approved for housing opportunities. Over performance was due destitute and disaster projects that required urgent approvals from Alfred Nzo, OR Tambo, Amathole and Joe Gqabi regions.
Second service: Issuing Title Deeds for ownership of property (house) handed over to qualifying beneficiaries	Eastern Cape Communities	1 450 Title Deeds issued to beneficiaries.	400 Pre-1994 Title Deeds issued to beneficiaries.	244 Title Deeds issued to beneficiaries. Under performance was due to delays in the appointment of a panel of conveyancers. Also missing or loss of Mother Erf Tittle and issuing of Rates and Taxes clearance certificates by local municipalities.
			2 200 Post-1994 Title Deeds issued to beneficiaries	1 258 Title Deeds issued to beneficiaries. Under performance was due to delays in the appointment of a panel of conveyancers.
			1 500 Post-2014 Title deeds Registered	374 Title Deeds issued to beneficiaries. Under performance was due to delays in the appointment of a panel of conveyancers. Also missing or loss of Mother Erf Tittle and issuing of Rates and Taxes clearance certificates by local municipalities.
			403 new Title deeds Registered	54 Title Deeds issued to beneficiaries. Under performance was due to delays in the appointment of a panel of conveyancers.

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/Actual arrangements 2020/21	Desired arrangements 2021/22	Actual achievements 2021/2022
4 245 housing beneficiaries were consulted before the project starts, during and after completion of the projects. Stakeholders were consulted through fortnightly site meetings, monthly PSC meetings, monthly contract meetings, bimonthly district forums, general interaction with beneficiaries and quarterly bilateral with individual local municipalities.	Consult 4 276 housing beneficiaries before the projects start, during and after completion of the project	4 783 beneficiaries have been consulted before the projects start, during and after completion of projects. Over performance was due to additional request from the office of the Minister to conduct information sharing sessions with the community.
11 PSC have been established and supported. Issues relating to the community are lifted and promptly addressed. Feedback on the housing beneficiary applications have been provided to the community.	Establishment of 12 PSC at project level and issues related to the community are lifted and promptly addressed. Feedback on the housing beneficiary applications will be provided to the community.	13 PSC have been established and supported and issues related to the community are lifted and promptly addressed. Feedback on the housing beneficiary applications have been provided to the community
4 Communication Strategy Programmes implemented i.e., Event, Newsletter, Media, Marketing	4 Communication Strategy Programmes implemented.	4 Communication Strategy Programmes were implemented i.e., Event, Newsletter, Media, Marketing. • The departmental statutory plans and reports have been made available in the departmental website to allow the communities to identify the type of services that the department offers; departmental plans and progress on delivery of services through the annual reports
148 cases were received and resolved within 30 days.	The Department will effectively manage grievances and complaints and provide corrective action for identified problems and complains. Investigate the complaint and provide a written explanation with remedial action.	325 cases were received and resolved within 30 days.

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Information sessions	Consultation of stakeholders through fortnightly site meetings, monthly PSC meetings, monthly contract meetings, bimonthly districts forums and quarterly bilateral with individual local municipalities. Issuing of Pamphlets, Newspapers and Brochures were issued in Xhosa, English and Afrikaans. A toll-free number is issued to report	Establishment of 13 PSC at project level and issues related to the community are lifted and promptly addressed. Feedback on the housing beneficiary applications was provided to the community.
Brochures	Issuing of Pamphlets, Newspapers and Brochures were issued in Xhosa, English and Afrikaans. A toll-free number is issued to report Corruption.	Beneficiaries were issued with brochures (English and Xhosa) about the departmental products during social facilitation sessions. The department is planning to translate the documents into Afrikaans and Sesotho to cater for policy changes. The Departmental Newsletters were used as a platform to communicate departmental project handovers.
PSC	Consultation of stakeholders through fortnightly site meetings, monthly PSC meetings, monthly contract meetings, bimonthly districts forums and quarterly bilateral with local municipalities were conducted	13 consultative meetings with stakeholders through fortnightly site meetings, monthly PSC meetings, monthly contract meetings, bi-monthly districts forums, general interaction with beneficiaries and quarterly bilateral with individual local municipalities was conducted. Sharing departmental information to beneficiaries through radio station.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Beneficiary Management	The Department will effectively manage grievances and complaints and provide corrective action for identified problems and complains. Investigate the complaint and provide a written explanation with remedial action.	325 cases were received and resolved within 30 days. The platforms were established to allow beneficiaries to lodge grievances and complains. A toll-free number (0800 701 701) has been issued to report corruption, our Customer Care team respond within 72 hours (During normal operating hours) E-mail address: info@ecdhs.gov.za , and a switchboard for Head Office: 086 000 0039

2.3 Organisational environment

The departmental establishment has 566 posts with the functional structure that was last reviewed in 2018. The review of the functional structure focused on alignment of functions, the core functions and the implementation of the Support Services Generic Structure that was introduced by the Department of Public Service and Administration. There has been no significant increase in the post establishment in the past five (5) years due to limited budget for compensation of employees. As a result, the Department has limited Human Resources more especially in the districts, IT and SCM. This might be a risk for the implementation of the Service Delivery Model (SDM) and the Department is currently reviewing the Service Delivery Model, a draft SDM is available for approval.

The Service Delivery Model will improve the way the Department works through decentralization and automation of business processes. In addition, the new SDM will assist the Department with the review of the current Organogram to be aligned with the SDM for improvement of service delivery. As part of facilitating improvement of human capacity, the department has utilised the Skills Levy budget to continuously train the employees on short courses that are service delivery related and the provision of bursaries for long term knowledge and competencies development.

2.4 Key policy developments and legislative changes

According to the National Development Plan output priorities, for the National Department of Human Settlements to achieve its vision of sustainable human settlement and improved quality of household life, it needs to drive effective programme to achieve the following sub outcomes:

- Adequate housing and improved quality living environment
- A functional equitable residential property market and
- Enhanced institutional capabilities for effective coordination of spatial investment decision

The Department of Human Settlements has developed a policy to ensure that it improves its scope, scale and fast-track provision of housing assistance to Military Veterans in the Eastern Cape Province. Furthermore, two research studies were carried out.

2.4.1 Policy on Implementation of Housing Assistance for Military Veterans in the Eastern Cape Province.

The Policy seeks to provide a clear guide on the provision of housing assistance for Military Veterans in the Eastern Cape Province.

- **Objective**

This policy seeks to provide a mechanism that will respond directly to the housing needs of military veterans of the Eastern Cape Province; to prioritise fast tracking the provision of houses for military veterans; to create sustainable, viable and integrated human settlements and to facilitate access to economic opportunities for military veterans.

- **Impact**

To ensure that the Department of Human Settlements reprioritizes the Military Veterans by restoring their dignity through the provision of decent quality houses.

- **Qualification Criteria**

- A South African citizen or permanent resident.

- Legally competent to contract or a Curator can act on behalf of the Military Veteran who is not legally competent to contract.
- Must be a beneficiary for the housing subsidy and/or state funded for the first time.
- Proof of registration on the DMV database.
- Where a military veteran owned a property in the past, and does not currently own any property, such a veteran should not be disqualified, where there is proof that the previous property was:
 - i) Sold under duress;
 - ii) Repossessed by the bank;
 - iii) Family house (most military veterans have family houses registered under their names, but they do not own those houses).

- **Implementation procedure**

The Department of Military Veterans will pro-actively identify Military Veterans who require Housing assistance based on their personal profile as listed in the National Military Veterans Database. Furthermore, the Department of Military Veterans will respond to applications for housing from Military Veterans in the Eastern Cape. The List of prospective beneficiaries will be screened and forwarded to the Department of Human Settlements. The ECDHS will capture the beneficiaries on Housing Subsidy System (HSS) and screened: Beneficiaries successfully screened will be approved for a housing and integrated in the ECDHS annual performance target. As the ECDHS builds houses, the DMV will allocate these houses to the approved Military Veterans.

2.4.2 RESEARCH STUDIES IN 2021/22 FINANCIAL YEAR

2.4.2.1 A study to investigate the extent to which building material supply sector is transformed in the Eastern Cape Province and factors that inhibit participation of emerging building material suppliers in the industry

The aim of the study was to investigate the extent to which the building material supply industry is transformed in the Eastern Cape Province and factors that inhibit participation of emerging building material suppliers in the industry.

In the Province there are many people who are involved in the manufacturing or production of building material such as bricks, windows, doors and Innovative Building Technologies. However, when the contractors are awarded tenders by the Department, they do not source their building material from these local building material suppliers. Instead, they purchase it from the hardware stores.

The justification often cited by contractors is that they work with time frames and that they must meet the targets as per service level agreement they sign with the Department. Therefore, the local material manufacturers do not have capacity to produce the material in bulks to help them meet their targets. The study, therefore, was undertaken to investigate the challenges that hinder the material suppliers from participating in the sector as recognised material suppliers in the province. Lastly, to establish the role of women, people living with disability and youth in the material supply component in the Eastern Cape context.

Research Objectives

Specifically, the study sought to address amongst other following objectives namely:

- To establish how women in the Eastern Cape Province partake in the building material supply sector,
- To ascertain the extent to which the youth of the province participate in the building material supply sector and

- to establish the strategies in place to ensure maximum disabled persons participate in the building material supply sector.

Key Findings of the Study

The study has revealed the following:

- The material supplier sector in the Eastern Cape Province is male dominated. Furthermore, these suppliers operate as established material suppliers
- Women interested in entering the material supplier industry have undergone various capacity building activities yet still face barriers of entry such as government tender regulations, There is market arbitrage in existence between the emerging and well-established material suppliers,
- The established contractors alluded to the fact that they do not find it ideal to work with the local building material suppliers due to perceived non-compliant with registration processes, quality standards, limited experience as well as lack of capacity to deliver on time,
- Most local emerging material suppliers are not registered with regulatory Bodies such as the SABS and CIPRO.
- The fees for getting the material tested are not less than one million five hundred thousand. Therefore, some of the most local emerging materials suppliers do not afford these exorbitant fees.
- The contractors further expressed their concern that at time it becomes a challenge to get the emerging local material suppliers when their services are needed most. This was attributed to the lack of Provincial database for the emerging local material suppliers.
- Financial and non-financial; support is available for emerging contractors through government entities such as NYDA, SEDA and NHBRC

Key Recommendations of the study

Based on the key study findings it was recommended that:

- The department should ensure that the local building material supplier's database is developed.
- The Department should develop a policy that will regulate and transform the building material supplier sector as this will allow maximum participation of emerging local building material suppliers.
- The Department in consultation with local Institutions of Higher Learning Institutions and other relevant organizations such as SEDA, NHBRC, NYDA should make a training programme to equip the materials suppliers with relevant skills and those who still want to venture into the sector.
- The Department should make material suppliers aware of the financial assistance offered by the SEDA in terms of transporting their materials to SABS facilities for testing purpose.

2.4.2.2 Contributions of Innovative and Sustainable Building Technologies in Human Settlements Development Projects in the Eastern Cape Province

The purpose of the study is to provide empirical evidence on the contributions of the innovative and sustainable building technologies (ISBT) projects; with the aim to guide the initiation, planning, design, and implementation of ISBT projects for the development of sustainable human settlements in the Eastern Cape Province.

This research investigated the contributions of Innovative and Sustainable Building Technologies on human settlements development projects in the Eastern Cape Province. To ascertain that, the research focused on four main categories including economic contribution, contribution to the environment, contribution to beneficiary communities, and the technical attributes of ISBTs which contribute to enhancing the durability of the structure, improve the process of construction and the uptake of ISBT houses by the targeted beneficiaries.

The research findings have shown that ISBTs have contributed positively to the community through job creation and skills transfer to local community members who contribute labour during production of building blocks or panels as well as during construction. The use of sub-contractors who make use of local labour is central to job creation and skills development.

Economic contribution, however, comes with a negative contribution to the environment through air, land, and water pollution. Pollution occurs during production of raw materials where mortar and high quantities of water are used. However, the extent of pollution is different within the different projects depending on the resources involved in making building panels or blocks. Moreover, pollution is high during production than during construction, specifically on the wall plate which is where the ISBT is used. This is because ISBTs do not use much mortar during construction after building the foundation.

It has been established through this research that beneficiaries appreciate the value of ISBTs and are satisfied after occupying these houses. This sometimes took a deliberate effort from contractors to educate the community about the ISBTs to increase acceptance of the new technology. Often, new technology comes with some scepticism from the intended beneficiaries, but uptake on ISBTs has been enhanced through beneficiary education. ISBTs have contributed to the speed of construction in a minimal way due to the need for training during construction. The ISBT products are of good standard and can endure exposure to strong winds or fire. Where damage occurs, the contractors rectify and strengthen the structure of the house.

Recommendations were made following the findings and these can be used to strengthen the implementation of ISBT programmes in the Eastern Cape.

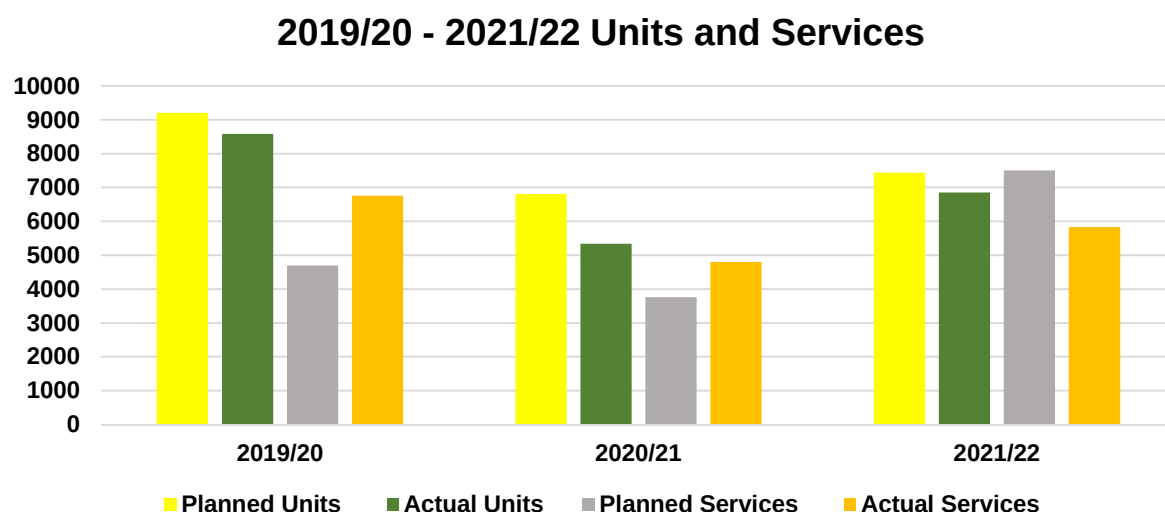
- **Transforming the Economy to create Jobs and Sustainable Livelihoods**

In response to the National Development Plan (NDP), Provincial Development Plan (PDP) and Policy Priorities, the Department continues to use Expanded Public Work Programme (EPWP) as vital weapon in the fight against unemployment. A total of 7 056 jobs were created through 81 EPWP compliant running projects in the following categories: 664 adult women, 2 179 adult men, 1 805 female youth, 2 407 male youth and 1 disabled person.

In addition, the Department empowered 150 youth through Youth Brigade Programme where participants were empowered in construction and project management, in the following regions and projects:

REGION	PROJECT NAME	PARTICIPANTS
Buffalo City Metropolitan Municipality	Orange Groove 3500 project	50
Sarah Baartman	Pearston Destitute 11	50
Amathole	Komga 570 Project	50
TOTAL		150

The graph below shows three-year perspective on houses delivered and site serviced



The graph demonstrates the three-years performance of units and services from 2019/20 to 2021/22 financial years. As from 2019/20 to 2021/22 financial year, there has been under performance on units and services because of Covid-19 pandemic, Inclement weather and minimal project pipeline. In addition, unavailability of bulk infrastructure particularly in Sarah Baartman and Joe Gqabi regions impacted negatively on delivery of sites serviced. Moreover, there has been an increase in illegal invasion of land earmarked for Human Settlements Development and this contributed to underperformance particularly in urban areas. The Department is implementing its recovery plan to ensure improvement in performance and achievement of departmental outcomes.

- **Strengthen integrated spatial planning for human settlements**

The Comprehensive Policy for Human Settlements development remains the guiding directive for integrating communities, providing free descent housing for the indigent and affordable housing for low-cost income earners. The Provincial Dept of Human Settlements always take into cognizance Local, Provincial and National priorities, as articulated in the PGDP, PSDP, SDFs and IDPs to advance integrated planning and development for creation of sustainable human settlements. The Department continues to intensify human settlements development although being faced with major challenges that include disintegrated spatial patterns inherited from the past regime, increasing population, shrinking fiscal envelope, and fragmented planning and implementation processes that still perpetuates setting low-income earners at the periphery of towns and cities.

To advance integration and spatial restructuring of towns and cities, the National Department of Human Settlements has developed a spatial transformation approach to build new integrated, functional, and inclusive settlements. The approach is premised on cooperation and collaboration within the Public Sector and State-Owned Enterprises with the latter being augmented by private investment for clearly defined targets within a designated geographical area. Central to this approach the objective was to mobilize human settlements delivery such that it is augmented by other essential services provided by sector departments and private sector to make an impact in an identified geographical area.

The new approach towards achieving integration culminated to gazetting of 136 designated geographic areas referred to as Prioritised Human Settlements and Housing Development Areas (PHSHDA's) by the National Department of Human Settlements. The Eastern Cape Province for 2021/22 was allocated twelve (12) Prioritised Human Settlements and Housing Development Areas (PHSHDAs) which

comprised of the following municipalities, namely; BCM (3), Nelson Mandela Metro (3), Port St Johns LM (1), Ingquza Hill LM (1), King Sabata Dalidyebo LM (1), Makana LM (1), Enoch Mgijima LM (1) and Mnquma LM (1). In 2021 municipalities with PSHDAs had to compile Development Plans (these are very important for an effective PSHDA as they critical for an effective PSHDA as they are a conglomerate of spatial plans shape and ensure viable and sustainable development of the PSHDA.

Institutional capacity of an identified municipality is critical for an effective PSHDA beyond the Department's involvement. A rapid capacity audit was conducted to ascertain whether the existing capacity will effectively manage the PSHDA going forward. It was identified that municipalities had to be provided with support to compile Development Plans for integrated projects that will be implemented in each of the PSHDA's during the MTSF 2022 – 2025. Due to limited capital funding, the Department was assisted by HDA to compile the Development Plan for Port St Johns which is being finalized for consideration and approval. The Department has solicited the services of HDA to fast track the compilation of the remaining Development Plans.

The Integrated Development Plan of each Municipality that contains the Housing-Chapter is the main anchor to human settlements planning and development. Housing Sector Plans are critical medium term human settlement plans that give a 5-year horizon of each municipality thus assists the Department ascertain each municipality's demand and supply based on pre-determined situational analysis. Municipalities are then provided with technical support to develop and review Housing Chapters of IDP's every Financial Year. Housing Sector Plans (HSPs) are an integral part of both IDP and Development Plans, thus municipalities must be supported to have credible Housing Sector Plans (HSPs) as they are comprehensive on various aspects of the human settlements. It is increasingly daunting for the Department to either provide technical support to municipalities and/or providing financial support for the compilation of the latter as most municipalities of the province except for the two (2) metros have financial challenges.

In promotion of integration, all human settlements projects 2021/22 HSDG Business Plan (viz. this is a tool for apply for capital finding for desired human settlements project) has been spatially referenced (i.e.. had to provide co-ordinates) for verification of location and to ensure a spatial development and land use management approach that is informed and inclusive.

The Department participated in various Local; District and Provincial platforms that are in place for coordination and integration of development. The platforms include Provincial Clusters; IDP Contact Sessions and Fora and District Planning Fora. Also participated in various Provincial Working Groups dealing with Infrastructure, spatial planning and development coordinated by OTP, CoGTA and Treasury.

Internally, the Department has also established a structure (viz. with clear Terms of Reference) that seeks to promote integration and better co-ordination and sharing of information amongst critical components of the Department and the such structured is chaired by Head Programme- Delivery Planning and Performance.

The Department is also considering processes of interfacing the PSHDAs with the DDM in advancing spatial and infrastructure development.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department has revised the approved Strategic plan 2020/25 as a results of policy directive emanating from the prioritisation framework and mandate paper approved by EXCO. The impact statement remains the same however the 5- year targets were revised as per table below and a progress made towards achievement of the five-year targets has been provided.

Impact statement	Sustainable Human Settlements and improved quality living environment through spatial integration
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Outcome	Outcome indicator	Baseline	Initial Approved 5- year targets 2020/25	Revised Five-year Targets 2020/25	Progress made towards achievement of the targets
Good governance	Unqualified audit opinion with no matters of emphasis	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	The Department attained unqualified audit opinion with matters of emphasis in the 2020/21 and 2021/22 financial years and will continue to improve the audit through implementation of their turnaround strategy
	Percentage of invoices paid within 30 days from date of invoices receipt	On average, responded to 100% of payment of creditors within 30 days of invoices receipt	On average, respond to 100 % of payment of creditors within 30 days of invoices receipt	100% of payment of creditors within 30 days of invoice receipt	The department has in 2020/21 and 2021/22 financial years paid 91% in creditors within 30 days of invoice receipt and will continue to improve its processes to ensure 100% payment of creditors within 30 days
	Number of Human Resources Plan priorities implemented	5 Human Resource Plan priorities implemented	5 Human Resource Plan priorities implemented	5 Human Resource Plan priorities implemented	3 Human Resources Plan priorities have been implemented in 2020/21 and 2021/22 financial years
	Number of policy frameworks implemented	5 - Corporate governance of ICT Policy Framework. - M&E Policy Framework - IGR framework - Communication Strategy Framework - Strategic planning framework	5 - Corporate governance of ICT Policy Framework. - M&E Policy Framework - IGR framework - Communication Strategy Framework - Strategic planning framework	5 - Corporate governance of ICT Policy Framework. - M&E Policy Framework - IGR framework - Communication Strategy Framework - Strategic Plan Framework	5 policy frameworks implemented in 2020/21 and 2021/22 financial years
Evidence based integrated plans and Policies in line with the	Number of evidence Policies and Implementation Guidelines approved	7	8	8	2 evidence-based policies have been approved in 2020/21 and 2021/22 financial years

Outcome	Outcome indicator	Baseline	Initial Approved 5- year targets 2020/25	Revised Five-year Targets 2020/25	Progress made towards achievement of the targets
District Development Model	Number of evidence-based Research Projects approved	7		8	3 Evidence-based research projects were approved in 2020/21 and 2021/22 financial years
	Number of integrated Human Settlements Plans developed	10	10	10	An integrated Human Settlements Plan was developed, and the remaining 9 plans will be developed throughout the MTSF period
	Number of Municipalities capacitated to perform Human Settlement function as per the Housing Code	39	39	39	34 Municipalities capacitated to perform Human Settlements functions as per the Housing Code
	Number of Integrated Implementation Plans for priority Development areas completed per year	New Indicator	New Indicator	7	An integrated Implementation Plan for priority Development area was completed in 2021/22 financial year
	Number of Priority Development Areas (PDA's) invested in per year.	New indicator	New Indicator	3	The department invested in 1 PDA in 2021/22 financial year
Empowered and integrated sustainable communities	Percentage of HSDG construction budget allocated to women, Youth SMME's contractors	New Indicator	30%	40%	34% of HSDG construction budget allocated to women, youth, Youth SMME's contractors
	Number of community members accessing consumer education tailored for human settlements	80 000	46 074	17 254	9 028 community members have accessed consumer education tailored for human settlements.
	Number of beneficiaries approved to access adequate housing opportunities	69 000 Approved beneficiaries (As per HSS) have not assisted	69 000	3 500	5 336 destitute beneficiaries have been approved to access adequate housing opportunities

Outcome	Outcome indicator	Baseline	Initial Approved 5- year targets 2020/25	Revised Five-year Targets 2020/25	Progress made towards achievement of the targets
	Number of beneficiaries accessing empowerment opportunities through training & work opportunities	648 (training & work opportunities)	680 (training & work opportunities)	500 (training & work opportunities)	227 beneficiaries accessed empowerment opportunities through training & work opportunities.
	Number of incremental subsidies programmes implemented	8 Incremental subsidies program • EPHP • Emergency Housing • Informal Settlements upgrading • Social-Economic Facilities • Destitute and other vulnerable groups • Military Veterans • Remedial Works • Catalytic Projects	8 Incremental subsidies program • EPHP • Emergency Housing • Informal Settlements upgrading • Socio-Economic Facilities • Destitute and other vulnerable groups • Military Veterans • Remedial Works • Catalytic Projects	8 Incremental subsidies program • EPHP • Emergency Housing • Informal Settlements upgrading • Socio-Economic Facilities • Destitute and other vulnerable groups • Military Veterans • Remedial Works • Catalytic Projects	8 incremental subsidies programmes have been implemented.
	Number of fully subsidised houses delivered	60 159	52 251	33 459	12 192 fully subsidized houses delivered
	Number of serviced sited delivered.	49 208	14 341	31 944	10 632 serviced sites were delivered through a range of programmes in the Housing Code
	Number of job opportunities reported through EPWP compliant Projects	57 354	54 950	43 603	13 547 job opportunities have been created through EPWP compliant project
	Number of empowerment opportunities created for youth through youth brigade programme	299	1 400	950	340 empowerment opportunities created for youth through youth brigade programme
	Number of historical projects closed	50	2 502	250	20 historical projects closed
	Number of Projects supported on innovative and	20	100	50	11 projects were supported on innovative and sustainable building

Outcome	Outcome indicator	Baseline	Initial Approved 5- year targets 2020/25	Revised Five-year Targets 2020/25	Progress made towards achievement of the targets
	sustainable building Technologies				Technologies
	Number of projects assessed for quality standards	64	320	250	114 projects were assessed for quality standards
Security of land tenure and affordable residential and rental services	Number of Pre-1994 title deeds registered	13 192	60 000	1 200	244 pre-1994 title deeds registered
	Number of Post-1994 title deeds registered			25 000	2 708 Post 1994 title deeds have been registered.
	Number of Post-2014 title deeds registered	Post 2014 title deeds: 0	32 000	17 000	There were no post 2014 title deeds registered due projects that could not be allocated to conveyancers because of non-readiness. Non-opening of township registers
	Number of new title deeds registered	New title deeds: 0	0	5 703	54 new title deeds were registered
	Number of states subsidised rental units transferred for security of tenure to qualifying Beneficiaries	409	48	48	5 state subsidised rental units transferred for security of tenure to qualifying Beneficiaries
	Number of rental housing units delivered	1 140	1 400	2 160	494 social rental housing units have been accessed by qualifying beneficiaries in 2020/21 financial year and no rental housing units delivered during the year under review due to Social Housing Institution (SHI) that had a challenge of financial viability and shortfall to complete the project
	Number of community residential units (CRU) delivered	0	550	550	No community residential unit accessed by qualifying Beneficiaries due to pre-planning activities that the department is embarking on

Outcome	Outcome indicator	Baseline	Initial Approved 5- year targets 2020/25	Revised Five-year Targets 2020/25	Progress made towards achievement of the targets
	Number of households that receive financial assistance and purchase units FLISP	1 223	1 420	1 420	360 households received financial assistance and purchase units through Finance Linked Individual Programme (FLISP)



Programme 1

ADMINISTRATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The annual report programme performance information section was compiled based on 2021/22 annual performance plan and the department did not re-table its Annual Performance Plan.

4.1 PROGRAMME 1: ADMINISTRATION

Purpose: To Provide Administrative function to core programmes to enhance service delivery

Sub-programmes: Programme 1 sub-programmes and their purposes are available in the Annual Operational Plan

Outcome: Good governance

Outcomes, outputs, output indicators, targets and actual achievements

- Internal Audit as an oversight body, continues to perform and exceed its planned targets and their reports are used by the Audit Committee in its oversight function contributing to the improvement of governance, risk management and internal control processes
- The Chief Directorate Strategy and systems participated in 25 IGR forums and 57% of ICT systems were supported and maintained. In addition, all communication strategy elements and monitoring and evaluation elements were implemented.
- The Chief Directorate Corporate Services managed to fill 53 vacant funded posts within 135 days against a target of 180 days because of improved recruitment processes and continue to maintain of low infection rate due to effective implementation of Covid 19 protocols.

PROGRAMME 1:**Outcomes, outputs, outputs indicators, targets and actual achievements table**
Table 2.4.4.2

ADMINISTRATION								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Good Governance	Vacant funded posts filled	Turnaround time to fill vacant funded posts from closure of advert (days)	155	292	180 days	135 days	45 days	Over performance was due to improved recruitment processes
	HRP Priorities Implemented	Number of Human Resource Plan priorities Implemented	-	3	5	3	(2)	Under performance was due to the following: - Organizational structure could not be reviewed due to service delivery model which is not yet approved - Labour Relations awareness campaigns could not be achieved due technical challenges

ADMINISTRATION							
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022
	Invoices paid within 30 days from date of invoice receipt	Percentage of invoices paid within 30 days from date of invoice receipt	90% invoices processed within 30 days (1 764 out of 1 954 invoices)	91% payment of creditors within 30 days of invoice receipt	100% payment of creditors within 30 days of invoice receipt	91%	(9%)
							Under performance was due to invoices that could not be processed on time due to the following reasons: - Budget constraints - Delays in the preparation of new expenditure approval and commitment register
	HSDG construction budget allocated to women, youth SMME's contractors	Percentage of HSDG construction budget allocated to women, youth SMME's contractors	-	0%	40%	34%	(6%)
							Under performance was because of most projects that were at various procurement stages and could not be finalized by the end of the financial year.
	Internal audits conducted	Number of internal audits conducted	16	11	13	15	2
							Over performance was due to the Financial Management and Interim Financial Statements audit that were split into two individual audits instead of the one audit that was initially planned and the review of draft Annual Performance Plan which was not part of the Operational Plan

ADMINISTRATION									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations	
	Corporate governance of ICT initiatives implemented	Number of initiatives implemented on corporate governance of ICT	-	4	3	3	-	None	
	ICT systems supported and maintained	Percentage of ICT systems supported and maintained	57%	55%	55%	57%	2%	Over performance was due to National Treasury directive from the Office of the Premier to implement the Digitalisation of Electronic Document Distribution	
	IGR forums reinforced	Number of IGR forums reinforced	12	11	16	25	9	Over performance was due to additional support provided to municipal IGR forums	
	Communication strategy elements implemented	Number of communication strategy elements implemented	4	4 (Events, Internal Communication, media, audio visual communication)	4 (Events, Internal Communication, media, audio visual communication)	4 (Events, Internal Communication, media, audio visual communication)	-	None	
	Part D of the Annual Performance Plan populated according to the prescribed format of National Treasury	Part D of the Annual Performance Plan populated according to the prescribed format of National Treasury	-	24 March 2021	1	1	-	None	

ADMINISTRATION									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations	
	Monitoring & Evaluation elements implemented	Number of Monitoring & Evaluation elements implemented	-	2	3	3	-	None	
	Departmental Business continuity plan approved	Number of departmental Business continuity plan approved	-	-	1	1	-	None	

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2021/2022	Actual Achievement 2021/2022	Comment On underperformance	Strategy to overcome areas of under performance
Number of HRP priorities Implemented	5	3	Under performance was due to the following: - Organizational structure could not be reviewed due to service delivery model which is not yet approved - Labour relations awareness campaigns could not be achieved due to technical challenges	The department will continuously engage with stakeholders for finalization of the service delivery model and there will be labour relations awareness campaign in the second quarter of the next financial year
Percentage of invoices paid within 30 days from date of invoice receipt	100%	91%	Under performance was due to invoices that could not be processed on time due to the following reasons: - Budget constraints - Delays in the preparation of new expenditure approval and commitment register	This was resolved through shifting of funds and new orders were developed for all unpaid invoices.
Percentage of HSDG construction budget allocated to women, youth SMME's contractors	40%	34%	Under performance was because of most projects that were at various procurement stages and could not be finalized by the end of the financial year.	The department will fast-track procurement processes to ensure bids are awarded in the first quarter of the next financial year

Linking performance with budgets

Programme 1: has an overall achievement of 96.9% of its planned outputs as compared to 92.98% of the previous financial year. Underspending is due to compensation of employees due to vacant funded posts and delays by SITA in the procurement for the upgrading of the telephone management system. A rollover application has been submitted to Provincial Treasury for the procurement of the upgrading of the telephone management system.

Sub-programme expenditure

Sub-Programme Name	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	8 559	8 364	195	9 333	8 884	449
Corporate Services	157 526	152 589	4 937	157 108	146 010	11 098
Total	166 085	160 953	5 132	166 441	154 894	11 547

Included in the Programme 1 appropriation and expenditure is the Statutory Appropriation of the Member of Executive Council



Programme 2

HUMAN SETTLEMENTS
DELIVERY PLANNING
AND PERFORMANCE



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

4.2 PROGRAMME 2: HUMAN SETTLEMENTS DELIVERY PLANNING AND PERFORMANCE

Purpose: To manage Human Settlements Planning and Performance Management

The programme consists of three (3) sub-programmes, namely:

- **Human Settlements Research and Policy Development:** To manage human settlements Research and the Development of policies
- **Human Settlements Delivery Planning:** To manage, Review and Develop Integrated Human Settlements Plans
- **Capacity Building and Municipal Support:** To Capacitate and Support Municipalities with regard to Human Settlements Development

Outcome: Evidence based integrated plans and Policies in line with District Development Model

Outcomes, outputs, output indicators, targets and actual achievements

- Two (2) Research Studies were developed in terms of the approved research studies and approved for publication.
- A total of 23 human settlements projects contained in the IDP Chapter based on the objectives of Outcome 8 and representing National and Provincial priorities were approved.
- 34 Municipalities were supported on the implementation of human settlement programmes and 16 Municipalities were supported on the establishment of the Housing Needs Register in collaboration with NDOHS as a national priority.

PROGRAMME 2:

Outcomes, outputs, outputs indicators, targets and actual achievements table

2.1 HUMAN SETTLEMENTS RESEARCH AND POLICY DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Evidence based integrated plans and Policies in line with the District Development Model	Projects approvals for research studies approved	Number of project proposal for research studies approved	-	4	2	2	-	None
	Research studies report approved and published	Number of reports developed in terms of approved research studies and approved for publication	-	3	1	2	1	Over performance was due to the need to conduct scientific study on ISBT programme
	Policies and implementation guidelines approved	Number of policies and implementation guidelines approved	-	1	1	1	-	None

2.2 HUMAN SETTLEMENTS DELIVERY PLANNING								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Evidence based integrated plans and Policies in line with the District Development Model	Integrated Implementation plans for priority Development areas completed	Number of integrated Implementation plans for priority Development areas completed per year	-	-	2	1	(1)	Under performance was due to insufficient funding for procuring professional services
	Priority Development Areas invested in	Number of Priority Development Areas (PDAs) invested in per year	-	-	1	1	-	None
	Human Settlements projects contained in the IDP Chapter approved	Number of approved Human Settlements projects contained in the IDP Chapter based on the objectives of Outcome 8 and representing National and Provincial priorities	-	21	20	23	3	Over performance was due to assistance provided by the department to municipalities to address readiness elements of their projects which were at planning phase
	Municipalities provided with technical support	Number of Municipalities provided with technical support to produce development plans for Human Settlements projects	-	2	4	4	-	None

2.3 CAPACITY BUILDING AND MUNICIPAL SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Evidence based integrated plans and Policies in line with the District Development Model	Municipalities supported on human settlements programs	Number of municipalities supported on human settlements programs	36	18	15	34	19	Over performance was due to additional requests from Municipalities and extension of hands-on support programme
	Short Learning Programs implemented	Number of short Learning Programs implemented for Councilors, Traditional Leader and Municipal officials	0	0	4	4	-	None
	Municipalities supported with establishment of Housing Needs register	Number of municipalities supported with establishment of Housing Needs register	20	6	13	16	3	Over performance was due to additional requests for training from municipalities

Strategy to overcome areas of under performance

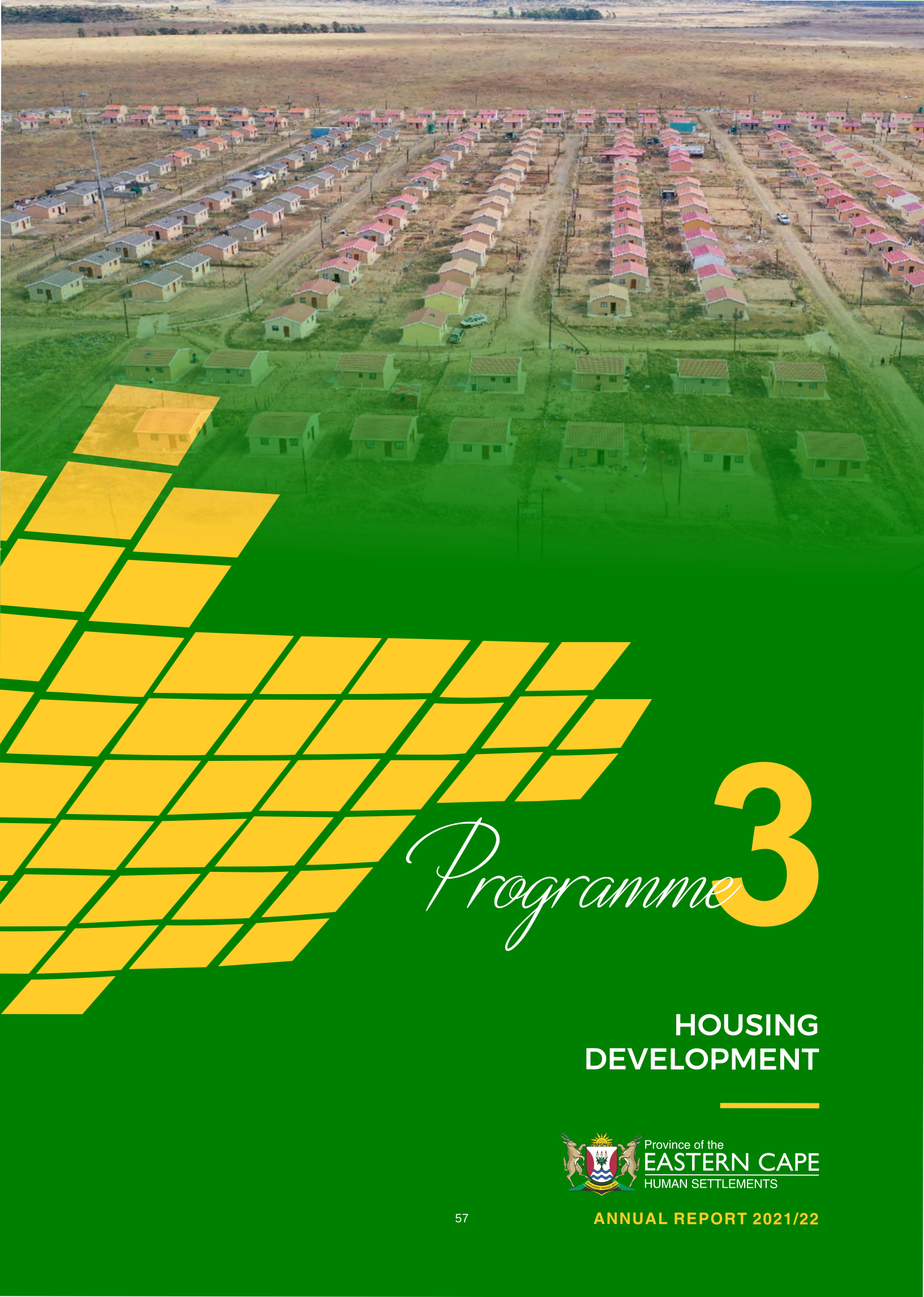
AREA OF UNDER PERFORMANCE	Planned Target 2021/2022	Actual Achievement 2021/2022	Comment On underperformance	Strategy to overcome areas of under performance
Number of integrated Implementation plans for Priority Development areas completed per year	2	1	Under performance was due to insufficient funding for procuring professional services	The department will fast-track the finalization of second development plan in the second quarter of the next financial year

Linking performance with budgets:

Programme 2: This programme has spent 99.9% of its allocated budget. Under expenditure is primarily due to vacant funded posts.

Sub-programme expenditure

Sub-Programme Name	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 137	1 137	-	2 077	1 730	347
Policy	6 063	6 063	-	4 713	4 393	320
Planning	5 853	5 850	3	6 870	5 574	1 296
Research	6 779	6 758	21	6 764	6 764	-
TOTAL	19 832	19 808	24	20 424	18 461	1 963



Programme 3

HOUSING DEVELOPMENT



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

4.3 PROGRAMME 3: HOUSING DEVELOPMENT

3.1 HUMAN SETTLEMENTS FACILITATION PROGRAMME

Purpose: To manage effective and efficient Human Settlements facilitation programme

The programme consists of three (3) Sub-programmes namely:

- **Beneficiary Management:** To administer Beneficiary Management and Corporate Secretariat Services
- **Social Facilitation and Customer Care:** To provide social facilitation and customer care to human settlements beneficiaries
- **Emerging Contractor Development:** To provide support services to emerging contractor's development

Outcome: Empowered and integrated sustainable communities

3.2. HUMAN SETTLEMENTS INCREMENTAL PROGRAMS

Purpose: To manage effective and efficient human settlements programmes

The programme consists of four (4) Sub-programmes namely:

- **Emergency Housing and EPHP:** To facilitate emergency housing and EPHP
- **Informal Settlement Upgrading:** To provide informal settlements and upgrading services
- **Destitute & Vulnerable Groups and SPU:** To facilitate housing opportunities for the destitute and vulnerable groups
- **Special Projects and Remedial Works:** To manage special projects and remedial works

Outcome: Empowered and integrated sustainable communities

3.3. DISTRICT COORDINATION AND PROJECT MANAGEMENT

Purpose: To manage and oversee an effective and efficient district coordination and project management

The programme consists of two (2) Sub-programmes namely:

- **District Support:** Rendering of strategic coordination and facilitation on the functioning districts offices
- **Project Management Unit:** To provide project management technical support services

Outcome: Empowered and integrated sustainable communities

Outcomes, output, output indicators, targets and actual achievements

- A total of 4 036 destitute beneficiaries were approved for human settlements subsidies against a target of 700 to ensure the needy beneficiaries access housing opportunities.
- The Consumer Education and Social Facilitation programme has reached 4 783 beneficiaries, thereby exceeding the planned target of 4 276 and 13 PSC were audited, trained, and re-established. The benefit of this programme extends beyond the handing over of a completed house, to ensuring that through care and maintenance, the product retains its growth value as well as affording consumer protection.
- A total of 107 youths were supported through provision of construction related skills artisan development programme.

- 525 Temporary shelters were provided to beneficiaries who find themselves in need of emerging housing across the province.
- Towards Policy Priority achievements include assessment and verification of 1 480 subsidies for Destitute and Vulnerable against targets of 1 050 with the aim to priorities acute destitute.
- 314 military veterans were verified against a set target of 100.

PROGRAMME 3:**Outcomes, outputs, output indicators, targets and actual achievements table****3.1 HUMAN SETTLEMENTS FACILITATION PROGRAMME**

3.1.1 BENEFICIARY MANAGEMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Empowered and integrated sustainable communities	Destitute beneficiaries approved	Number of destitute beneficiaries approved	-	970	700	4 036	3 336	Over performance was due destitute and disaster projects that required urgent approvals from Alfred Nzo, OR Tambo, Amathole and Joe Gqabi regions
	Municipalities supported on beneficiary administration	Number of municipalities supported on beneficiary administration	-	18	15	21	6	Over performance was due to departmental commitment to ensure functionality of beneficiary allocation committees across municipalities
	Beneficiaries on HSS audited for re-prioritization (Backlog)	Number of beneficiaries on HSS audited for re-prioritization	-	10 620	3 000	3 992	992	Over performance was due to additional support provided by Community Support Professional (consultants) who were directed to focus on Socio-Economic survey
	Individual subsidies	Number of individual	-	44	112	41	(71)	Under performance was due to the

3.1.1.1 BENEFICIARY MANAGEMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
	facilitated for payment	subsidies facilitated for payment						following: • Slow movement of transfers by conveyancers which culminated into few claims submitted to the department for payment. • Delayed approval by the NMBM on clearance of Hlano application
3.1.2 SOCIAL FACILITATION AND CUSTOMER CARE								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Empowered and integrated sustainable communities	Housing beneficiaries Educated	Number of Housing beneficiaries Educated	9 439	4 245	4 276	4 783	507	Over performance was due to additional support provided in the following activities that were not planned by the Directorate: • MEC 100 days activities in different regions. • National department

3.1.2 SOCIAL FACILITATION AND CUSTOMER CARE									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations	
	Project steering committees supported	Number of project steering committees supported	18	11	12	13	1	interventions in Joe Gqabi. Mayoral Imbizo in Great Kei Municipality. Over performance was due to Project Steering Committee audits in Chris Hani Region due to the non-functioning of the PSC in Cala.	

3.1.3 EMERGING CONTRACTOR DEVELOPMENT									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations	
Empowered and integrated sustainable communities	SMME Contractors supported towards sustainable business enterprise	Number of SMME Contractors supported towards sustainable Business enterprise	58	115	116	112	(4)	Under performance was due to the delays in negotiations between the main appointed SMME contractors relative to the rate of pay as well as that some contractors did not implement the agreed 30% subcontracting. As a result, Department managed to provide	

3.1.3 EMERGING CONTRACTOR DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
								30% sub-contracting to 4 SMMEs and provided training to 108 SMMEs.
	Youth supported for the artisan development programme	Number of youths supported for artisan development programme (apprenticeship and learnership)	100	116	100	107	7	Over performance was due to the anticipated dropout that occurred at a low rate.

3.2 HUMAN SETTLEMENTS INCREMENTAL PROGRAMS

3.2.1 EMERGENCY HOUSING AND EPHP								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Empowered and integrated sustainable communities	EPHP projects supported	Number of ePHP projects supported	10	10	10	10	-	None
	Temporary shelters erected	Number of temporary shelters erected for emergency housing cases	128	1 035	217	525	308	Over performance was due to increase in demand for temporary shelters, particularly in OR Tambo region as the result of December 2021 disasters

3.2.2 INFORMAL SETTLEMENTS UPGRADING								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Empowered and integrated sustainable communities	Informal Settlements upgraded	Number of Informal Settlements upgraded to Phase 3 of the Informal settlements upgrading programme	-	0	115	0	(115)	Under performance was due to the fact that phase 1 and 2 are currently ongoing and the programme is implemented over a 36 months period.
	Socio-economic facilities provided	Number of Socio-economic facilities provided	0	2	3	0	(3)	Under performance was due to delays in securing additional funding and the slow pace of the

3.2.2 INFORMAL SETTLEMENTS UPGRADING									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations	
								procurement processes towards appointment of the service providers	
	Households benefited from Informal Settlement Upgrading	Number of Households benefited from informal settlement upgrading	-	0	5 300	5 300	-	None	
3.2.3 DESTITUTE & VULNERABLE GROUPS AND SPU									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations	
Create integrated sustainable communities	Destitute and other Vulnerable Groups verified	Number of Destitute and other Vulnerable Groups verified	1 467	1 187	1 050	1 480	430	Over performance was due to disasters that occurred in local municipalities within O.R Tambo, Chris Hani and Amathole regions	
	Military Veterans verified	Number of military veterans Verified	286	53	100	314	214	Over performance was due to the demand for the Military Veterans Programme and improved working relations with the Department of Military Veterans (DMV)	

3.2.3 DESTITUTE & VULNERABLE GROUPS AND SPU								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
	Gender mainstreaming reports	Number of Gender mainstreaming opportunities created for Youth, Women and Military Veterans, Persons with disabilities compliance reports	4	3	4	4	-	None

3.2.4 SPECIAL PROJECTS AND REMEDIAL WORKS								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Empowered and integrated sustainable communities	Catalytic Projects supported	Number of Catalytic Projects supported	4	6	6	6	-	None
	Reports on Special Projects submitted	Number of reports on Special Projects submitted	4	4	4	4	-	None

3.3 DISTRICT COORDINATION AND PROJECT MANAGEMENT

3.3.1 DISTRICT SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Empowered and integrated sustainable communities	Subsidies houses delivered	Number of fully subsidies houses delivered	8 582	5 338	7 442	6 854	(588)	Under performance was due to inclement weather conditions and projects that are still under procurement processes for Amathole, Alfred Nzo and Sarah Baartman regions
	Serviced sites delivered	Number of serviced sites delivered	6 754	4 800	7 505	5 832	(1 673)	Under performance was due to the following: - Unavailability of bulk infrastructure in Joe Gqabi and Sarah Baartman regions - Illegal invasions of land earmarked for Human Settlements Development
	Defective houses rectified [Pre and Post]	Number of defective houses rectified [Pre and Post]	871	531	1 287	1 103	(184)	Under performance was due delays in procurement processes resulted to delays in appointment of service providers

3.3.2 PROJECT MANAGEMENT UNIT								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Empowered and integrated sustainable communities	Historical projects closed	Number of historical projects closed	11	7	55	12	(43)	Under performance was due to prioritization of funding approvals for new projects to commence and PACOM that could not meet for close-out projects
	Projects utilizing ISBT	Number of projects supported on innovative and sustainable building technologies	-	6	8	5	(3)	Under performance was due to the following: - Few running ISBT projects in the province - The 3 planned projects (Mquma 82, Sakhisizwe 12 & Raymond Mhlaba 107) became non-responsive during procurement
	Projects identified from the Business Plan	Number of projects assessed for quality standards	27	54	60	60	-	None
	Jobs opportunities	Number of job opportunities	9 753	6 491	7 500	7 056	(444)	Under performance was due to the following:

3.3.2 PROJECT MANAGEMENT UNIT								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
	created	reported through EPWP compliant projects						- Expired contract for EPWP Practitioners in Amathole, Joe Gqabi, OR Tambo, Alfred Nzo and Sarah Baartman Region. - Consequential to expired contract, other months were not reported for EPWP
	Youth Empowered	Number of empowerment opportunities created for youth through youth brigade programme	150	190	200	150	(50)	Under performance was due to the following: - The delays on the appointment of contractor in Maluti 200 destitute projects. - Project is currently at procurement (Bid Evaluation). Huge backlog of projects at procurement prohibited Maluti 200 to graduate to BAC

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2021/2022	Actual Achievement 2021/2022	Comment On underperformance	Strategy to overcome areas of under performance
Number of individual subsidies facilitated for payment	112	41	Under performance was due to the following: - Slow movement on transfers by conveyancers which culminated into few claims being submitted to the department for payment - Delayed approval by the NMBM on clearance of Hlano application	The department will embark on an outreach programme for the individual housing subsidy to capacitate councilors and communities as to how to apply for individual housing subsidy in the second quarter of the next financial year.
Number of empowerment opportunities facilitated for SMME Contractors	116	112	Under performance was due to the delays in negotiations between the main appointed SMME contractors relative to the rate of pay as well as the non-response of some main contractors to subcontract 30%. As a result, Department managed to provide 30% sub-contracting to 4 SMMEs and provided training to 108 SMMEs.	The Department will facilitate the improvement of Procurement strategy and terms of reference to have a clause that caters for the total number of units and the amount to be allocated to SMMEs through subcontracting by 31 March 2023
Number of Informal Settlements upgraded to Phase 1-3	115	Phase 1 and 2 UISP upgrading ongoing	Under performance was due to the upgrading process being undertaken in phases 1,2,3, over a 36months period.	Housing Development Agency (HDA) as the implementing agent is in the process of appointing contractors for Informal Settlements Upgrading. The ISUP is 36 months programme and will only be concluded by the 31 March 2024
Number of Socio-economic facilities provided	3	0	Under performance was due to delays in securing additional funding and the slow pace of the procurement processes towards appointment of the service providers	The additional funding was approved in January allowing for the procurement processes to progress and appointment of the contractors will be concluded by the 30 June 2022.
Number of fully subsidies houses delivered	7 442	6 854	Under performance was due to inclement weather conditions and projects that are still under procurement processes for Amathole, Alfred Nzo and Sarah Baartman regions	The department has appointed additional Bid Evaluation Committee (BEC) with the aim to fast-track procurement processes by 31 July 2022
Number of serviced sites delivered	7 505	5 832	Under performance was due to the following: Unavailability of bulk infrastructure in Joe Gqabi and Sarah Baartman regions	During the IGR Sessions, municipalities are encouraged to source funding for installation of bulk infrastructure by 31 October

AREA OF UNDER PERFORMANCE	Planned Target 2021/2022	Actual Achievement 2021/2022	Comment On underperformance	Strategy to overcome areas of under performance
			Illegal invasions of land earmarked for Human Settlements Development	2022 and are further advised to apply municipal by-laws to deal with illegal land invasions
Number of defective houses rectified [Pre and Post]	1 287	1 103	Under performance was due to delays in procurement processes resulted to delays in appointment of service providers	The department has appointed additional Bid Evaluation Committee (BEC) to fast-track procurement processes by 31 July 2022
Number of historical projects closed	55	12	Under performance was due to prioritization of funding approvals for new projects to commence and PACOM that could not meet for close-out projects	The department has established a project close-out committee that will only attend to closing of historical projects by 30 June 2022
Number of projects supported on innovative and sustainable building technologies	8	5	Under performance was due to the following: - Few running ISBT projects in the province. - The 3 planned projects (Mnquma 82, Sakhisizwe 12 & Raymond Mhlaba 107) became non-responsive during procurement	- The department will facilitate seminars to all regions as to enhance commitments and social acceptance towards ISBT by 1st quarter of the next financial year - Appointment of service providers for 3 projects is anticipated to be in quarter 4 of the next financial year
Number of job opportunities reported through EPWP compliant projects	7 500	7 056	Under performance was due to the following: - Expired contract for EPWP Practitioners in Amathole, Joe Gqabi, OR Tambo, Alfred Nzo and Sarah Baartman Region. - Consequential to expired contract, other months were not reported for EPWP	The Department will facilitate seminars to all regions to identify and commit on EPWP champions in the 1 st Quarter of the next financial year
Number of empowerment opportunities created for youth through youth brigade programme	200	150	Under performance was due to the following: - The delays on the appointment of contractor in Maluti 200 destitute projects. - Project is currently at procurement (Bid Evaluation). Huge backlog of projects at procurement prohibited Maluti 200 to graduate to BAC	The Department is working towards addressing the backlog at procurement and it is anticipated to have appointment during 4 th Quarter of the next financial year

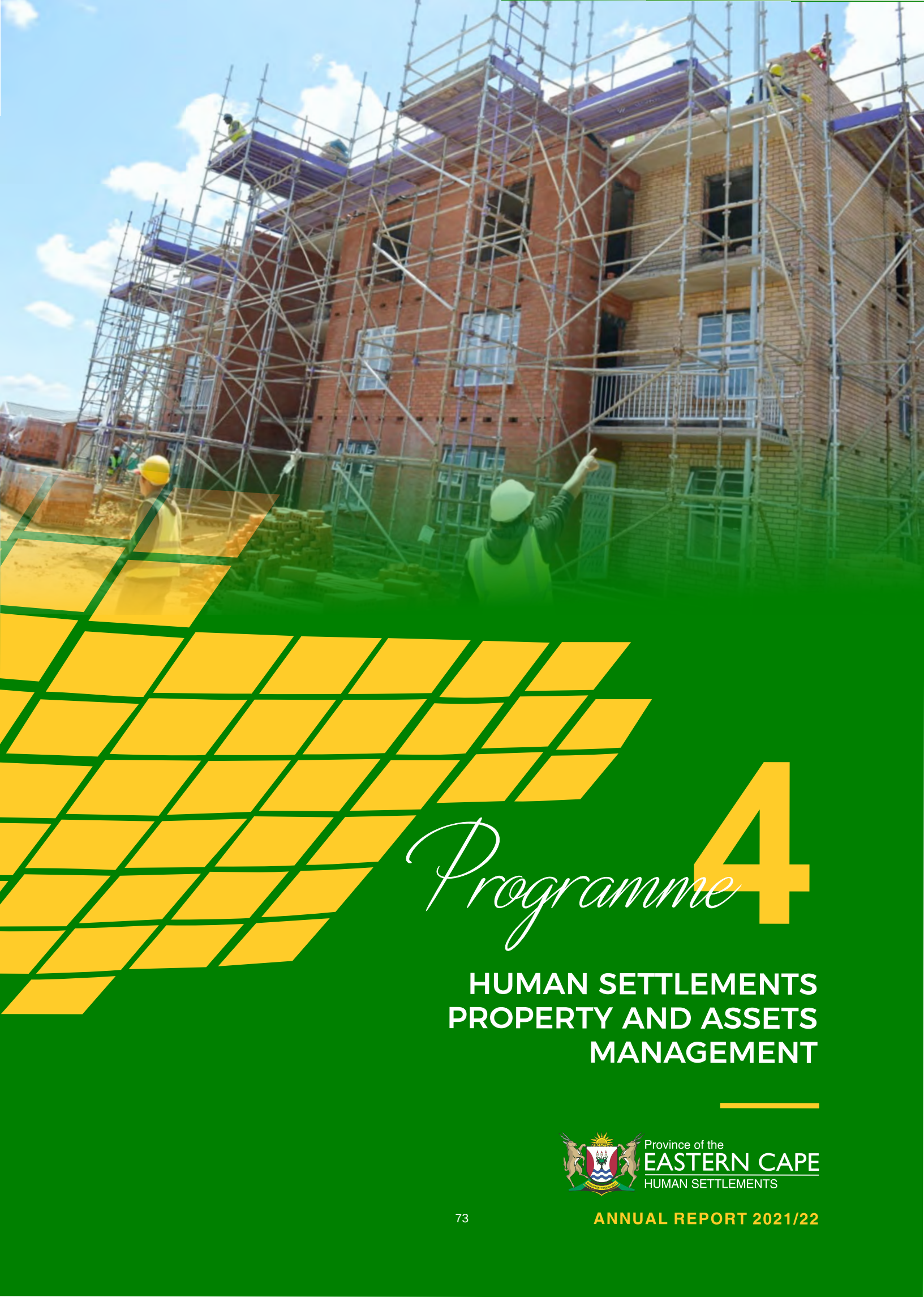
Linking performance with budgets:

Programme 3: Housing Development has spent 97.8% of its final budget, an underspending of R 53,043 million. Underspending is mostly under Transfers & Subsidies (conditional grant) and is due to:

- Delays in the transfers at the deeds office as well as the delays in the approval of rates clearance of sellers of the properties in NMBM
- Delays in the additional funding approval and procurement of service providers for the 3 MPCC's planned
- Delays in the installation of services
- Unavailability of bulk infrastructure on some projects
- Illegal occupation of a project in BCM Region

Sub-programme expenditure

Sub-Programme Name	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	2 803	2 803	-	2 130	2 130	-
Financial Interventions	294 871	293 905	966	184 688	184 688	-
Incremental Interventions	1 199 907	1 149 252	50 655	527 660	341 855	185 805
Social and Rental Interventions	14 248	14 176	72	12 557	12 137	420
Rural Interventions	898 235	896 885	1 350	1 051 862	922 146	129 716
TOTAL	2 410 064	2 357 021	53 043	1 778 897	1 462 956	315 941



Programme 4

HUMAN SETTLEMENTS PROPERTY AND ASSETS MANAGEMENT



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

4.4 PROGRAMME 4: HUMAN SETTLEMENTS PROPERTY AND ASSETS MANAGEMENT

Purpose: To Oversee efficient and effective management of Human Settlements properties and assets.

The programme consists of three (3) Sub-programmes namely:

- **Sales, Transfers and Assets:** To manage Housing sales and transfer of Assets
- **Land Acquisition and Tenure services:** To facilitate and coordinate land acquisition & tenure services
- **Social and Rental Housing:** To facilitate and coordinate the implementation of the social and rental housing

Outcome: Security of land tenure and affordable residential and rental services

Outcomes, outputs, outputs indicators, targets and actual achievements

- 10 rental units sold to beneficiaries against a planned target of 3 and 14 debtors were reduced against a target of 10, thus alleviating financial liability to the Department
- A total of 228 households received financial assistance to purchase units through financed linked individual subsidy program (FLISP). The programme is providing affordability to the gap market that wishes to be first-time home-owners and finding it hard to qualify for housing finance.

PROGRAMME 4:

Outcomes, outputs, output indicators, targets and actual achievements table

4.1 SALES, TRANSFERS AND ASSETS								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Security of land tenure and affordable residential and rental Services	Pre-1994 Title deeds Registered	Number of Pre-1994 Title deeds Registered	-	-	400	244	(156)	Under performance was due to cancellation of engagements because of unavailability of funds to perform beneficiary administration at the municipal wards
	Rental units transferred	Number of rental units transferred	5	1	7	4	(3)	Under performance was due to unavailability of a holding title deed for Uitenhage properties at deeds office
	Rental units sold	Number of rental units sold to beneficiaries	11	0	3	10	7	Over performance was due to the following: - Fast-tracked processes of sales and transfer of units. - Misplaced documents which hindered the process were located and some

4.1 SALES, TRANSFERS AND ASSETS							
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022
							tenants honored payment of services and rates
	Debtors reduced	Number of debtors reduced per financial year	16	1	10	14	4
							Over performance was due to fast-tracked processes of sales and transfer of units which led to reduction of debtors

4.2 LAND ACQUISITION AND TENURE SERVICES							
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022
Security of land tenure and affordable residential and rental Services	Post- 1994 Title deeds Registered	Number of Post- 1994 Title deeds Registered	-	1 450	2 200	1 258	(942)
							Under performance was due to delays in the appointment of a panel of conveyancers. Also missing or loss of Mother Erf Title and issuing of Rates & Taxes clearance certificates by Local Municipalities.

4.2 LAND ACQUISITION AND TENURE SERVICES								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
	Post- 2014 Title deeds Registered	Number of Post- 2014 Title deeds Registered	-	0	1 500	374	(1 126)	Under performance was due to delays in the appointment of a panel of conveyancers. Also missing or loss of Mother Erf Title and issuing of Rates & Taxes clearance certificates by Local Municipalities.
	New Title deeds Registered	Number of New Title deeds Registered	-	-	403	54	(349)	Under performance was due to delays in the appointment of a panel of conveyancers. Also missing or loss of Mother Erf Title and issuing of Rates & Taxes clearance certificates by Local Municipalities.
	Land parcels devolved to Municipalities	Number of land parcels devolved to Municipalities in terms of section 15 of the Housing Act 107, 1997	98	0	10	0	(10)	Under performance was due to title deeds that could not be traced

4.3 SOCIAL AND RENTAL HOUSING								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
Security of land tenure and affordable residential and rental Services	Rental Housing units delivered	Number of rental Housing units delivered	420	494	200	0	(200)	Under performance was due to the following: - Termination of the contract due to poor performance of the Social Housing Institution in Oceanview Social Housing project - Stalled Steve Biko Social Housing project due to the Social Housing Institution experiencing financial difficulties. The project was affected by escalations and liquidation of its previous contractor

4.3 SOCIAL AND RENTAL HOUSING								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual target 2021/2022	Actual Achievement 2021/2022	Deviation from planned targets to Actual Achievement 2021/2022	Reasons for deviations
	Completed community residential (CRU) units	Number of community residential units (CRU) delivered	-	-	-	-	-	None
	Households that received financial assistance and purchased units through FLISP	Number of households that received financial assistance and purchased units through FLISP	174	132	190	228	38	Over performance was due to increased demand of FLISP subsidy because of the awareness campaigns conducted by the Department with various stakeholders.

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2021/2022	Actual Achievement 2021/2022	Comment On underperformance	Strategy to overcome areas of under performance
Number of Pre-1994 Tittle deeds Registered	400	244	Under performance was due to cancelation of engagements because of unavailability of funds to perform beneficiary administration at the municipal wards	The Department will make funds available and improve relations with related municipalities and community leaders
Number of rental Housing units transferred	7	4	Under performance was due to unavailability of a holding title deed for Uitenhage properties at deeds office	The Department has sourced the assistance from the Deeds Office regarding the lost Holding Deed. Application for replacement process has been initiated by the conveyancer which takes approximately three months to finalise.
Number of Post-1994 Tittle deeds Registered	2 200	1 258	Under performance was due to delays in the appointment of a panel of conveyancers. Also missing or loss of Mother Erf Title and issuing of Rates & Taxes clearance certificates by Local Municipalities	Appointment of conveyancers has been finalized and started working. Strengthen service provider's performance monitoring and working relations with related municipalities and community leaders.
Number of Post-2014 Tittle deeds Registered	1 500	374	Under performance was due to the delays in the appointment of a panel of conveyancers. Also missing or loss of Mother Erf Title and issuing of Rates & Taxes clearance certificates by Local Municipalities	Appointment of conveyancers has been finalized and started working. Strengthen service provider's performance monitoring and working relations with related municipalities and community leaders.
Number of New Tittle deeds Registered	403	54	Under performance was due to the delays in the appointment of a panel of conveyancers. Also missing or loss of Mother Erf Title and issuing of Rates & Taxes clearance certificates by Local Municipalities	Appointment of conveyancers has been finalized and started working. Strengthen service provider's performance monitoring and working relations with related municipalities and community leaders.
Number of land parcels devolved to Municipalities in terms of section 15 of the Housing Act 107, 1997	10	0	Under performance was due to tittle deeds that could not be traced	State attorney to apply for Regulation 68 (1) of the Deeds Registries Act 47 of 1937 to obtain a replacement tittle deed.
Number of rental units delivered	200	0	Under performance was due to Social Housing Institution that has a challenge of financial viability and shortfall to complete the project. The project was affected by escalations and liquidations of its previous contractor.	The Department has continuous engagements with Social Housing Regulatory Authority (SHRA), the developer of Social Housing program to unlock the challenges experienced by Social Housing Institutions (SHIs)

Linking performance with budgets:

Programme 4: Housing Asset Management has spent 98.2% of its allocated budget. Under expenditure is primarily due to vacant funded posts.

Sub-programme expenditure

Sub-Programme Name	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	2 292	2 292	-	1 070	927	143
Sale and Transfer of Housing Properties	6 164	6 060	104	6 086	6 070	16
Devolution of Housing Properties	8 344	8 142	202	60 839	24 590	36 249
TOTAL	16 800	16 494	306	67 995	31 587	36 408

Performance in relation to Standardized Output and Output indicators for sector with concurrent functions

The Department has incorporated standardised sector output performance indicators in the 2021/22 annual performance plan. These standardised sector output performance indicators have been carried over from the previous financial year (2020/21) for inclusion in the 2021/22 financial year and the actual achievements are reflected in different programmes under performance information section of the annual report.

Below is the table to show sector standardised indicators and programme responsible

Output	Sector Standardised Output Performance Indicator	Programme	Sub Programme
Integrated Implementation programmes for priority development areas	Number of integrated implementation programmes for priority development areas completed per year	Human Settlements Delivery Planning and Performance	Human Settlements Delivery Planning
Investment of the total Human Settlements in PDAs	Percentage of investment of the total Human Settlements allocation in PDAs		
Informal settlements upgraded	Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	Human Settlements Incremental Programme	Informal Settlements Upgrading
Breaking New Ground (BNG) houses	Number of Breaking New Ground (BNG) houses delivered	District Coordination and Project Management	Districts Support
Serviced sites	Number of serviced sites delivered		
Title deeds registered pre-1994	Number of Pre-1994 title deeds registered	Human Settlements Property and Assets Management	Sales, Transfers and Assets
Acquired	Percentage of land acquired		Land Acquisition and

Output	Sector Standardised Output Performance Indicator	Programme	Sub Programme
land during 2014-2019 falling within the PDAs rezoned	during 2014-2019 within the PDA's rezoned		Tenure Services
Title deeds registered post 1994	Number of Post- 1994 title deeds registered		
Title deeds registered post 2014	Number of Post- 2014 title deeds registered		
New title deeds registered	Number of New title deeds registered		
Rental social housing units delivered	Number of rental social housing units delivered		Social and Rental Housing
Households received subsidies through FLISP	Number of households that received subsidies through FLISP		
Community residential units (CRU) delivered	Number of Community Residential Units (CRU) delivered		

Reporting on the institutional Response to the COVID-19 Pandemic

The department continued with the implementation of the COVID-19 workplace safety protocols in the 2021/22 financial year. Internal support is provided through Employee Wellness office to employees that tested positive and had to be isolated and those who were placed in quarantine. The departmental COVID-19 register regarding employees placed in quarantine and isolation was updated on a regular basis and sent to relevant stakeholders.

COVID-19 related departmental circulars regarding changes in the state of disaster adjusted levels were circulated to all staff for implementation together with various awareness messages communicating the importance of COVID-19 vaccination. Furthermore, the department developed a COVID-19 vaccination plan to promote staff vaccination. The plan included the promotion of vaccination by means of posters and weekly pro-vaccination messages communicated to employees, and it also included a survey where employees in need of assistance to vaccinate were identified and supported to receive the vaccine.

Table Progress on Institutional Response to the COVID-19 Pandemic

The table below illustrate internal interventions that were implemented in responding to the COVID-19 pandemic

Budget Programme	Intervention	Geographic location (Province/District/Local Municipality) (where possible)	No of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget Spent per intervention	Contribution to the output in the APP (where applicable)	Immediate outcomes
Asset Management	Monthly disinfecting of all offices and pool vehicles "as at when there is a covid case".	Eastern Cape Department of Human Settlements (inclusive of all regional offices)	9 office accommodation buildings, 59 state vehicles, and 630 officials	All regional offices and Head Office	No budget was allocated, however, the Department had to reprioritize from stores budget	58 601.80	Declared disaster	Curbing the spread of the virus in the workplace

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities: **NA**

5.2 Transfer payments to all organisations other than public entities: **N/A**

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid: **NA**

6.2 Conditional grants and earmarked funds received

The Department received Human Settlements Development Grant and Informal Settlements Upgrading Partnership Grant from National Department of Human Settlements.

No grant received from National Department for title deed restoration, the grant was discontinued in 2020/21 financial year however role over funds to the value of R3,821 million and spent R3,819 million

Included in goods and service is the EPWP grant to the value of R2,777 million from Department of Public Works and has spent 100% of the allocation

The table below details the conditional grant and earmarked funds received from the National Department for the period 1 April 2021 to 31 March 2022.

Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	Human Settlements (Vote11)
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	7 442 residential units delivered in various housing programmes 112 Individual housing subsidies to be facilitated for payments 190 housing units delivered through FLISP - Provision of 200 Social Rental Housing Units 7 505 serviced sites delivered in various housing programmes
Actual outputs achieved	6 854 residential units delivered in various housing programmes 41 Individual housing opportunities facilitated for payments 228 Individual finance linked housing opportunities 0 Social Rental housing units completed. 5 832 serviced sites delivered in various housing programmes
Amount per amended DORA	R 1 761 713
Amount received (R'000)	Not applicable
Reasons if amount as per DORA was not received	Not applicable
Amount spent by the department (R'000)	R 1 708 806
Reasons for the funds unspent by the entity	Not applicable

Department who transferred the grant	Human Settlements (Vote11)
Reasons for deviation on performance	The Department has been negatively affected by inclement weather, low project pipeline in various regions, site invasions in some of the projects, delays in projects and home enrolments, unavailability of bulk infrastructure and non-responsive tenders especially in the rural areas.
Measures taken to improve performance	The department has made provisional measure in the 2022/23 business plan to allocate additional funding to bulk infrastructure and reinforcing concurrent functions of agency basis between the two spheres of government to ensure improved service delivery
Monitoring mechanism by the receiving department	Monthly and quarterly performance reports are submitted by all affected programmes through the In Year Monitoring and reporting process. Report is consolidated in terms of the PFMA requirement and submitted to the Executive Authority, Portfolio committee, Head of Department, Top Management, Provincial Treasury and National Department of Human Settlements.

Conditional Grant 1: Upgrading of Informal Settlement Upgrading Partnership Grant

Department who transferred the grant	Human Settlements (Vote11)
Purpose of the grant	To provide funding for phase 1-3 of the Upgrading informal Settlements Programme (UISP) for 115 informal settlements
Expected outputs of the grant	Phase 2 • Number of environmental impact assessment • Number of geotechnical studies conducted • Number of relevant studies • Number of settlements benefiting from temporal and interim municipal engineering services • Land acquisition Phase 3 • Number of settlements provided with permanent municipal engineering services • Number of township establishment • Land survey and conveyancing
Actual outputs achieved	• 103 Social Compacts concluded • Interim Services for 5297 households installed • 6 Boreholes and water tanks installed • Topographical survey completed • 10 Parcels of land confirmed for purchase for UISP category B2 & C relocation activity
Amount per amended DORA	R 432 428
Amount received (R'000)	R 432 428
Reasons if amount as per DORA was not received	Not applicable
Amount spent by the department (R'000)	R 432 393
Reasons for the funds unspent by the entity	Not applicable
Reasons for deviation on performance	None

Department who transferred the grant	Human Settlements (Vote11)
Measures taken to improve performance	None
Monitoring mechanism by the receiving department	Monthly and quarterly performance reports are submitted by all affected programmes through the In Year Monitoring and reporting process. Report is consolidated in terms of the PFMA requirement and submitted to the Executive Authority, Portfolio committee, Head of Department, Top Management, Provincial Treasury and National Department of Human Settlements.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation Spent	Reason for Variance (if any) / Comment	Intervention/Re-medial Actions
1. Financial Intervention												
1.1 a Individual Housing Subsidies (R0 - R3 500)	-	-	-	-	-	-	-	-	-	-		
1.1b Individual Housing Subsidies (R0 - R3 500) Non-credit linked	-	-	112	41	-	-	17 999	5 740	12 259	32%	Under expenditure due to the delays in the issuing of the rates clearance certificates from the Municipalities because of high-rate debts of the beneficiaries. In addition, conveyancers are taking long to transfer properties to the beneficiaries.	The department is interacting with Municipalities to Fastrack the issuing of the rates clearance certificates. Conveyancers have been requested to issue letters to beneficiaries with outstanding matters to indicate if they wish to proceed or withdraw from the process.
1.2 Housing Finance Linked Individual Subsidies (R3 501 - R7 000)	-	-	190	228	-	-	10 000	14 827	(4 827)	148%	Over expenditure was due to the increased demand for this subsidy programme by the middle-income bracket beneficiaries.	
1.3 Enhanced Extended Discount Benefit Scheme	-	-	-	-	-	247	-	317	(317)	-	There was no cash flow for the programme, but expenditure incurred for	

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022													
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation Spent	Reason for Variance (if any) / Comment	Intervention/Re-medial Actions	
1.4 State Asset Maintenance Programme	-	-	-	-	-	-	9 996	10 535	(539)	105%	transfers effected on pre 1994 properties, because of ongoing interactions with municipalities to address the devolution of the pre 1994 properties.		
1.5a Rectification of RDP Stock 1994-2002	91	5	10	-	81	984	69 839	197 676	(127 837)	283%	Over performance on the instrument was due to the increased capacity and high performance of the contractors in OR Tambo and Chris Hani regions. In addition, there was advance payment to Housing Development	Close monitoring of regional performance is constantly done.	

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation Spent	Reason for the variance (if any) / Comment	Intervention/Re-medial Actions
1.5b Rectification of housing Stock (pre-1994)	-	-	-	-	-	-	-	-	-	-	Agency for the implementation of 2 projects in NMBM region.	
1.6 Social and Economic Facilities	-	-	-	-	141	-	30 984	864	30 120	3%	Under expenditure was due to the need for additional funding for Tsomo and Nkantolo MPCCs, as well as delays in the implementation of the Blue Crane MPCC	The department to fast-track the funding approvals that have been pending on the Tsomo and Nkantolo MPCC's, and to accelerate the implementation of the Blue Crane MPCC. In addition, funding will be shifted to the performing instruments to avoid under expenditure at year end.
1.7 Accreditation of Municipalities (1&2)	-	-	-	-	-	-	6 497	9 233	(2 736)	142%	Over expenditure was due to the increase in the number of Hands-on Support in the various municipalities. In addition, there was payment of Capacitation Training Conducted by Nelson Mandela Bay University.	The cash flows in the Business Plan for 2022/2023 has be aligned with the funding needs for all activities to be undertaken in the programme.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation Spent	Reason for Variance (if any) / Comment	Intervention/Re-medial Actions
1.8 Accredited Municipalities (level 1 & 2): housing programmes to be approved and funded	-	-	-	-	-	-	-	-	-	-	-	-
1.8 Operational Capital Budget	-	-	-	-	-	-	10 776	31 409	(20 633)	291%	Over expenditure was due to payment of project level monitoring as well as court orders in the financial year.	
1.9 Unblocking of blocked projects	-	-	-	-	-	-	-	-	-	-	-	
1.10 NHBRC Enrolment Fees	-	-	-	-	-	-	8 000	3 683	4 317	46%	Under expenditure was due to delays in the approval of the Foundation Designs by the NHBRC for the projects to be enrolled in the Rural Areas. (Scattered sites and disaster affected sites in Afired Nzo, Amathole and OR Tambo).	The Department to meet with NHBRC to consider the utilization of the worst-case scenario foundation designs for the scattered sites in the rural areas and the disaster affected projects.
1.11 Land parcels procured (IHAHSD grant)	-	-	-	-	-	-	3 000	12	2 988	0%	No performance due to non-finalization of land assessments requested by	Programme has re-directed funding to FLISP through shifting.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation Spent	Reason for Variance (if any) / Comment	Intervention/Re-medial Actions
1.12 Housing chapters of IDP's	-	-	-	-	-	-	600	115	485	19%	municipalities The under expenditure is because the available funding was insufficient for the implementation of the program. No service provider appointed for the compilation of the 11 Development Plans.	The Department is currently formalising partnership with the EC HDA to fast-track the compilation of eleven Development Plans required for the 2 Metros and 4LMs of the Province. The Planning Unit is in the process of mobilizing more funding for the implementation of the program (R5, 6m is required).
Sub-total: Financial Intervention	91	5	312	269	222	1 231	167 691	274 411	(106 720)	164%		
2. Incremental Housing Programmes												
2.1 Project Linked Subsidies (current commitments approved up to 31/03/07)	-	-	-	-	-	27	-	878	(878)	-		
2.2a Integrated Residential Development Programme: Phase 1 Planning and Services	2 003	5	21	79	319	-	55 637	9 897	45 740	18%	The Department does not have sufficient number of projects under the instrument and some Regions i.e. Joe Gqabi and Nelson Mandela have been affected by	Municipalities are encouraged to apply their By-Laws and engage State Security Agencies to deal with illegal occupations and invasions.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022													
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation Spent	Reason for Variance (if any) / Comment	Intervention/Re-medial Actions	
2.2b Integrated Residential Development Programme :Phase 1:Planning and Services INFORMAL SETTLEMENTS	-	-	-	-	-	-	-	-	-	-	illegal invasions & occupation of land and sites earmarked for Human Settlements Development. The unavailability of the Bulk Infrastructure has a negative impact especially in Sarah Baartman.		
2.2c Integrated Residential Development Programme: Phase 2: Top Structure Construction	118	348	1 949	1 412	3 488	359	350 001	266 901	83 100	76%	Under performance due to Poor performance of the SMME's appointed in NMBM region Poor performance of the contractors as well as delays in the procurement by the Metro in BCM Region.	Department is supporting and providing guidance to Municipalities regarding delays in procurement. Progress of the contractors is being closely monitored to ensure that the construction regains momentum in affected regions.	

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022													
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Re-medial Actions	
2.2d Integrated Residential Development Programme: Phase 2: Top Structure Construction INFORMAL SETTLEMENTS	-	-	-	-	-	-	-	-	-	-	Poor bulk infrastructure as well as the delays in the procurement of contractors by Municipalities in Sarah Baartman Region		
2.2e Integrated Residential Development Programme: Phase 4: Top Structure Construction: Informal Settlements	-	-	-	-	-	-	-	-	-	-			
2.3a Enhanced People's Housing process	532	855	752	767	-	204	94 045	96 007	(1 962)	102%	Over expenditure was due to payments for Chris Hani Region Projects (Zwartwater, Cala ward 2, Cala ward 4 and Lubisi) because of extra capacity there was over	The programme to monitor expenditure to ensure alignment with projections	

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation Spent	Reason for variance (if any) / Comment	Intervention/Re-medial Actions
2.3b People's Housing Process INFORMAL SETTLEMENTS	-	-	-	-	-	-	-	-	-	-	performance on the non-financial target for the year	-
2.4 Informal Settlement Upgrading	-	-	-	-	-	-	270 494	270 361	133	100%	-	-
2.5a Consolidation Subsidies (Excluding Blocked Projects)	70	-	100	51	-	-	7 824	5 663	2 161	72%	There was slow contractor performance in the 1st half of the year and in the 3rd quarter the inclement weather also resulted in lost time on the ground, this has resulted in under performance on the target for the year.	The performance of the contractors will be closely monitored to ensure that the momentum is sustained, and the project completed in within contract period.
2.5b Consolidation Subsidies (Blocked Projects)	-	-	-	-	-	-	-	-	-	-	-	-
2.6 Emergency Housing Assistance (temporal structure)	-	-	-	-	-	-	14 000	41 174	(27 174)	294%	Over- expenditure is due to the overall increased demand for the temporary shelters in the	The department will manage the demand by prioritizing the destitute beneficiaries for permanent solutions rather than relying on

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation spent	Reason for Variance (if any) / Comment	Intervention/Re-medial Actions
Sub-total: Incremental	2 723	1 208	2 822	2 309	3 807	590	792 001	690 881	101 120	87%	-	-
3. Social and Rental Housing												
3.1 Institutional Subsidies	-	-	-	-	-	-	-	-	-	-	-	-
3.2a Social housing: operational support	-	-	-	-	-	-	5 400	5 328	72	99%	No deviation (marginal under expenditure of only 1%)	-
3.2b Social Housing: Capital Grants for rental housing (Funded by NDoH)	-	-	-	-	-	-	-	-	-	-	-	-
3.3a Community residential units (CRU)	-	-	-	-	-	-	-	-	-	-	-	-
Converted/Upgraded												
3.3b Community residential units (CRU) Constructed	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total: Social and Rental	-	-	-	-	-	-	5 400	5 328	72	99%	-	-

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Re-medial Actions
Housing												
4. Rural Housing Programmes												
4.1 Farm Worker Housing Assistance	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Rural Housing Communal rights	4 741	4 619	4 480	4 545	200	40	796 621	738 186	58 435	93%	Under-expenditure was due the delays in the appointment of contractors and replacement contractors in some projects, delays in the finalization of NHBRC enrolments, Slow contractors Performance in some projects, delays in the material supply in some projects. As well increased periods of inclement weather conditions in many regions in the 3rd and 4th quarter of the financial year.	The affected Regions are assisted by fast-tracking the Procurement Activities for the planned projects that were delayed by appointments of contractors. Some Contractors increased capacity on site through sessions. Department working closely with NHBRC to address enrolment issues.

HUMAN SETTLEMENTS DEVELOPMENT GRANT PERFORMANCE PER PROGRAMME: APRIL 2021 TO MARCH 2022												
Housing Programmes	Projected Outputs (Sites)	Actual Delivery - (sites)	Projected Outputs (Units)	Actual Delivery - (units)	Projected Outputs (Other)	Actual Delivery - (Other)	Funds Allocated R'000	Expenditure R'000	Variance Funds Allocated & Spent R'000	% of Allocation spent	Reason for variance (if any) / Comment	Intervention/Re-medial Actions
Sub-total: Rural Housing Programmes	4 741	4 609	4 480	4 545	200	-	796 621	738 186	58 435	93%	-	-
5.Priority Projects	-	-	-	-	-	-	-	-	-	-	-	-
6. Provincial Specific Programmes	-	-	-	-	-	-	-	-	-	-	-	-
7. Title Deeds												-
7.1 Title Deeds (post 1 April 2014) Current and New	-	-	-	-	-	1 049	-	-	-	-	-	-
Sub-total: Title Deeds	-	-	-	-	-	1 049	-	-	-	-	-	-
8. Military Veterans	-	-	-	-	-	-	-	-	-	-	-	-
GRANT TOTAL	7 555	5 832	7 614	7 123	4 229	2 870	1 761 713	1 708 806	52 907	.97%	-	-

UPGRADING OF INFORMAL SETTLEMENTS GRANT PER MILESTONE 2021 -2022					
UISP INDICATORS	ANNUAL TARGET	ACTUAL ACHIEVEMENT	HSDG (R)'000	UISPG (R)'000	VALUE PAID (R)'000
Community Facilitation	115	103	4 897	392	5 289
Geotechnical Investigation	80	80	4 050	312	4 362
Pre-Planning	80	80	34 746	2 681	37 427
Interim engineering services	80	80	128 917	11 845	140 762
Civil Engineer's fee	80	80	14 525	25 900	40 424
Detailed Town Planning	80	80	6 496	11 583	18 080
Contour Survey	80	80	963	1 716	2 679
Land Survey Examination Fee	80	80	1 492	2 623	4 114
Land Surveying and Pegging	80	80	4 947	8 670	13 617
Land Acquisition	-	3	4 650	19 097	23 746
Permanent Engineering Services	40	40	377	229 821	230 198
Project Management	115	103	47 639	78 105	125 744
Site Supervision fees	115	103	3 155	7 022	10 177
Social Support Services	115	103	13 508	32 625	46 134
TOTAL UISP	115	-	270 361	432 393	702 753

7. DONOR FUNDS

7.1 Donor Funds Received

All donor funds received were spent as the Department requests sponsors only when there is a particular need and all funds are utilised for that particular purpose. These requests are usually done through the Stakeholder Engagement Directorate however for 2021/22 there were no donors received by the Department.

Donor Fund for 2021/22: Stakeholder Engagements

Name of donor	None
Full amount of the funding	None
Period of the commitment	None
Purpose of the funding	None
Expected outputs	None
Actual outputs achieved	None
Amount received (R'000)	None
Amount spent by the department (R'000)	None
Reasons for the funds unspent	None
Monitoring mechanism by the donor	None

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

- **Progress made on implementing the capital, investment, and asset management plan.**

The Department of Public Works does the implementation of the Capital, investment and Asset Management Plans. The Department of Human Settlements does the assessment of the leased assets and report its findings to Department of Public Works which takes up actions to be implemented.

A User Asset Management Plan was drafted and completed on Immovable User Assets where the Department is a user on assets leased by the Department of Public Works.

- **Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances (2% variance)**

At the end of 2021/22, there were 486 properties on the Asset Register i.e. 419 Vacant Land, 12 sectional title flats, 13 individual standing dwellings, 32 garages, 4 farms and 6 other properties such as businesses and churches.

- **Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed:**

- o There are no infrastructure projects handled by the Department of Human Settlements
- **Plans to close or down-grade any current facilities,**

DPW has a responsibility to close or down grade current facilities. The 6 Regional offices of the department are functioning in upgraded premises. The 7th office still needs to be upgraded. Plans to move the Alfred Nzo Region had been communicated by DPW to the department of Human Settlements from many years ago, but no movement has taken place yet.

- **Progress made on the maintenance of infrastructure**

This is DPW's responsibility as in the first response, due to that the facilities are leased by DPW on behalf of the Departments. Plans to maintain infrastructure are concluded between the Department of Public Works and the Landlord.

- **Developments relating to the above that are expected to impact on the department's current expenditure.**

All plans are completed and executed by the custodian department – Department of Public Works.

- **Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft**

- o At the beginning of 2021/22 financial year, the department had 5622 assets from those received from Department of Public Works, 30 were dwellings that were transferred to beneficiaries in Buffalo City. At the end of the year there were 5 592 Immovable Assets

- **Measures taken to ensure that the department's asset register remained up to date during the period under review**

- o Immovable assets were verified. The assets register was updated with movements each time they occur.

- **The current state of the department's capital assets, for example what percentage is in good, fair, or bad condition**

- o Remaining immovable Assets from the ex-housing board are in a "good" state as they are maintained based on requests by the tenants.

- **Major maintenance projects that have been undertaken during the period under review**

- o None

- **Progress made in addressing the maintenance backlog during the period under review, for example, has the backlog grown or become smaller? Is the rate of progress according to plan? If not why, and what measures were taken to keep on track**

- o The department has embarked on a sales campaign to transfer Own Title dwellings in addition to the Sectional Title Units to beneficiaries. Therefore, maintenance that was reported by the tenants on the properties was performed. The backlog on maintenance has decreased over the years.

Infrastructure projects	2021/2022			2020/2021		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	-	-	-	-	-	-
Existing infrastructure assets	-	-	-	-	-	-
- Upgrades and additions	-	-	-	-	-	-
- Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
- Rates, Maintenance and repairs	10 000	10 535	(535)	10 000	12 000	(2 000)
Infrastructure transfer	-	-	-	-	-	-
- Current	-	-	-	-	-	-
- Capital	-	-	-	-	-	-
Total	10 000	10 535	(535)	10 000	12 000	(2 000)

It should be noted that the budget given above is only for the maintenance of rental units and payment of rates for the former Housing Board assets/inventory. There is no budget to pay rates and taxes for the immovable assets purchased by the Department for Human Settlements development.



Part C

GOVERNANCE



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

1. INTRODUCTION

The Department remains committed to the principles of good governance as one of its four outcomes. It is the main outcome driver across all programmes to ensure provision of the strategic direction and leadership to support core programmes. It embraces the provision of executive, administrative and leadership support that ensures a well-managed, effective, efficient prop-poor and citizen centric Department evidenced by an unqualified audit report.

2. RISK MANAGEMENT

Enterprise Risk Management (ERM) objectives are set to ensure statements and commitments in the ERM Policy to provide reasonable assurance that the department's objectives will be met. In this regard the following have been achieved.

- o The department has an approved Risk Framework that is reviewed after three years and comprises of the Policy, Strategy and Charter.
 - o Assessment of both strategic and operational risks are done annually. The risk assessment for the department was conducted by the departmental risk management unit. Strategic Risk and Operational risk Registers are aligned with the approved Risk Appetite and Tolerance statement of the department.
 - o Risk Management Committee sits quarterly to monitor progress and advise the Department on risk matters especially those that need urgent attention. The externally appointed Chairperson reports directly to the Audit Committee in terms of the Risk management charter.
 - o The Risk Chairperson reports to the Audit Committee on a quarterly basis and recommendations by the Audit Committee are implemented. Risk management becomes part of the agenda for the Audit committee and has a special sitting with the Audit Committee on quarterly basis.
 - o A successful Risk Awareness campaign was conducted through sittings with the Chief Directors of the Department and during the induction for the newly appointed employees.
- **Whether the department has a risk management policy and strategy.**

Yes, The Department has a risk management policy and strategy in place which forms part of Risk management framework which is reviewed on annually basis to accommodate the latest developments in risk management environment e.g. King IV on Corporate Governance and the latest COSO principles.

- **Whether the department conducts regular risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks.**

The department conducts regular risk assessments to identify priority (strategic) risks as well as operational risk (Business) risks and any emerging risks.

- **Whether there is a Risk Management Committee that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk.**

There is a risk management committee that sits on quarterly basis to advice management on the overall risk management trajectory.

- **Whether the Audit Committee advises the department on risk management and independently monitors the effectiveness of the system of risk management.**

The Chairperson of the Risk Management Committee is an independent external person who reports to the Audit committee in terms of the risk management committee charter and the audit

committee in turn independently monitors the effectiveness of risk management through the internal audit reports issued by internal audit. Items pertaining to risk management become part of the agenda for the Audit Committee Meetings. The Chairperson of the Risk Management Committee also has a special sitting with the Audit Committee to discuss any matters pertaining to risks. The chairperson also invites the Chief Risk Officer to be part of the discussions for implementation. The audit committee has its own audit committee member represented in the risk management committee intended to monitor risk implementation and to provide guidance.

- **Whether the department sees progress in the management of risks, whether this has transmitted into improvements in the department's performance, and if not, what it plans on doing to address this problem**

Yes it contributed positively as there is an improved embedding of risk management on the day to day decision making of the department. This in turn ensured the meeting of business objectives and targets. The table below show issues of concern and resolutions taken:

ISSUES OF CONCERN	RESOLUTION
Automation of Risk Management:	The department has engaged with PWC on Team Risk and is trying to find resources to fund this project.
Annual Training:	Annual Training Plan has been developed in consultation with the Provincial Treasury since most of the training is sponsored by the Provincial Treasury.

3. FRAUD AND CORRUPTION

- **Department's fraud prevention plan and the progress made in implementing the fraud prevention plan**
 - o 7 awareness sessions were conducted during 2021/22 on Fraud Prevention Plan
 - o Approved Implementation Plan in place.
 - o Reviewed Fraud Prevention Plan.
 - o Quarterly reports submitted to Office of the Premier, Audit and Risk Management Committees
 - o Reviewed Investigation Policy
 - o Reviewed Whistle Blowing Policy
- **Mechanisms in place to report fraud and corruption and how they operate. e.g.: Whistle blowing – The need for officials to make confidential disclosure about suspect fraud and corruption**
 - o National Anti – Corruption Hotline (0800701701)
 - o Walk-ins (Internal and External)
 - o Anonymous submission to the office of the ethics officer/MEC/HOD etc.
- **How these cases are reported and what action is taken**
 - o Cases are reported through the Hotline number and referred to the Department for further investigation
 - o The Department records incoming cases on the database
 - o The Department investigates and report its findings to the relevant stakeholders

- o After preliminary investigation, findings with recommendations are sent to the Office of the Premier (DG) for submission to the Office of the Public Service Commission
- o Cases are referred to Law Enforcement Agencies in terms of departmental fraud and corruption prevention and response plan

4. MINIMISING CONFLICT OF INTEREST

- o SMS members have disclosed their financial interests (100% compliance) for 2021/22 financial year.
- o 7 Awareness Sessions on Fraud and Corruption were conducted during 2021/22 financial year.
- o OSD, MMS and Other Officials from SCM, Finance have submitted their e-Disclosures (100% compliance) during 2021/22 financial year.
- o Identified officials by AG and Provincial Treasury with potential conflict of interest have been advised to de-register or resign from Identified Companies as per PSR 2016.

5. CODE OF CONDUCT

Brief description and nature of code of conduct/ethics

The Code of Conduct for Public Service lays a framework through which public servants must conduct themselves. It clearly stipulates rules and regulations of what is acceptable and non-acceptable behaviour. Chapter 2 of the Code specifically addresses conduct as an employee of the public service. When the provision(s) of this code are transgressed, that behavior or act is tantamount to misconduct which can be viewed in a very serious light by the Department.

What effect it has on the Department and if the Department is adhering to

The Department is adhering to the Code of Conduct such that during 2021/2022 Financial Year there were no reported cases of breach of the Code. The effect that this has on the Department, it has resulted in improved employee/employer relations, and improved staff morale. It also mirrors the role to which awareness campaigns plays in educating both employer and employees in resolving their matters amicably.

Process followed in breach of Code of Conduct

When the Code of Conduct is breached the employer has a prerogative to take disciplinary action against the offender. The steps to be followed must adhere to the disciplinary code and procedures contained in PSCBC Resolution 1 of 2003 for levels 1-12 and the Chapter 7 of the SMS Handbook for levels 13 upwards.

The steps can be summarized as follows:

- The supervisor/relevant section submits a written report to Labour Relations outlining the allegations/what transpired with recommendations to invoke disciplinary hearing against employee(s).
- Labour Relations then formulates a memorandum, attaching the report from the supervisor, to seek approval of the Head of Department to institute disciplinary hearing against alleged employee(s).
- The Head of Department writes a letter to the alleged employee informing her/him about the intention to invoke charges of misconduct and request to give reasons why he/she should not be charged for misconduct. The employee is given five (5) days to respond.

- The Head of Department considers the reasons submitted by the employee and make decision whether to charge or not to charge the alleged employee.
- The Head of Department appoints an investigator who must investigate the allegations and submit an investigation report to the Head of department with recommendations supported with prim farcie evidence. The investigator may also initiate the disciplinary hearing.
- The Head of department may suspend the employee on full pay or transfer the employee as per provisions of paragraph 7.2 of the PSCBC Resolution 1 of 2003
- The Head of Department appoint the Chairperson and the Employer Representative. The chairperson must be a level higher than the Employer Representative.
- The employee must then be provided with the charge sheet at least five (5) days before the date of the hearing

The charge sheet must provide

- Details of the employee
- A description of the allegations of misconduct and the main evidence on which the employer will rely
- Details of the time, place and venue of the hearing
- Information on the rights of the employee to representation by fellow employee or a representative or official of a recognized trade union.
- Bring witnesses to the hearing and to cross examine witnesses of the employer.
- Right to an interpreter during the disciplinary hearing
- The disciplinary hearing must be held within ten (10) working days after the charge sheet has been served to the employee.
- If the employee fails to attend the hearing and the chair concludes that the employee did not have a valid reason, the hearing may continue in the employee's absence.
- The chairperson must convene the disciplinary hearing, and both parties will be given a chance to state their case
- On conclusion of the hearing, the employee must submit mitigating circumstances, and the employer aggravating factors for consideration of sanction by the chairperson
- The chairperson of the Disciplinary hearing must submit a report to the Head of Department detailing proceedings of the hearing, findings on guilt, and the appropriate sanction.
- Paragraph 7.4 of PSCBC Resolution 1 of 2003 provides the list of sanctions as follows:

Counselling

- Written warning valid for six months;
- Final written warning valid for six months;
- Suspension without pay, for no longer than three months;

Demotion;

- A combination of the above; or

Dismissal

- The Head of Department through Labour relations must communicate the outcome of the hearing to the employee within five (5) working days after the conclusion of the hearing
- Labour Relations must advise the employee of his/her right to lodge an appeal within five (5) working days against the outcome of the disciplinary hearing to the Executive Authority in terms of paragraph 8 of PSCBC Resolution 1 of 2003. NB: SMS members do not have the right to appeal

- The employer must not implement the outcome of the disciplinary hearing pending the appeal outcome. The appeal must be dealt with within 30 working days.
- In terms of paragraph 8.6 of PSCBC Resolution 1 of 2003, The Executive Authority may uphold the appeal, reduce the sanction, or confirm the outcome of the disciplinary proceedings.
- The Executive Authority must communicate the outcome of the appeal through Labour Relations to the employee, and thereafter implement the outcome immediately.
- Labour Relations must advise the employee about dispute resolution process provided under the Labour Relations Act if the employee is not satisfied with outcome of the appeal.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Health, safety and environmental issues are, in terms of the health and safety act jointly the responsibility of both the employer and employee. The employer is charged with the duty of making sure that he provides and maintains a working environment that is safe and without risk to the health and safety of employees.

In making sure that the mandate of the employer is carried out, health and safety representatives, first aiders and Fire Marshalls are appointed and trained in their respective duties. Their appointment is for a period of three years. According to the act, health and safety representatives meet quarterly to discuss health and safety matters and make recommendations on such matters.

The department complies with the abovementioned standards in that it has trained health and safety representatives who meet every quarter to discuss health and safety matters. They are also charged with the responsibility of inspecting their respective worksites for hazards and risks which may be detrimental to the health and safety of employees. Trained first aiders are provided with first aid boxes to provide first aid to injured employees. Fire extinguishers and hose reels, on which training has been provided to health and safety representatives, are serviced annually.

Due to the changing nature of the pandemic and national progress made through collective efforts, the President of South Africa intends to lift the National State of Disaster as soon as public comment on the health regulations has been completed. These health regulations, when finalised, will replace the current state of disaster regulations. The department will continue to adhere to health and safety protocols as prescribed by the latest regulations to protect the health of employees and prevent the spread of infection in the workplace.

The department ensures emergency evacuation drills take place at 6-month intervals at half of the department's office sites. Annually more office sites are prepared and activated to ensure employees know how to safely evacuate offices in case of an emergency. Due to the COVID-19 pandemic and associated strict measures (social distancing/ staff rotation), evacuation drills have been postponed, but were resumed during the 4th quarter of 2021/2022 financial year.

Awareness campaigns on health and safety issues are done in the department by means of staff information sessions, distribution of awareness pamphlets and articles published in the departmental newsletter. Risk reports on all departmental buildings are also updated on a quarterly basis. Monthly checklists from all health and safety representatives are collected and checked for risks which are mitigated with the assistance of the various landlords, Public Works or Asset Management.

To mitigate all incidents, each injury on duty is investigated and recommendations brought before the health and safety committee, which then endorses or makes further recommendations thereby contributing to the overall management and mitigation of risks.

7. PORTFOLIO COMMITTEES

Date of the Meeting: 18 February 2022

Programme 1: Administration

Matters raised by the Portfolio Committee	How will the Department address the matters raised
The vacancy rate is at 13, 1% and the Department failed to fill the vacancies within its targeted period of 180 days.	The Department will ensure that it fill all the vacancies within the targeted timeframe. As at the end of quarter 3 in the current financial year the vacancy rate is at 7% with a turnaround time of 105 days.
The Department failed to pay all its creditors within the stipulated 30 days period, which it said was due to disputed invoices.	The Department will ensure that disputes regarding invoices are timeously attended to to pay invoices within 30 days.
The Department reviewed its Supply Chain Management (SCM) policy and anticipates that this will lead to improvement in its performance.	The Department will ensure strict adherence to the SCM Policy and improvement in its performance.

Programme 2: Human Settlements Delivery Planning and Performance

Matters raised by the Portfolio Committee	How will the Department address the matters raised
The Department does not have existing mechanisms in place of how communities should benefit from its programmes with municipalities.	The Department will continue with capacity building of municipalities and it intends to develop a capacity building plan in consultation with municipalities.

Programme 3: Housing Development

Matters raised by the Portfolio Committee	How will the Department address the matters raised
The Emerging Contractor Programme is not serving its purpose as several the emerging contractors are still building poor quality houses.	The Department is working closely with the National Home Builders Registration Council on providing skills training and development programmes for emerging contractors. A plan for implementing an integrated programme in respect of emerging contractors development has been developed for consultation and once completed it will be shared with the Committee.
The Incremental Sub – Programme has underspent its budget and failed to meet most of its targets, especially in the Nelson Mandela Metropolitan Municipality, which resulted in that this Programme significantly contributed to the under-expenditure of the entire Department during the year under review.	The department and Nelson Mandela Bay Metropolitan Municipality working relations have improved tremendously and the delivery of houses has significantly increased within the Municipality as many projects have now been unblocked. The department has also appointed Housing Development Agency as its implementing agent for the upgrading of the 115 informal settlements across the 6 regions and expenditure on the budget is 100 per cent as at end January 2022.

Matters raised by the Portfolio Committee	How will the Department address the matters raised
The Department introduced into its terms of reference of tenders, compulsory site briefings on the site for prospective contractors before the awarding of the tenders to minimize the utilisation of Variation Orders.	The Department has developed Standardized Terms of Reference which call for a compulsory site briefing to make sure that contractors familiarize themselves with conditions of the site and that is intended to reduce variation orders due to difficult terrain. The Department is now moving towards the conventional approach to construction by firstly appointing Professional Service Providers (PSPs) to conduct the feasibility study and the planning of projects prior the actual implementation.
Some projects were implemented without proper planning which resulted in some projects progressing slowly.	The Department is moving towards the conventional approach to construction by firstly appointing PSPs to conduct the feasibility study and the planning of projects prior the actual implementation.
The Department intends to audit the Housing Subsidy System (HSS) to determine whether the circumstances of some of the people that are approved for houses had improved to prevent providing houses for people that already have houses.	The Department conducts auditing exercise on approved beneficiaries in the various districts and projects through conducting of socio-economic profiling of the approved beneficiaries to ascertain need.
There is a panel of contractors appointed to ensure that there is a quicker turnaround time for the reinstatement of contractors.	The Department effectively utilizing a panel of contractors to ensure the quick turnaround time for the reinstatement of contractors.

Programme 4: Human Settlement Property and Assets Management

Matters raised by the Portfolio Committee	How will the Department address the matters raised
This programme had dramatically underperformed with regard to issuing of title deeds which was partly a result of poor relations with municipalities that led to under-expenditure.	The Department and the MEC has quarterly MEC MMCs sessions to improve working relations with the municipalities. The Department has appointed a panel of conveyancers who are on site to fast-track the registration and issuance of title deeds.
The Committee is not exposed to the functioning of the Housing Tribunal.	The Department submitted the report on the functioning of Rental Housing Tribunal as an attachment to the committee

General finding

Matters raised by the Portfolio Committee	How will the Department address the matters raised
Department spent R1 667 898 billion (82, %) of its total budget of R 2 003 757 billion in the year under review, which resulted in an under-expenditure of R373 146 million.	The department has put measures in place to ensure that all allocated funds are spent before financial year-end by: - Improving turnaround time for appointment of contractors using the approved panels which have been endorsed by Provincial Treasury - By developing standardized terms of reference which shorten the bid specification process - Bid committees sit on a weekly basis to evaluate and adjudicate bids - Strengthening of contract management in monitoring performance of projects - Appointment of HDA as an implementing agent to assist with upgrading of informal settlements program - Engagement with deeds office to increase the numbers of registration for title deeds There is a high project turnover in some regions in terms of performance and current work-in-progress will translate into practical completion and increased delivery
The Department applied for a rollover for funds that were returned to Provincial Treasury during the year under review.	The Department have approved all rollover applications and is awaiting for the final appropriation by the Legislature in order to access funding for utilization. Access to the funds is expected in February and there is a detailed plan in place for the utilization of the roll over funds.
The lack of integrated planning with other sector Departments resulted in houses continuing to be built without other social amenities to conform to the mandate of building integrated human settlements.	The Department has strengthened the Social Transformation Cluster working group to enhance integration with sector Departments. It also attends a substantial number of forums that include Human Settlements Forum, IGR Sessions, District Mayor's Forum (DIMAFO), Technical DIMAFO where Departments and Municipalities share their plans of development in the districts. The MEC has quarterly MEC MMCs sessions to improve working relations with the municipalities. All these are intended to improve the working relations with the sector Departments and other government Institutions.
The Department has overstated the utilisation of Variation Orders in the implementation of its projects	The Department has developed Standardized Terms of Reference which call for a compulsory site briefing to make sure that contractors familiarize themselves with conditions of the site and that is intended to reduce variation orders due to difficult terrain

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1	Irregular Expenditure	Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R144,8 million, as disclosed in note 20 to the financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. Most of the irregular expenditure disclosed in the financial statements was caused using an assessment criterion that was not stipulated in the terms of reference. Irregular expenditure of R481,7 million that has accumulated over several years and has not been recovered, written off or condoned is disclosed in note 20 to the financial statements. Repeat findings	- This irregular expenditure is based on historical procurement which has resulted in multi-year contracts that have attracted expenditure year-on-year. This was because of Terms of Reference at the time which did not include objective criteria that addressed Risk Assessments of potential service providers. These Risk Assessments were included during the evaluation/ adjudication process and were subsequently found to be irregular during that relevant year's annual audit. Based on the experience and performance of some contractors, the Department opted to conduct risk assessment of preferred bidders to avoid possible none-performance and avoid possible variation orders. - A review of the policy commenced during the 2020/21 financial year, with consultation from Provincial Treasury and National Human Settlements. The policy has subsequently been reviewed and approved. Further, Terms of Reference for all construction procurement (urban and rural) procurement have been reviewed and standardised to prevent the recurrence of weaknesses previously identified.	- No - Yes
2	Expenditure Management (Payments)	Payments were not made within 30 days or an agreed period after receipt of an invoice as required by Treasury Regulation 8.2.3. Repeat finding.	The department paid 88% of suppliers within 30 days in the 2020/21 financial year. Claims were paid after 30 days due to the following factors: Claims submitted for payment were affected by the expiry of contracts and	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			could not be paid until the addendum for extension of time has been concluded. In many instances contractors do not submit information/ documentation on time for the Regions to request motivation for extension from the Accounting officer. This results in the creation of value but the extension of time taking longer to finalise, since they need to follow SCM and Contract process prior to processing of payment. • Service providers not registered on CSD and others changing banking details without prior updating their profiles on the CSD at Treasury • Insufficient documentation submitted by service providers to substantiate value created • Delays in the approval of variation orders while construction continued to create value on site • During the first quarter of 2020/21, there were payment delays due to COVID-19 Lockdown regulations where processing payments were not possible. Due some officers within the Department and Provincial Treasury were closed	
3	Procurement and Contract Management	Some goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1 and paragraph 3.4.1 of Practice Note 8 of 2007-08. This non-compliance was identified in the procurement processes for the	• By the department's definition, redirection of scope was a contract management issue and the approach taken by the department was intended to mitigate potential litigation due to standing time for contractors whose projects were stalled or blocked by no fault of their own. However, the opinion of the Auditor-General was subsequently accepted that this process should be treated as a deviation.3.2 the redirection	• Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		projects that were redirected, which led to non-compliance with paragraph 8 of National Treasury Supply Chain Management Instruction Note 3 of 2016-17. Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1 and paragraph 3.3.1 of Practice Note 8 of 2007-08. Repeat findings	of contract has already followed the competitive bidding process, on an existing contract, due to valid reasons that is subject scrutiny by BAC, This is a new audit finding and it is only for bids above R500k, it is acknowledged that these are indeed not repeat findings resulting in the stagnation of the department's audit outcomes for the past three years. However, since these findings were because of weaknesses in the SCM Policy and Standard Operating Procedures, their subsequent implementation after revision will mitigate future recurrence.	Yes
4	Consequence Management	I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against some of the officials who had incurred or permitted irregular expenditure in prior years, as required by section 38(1)(h)(iii) of the PFMA.	- The investigation report for irregular expenditure cases had been submitted to the Office of the Auditor-General, however, activities to initiate disciplinary steps had been initiated but not been finalised by the time the annual audit ended. - Activities to institute disciplinary measures for the ten (10) employees implicated in the internal investigation report have been initiated. The process was anticipated to be finalised by the 31st of December 2021.	- Yes - Yes
5	Underspending of the Conditional Grant	As disclosed in note 3.2 to the appropriation statement, the department has materially underspent the budget on programme 3 by R352 million.	Reasons for underspending: There were construction paralyses for more than six months due to Covid - 19 resurgence made it difficult for contracted professionals to perform physical verification of beneficiaries before transfers were made	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			and untraceable title deeds as well as limited number of lodgement files accepted by Deeds Office per conveyancer • Slow performance of the contractors on site because of non-availability of building materials • There were delays in the appointment of service providers especially replacements where there were terminations and expired contracts • Inclement weather had an impact on construction of houses, mainly in the rural areas due to terrain, • Delays in National Home Builders Registration Council (NHBRC) enrolments • Scope changes that require additional funding and Internal administrative issues in the Nelson Mandela Bay Municipality • The UISP could not spend due to lack of support in the utilisation of municipalities as implementing agents that led to all funds were planned to be transferred being stopped by Provincial Treasury	

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department had an unqualified audit finding in the 2020/21 financial year.

10. INTERNAL CONTROL UNIT

During the reporting period, the Internal Control Unit (ICU) continued to assess and report on the control activities within the department to check compliance with relevant legislation with the aim to reduce the likelihood and impact of identified risks.

For the 2021/22 financial year, the Internal Control Unit performed pre-audit checks on payments that related to hands on support of the Human Settlements and Development Grant (HSDG) and subsistence and travel (S&T) claims.

The unit also during the period under review:

- Reported on non-compliance matters identified during inspections.
 - Followed up on the outstanding audit findings and provided reports on these to the Chief Financial Officer (CFO), Provincial Treasury and Audit Committee.
 - Assessed irregular expenditure as well as fruitless and wasteful expenditure and provided reports to the CFO on these.
 - Facilitated and submitted irregular expenditure condonation applications to Provincial Treasury.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

• Key activities and objectives of the internal audit

The objective of the internal audit function is to enhance and protect organizational value by providing risk based and objective assurance activities, advice and insight to management and the Audit Committee.

• Specific summary of audit work done

As per the approved annual internal audit plan by the Audit Committee, the internal audit activity conducted its reviews on the key business processes listed below:

- o Evaluation of 2020/21 draft Annual Financial Statements & Annual Report
- o Governance and ethics review
- o Evaluation of Human Settlements Development and Informal Settlements Upgrading Partnership grants
- o Supply Chain Management
- o Evaluation of Financial management and Interim Financial Statements
- o Evaluation of Performance Information
- o Evaluation of draft 2022/23 Annual Performance Plan
- o Follow Up Audit on Internal Audit Findings
- o Information and Communication Technology: Network remedial actions, Cyber Security awareness and Vulnerability Test

During the year under review the audits focused on both core business and support functions. Our view is that there is still a general concern regarding the effectiveness of internal controls embedded within various operations as evidenced by the number of internal and external audit repeat findings.

• Key activities and objectives of the Audit Committee

The objectives of the audit committee are to provide independent oversight function over governance, risk management and internal control processes of the department and provides guidance and recommendations on areas of improvements to the accounting officer and management.

In line with its oversight responsibility as defined in its charter in ensuring continuous improvement of departmental operations, the audit committee interacted with management, internal & external auditors, and the Executive Authority.

During its quarterly meetings and through internal audit reports reviews, recommendations for improvement of operations were provided, discussed, and agreed with management as evidenced in the minutes.

- **Attendance of audit committee meetings by audit committee members**

NEWLY APPOINTED AIT COMMITTEE FROM DECEMBER 2020 TO DECEMBER 2023						
Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Contract Ended	No. of Meetings attended
Mr. Y. E Amod	CA(SA)	External	N/A	1 December 2020	N/A	4
Adv. S. Peter	Bachelor of Law	External	N/A	1 December 2020	N/A	4
Ms. T. Cumming	CA(SA)	External	N/A	1 December 2020	N/A	4

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

Audit Committee Responsibility

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

The Effectiveness of Internal Control Systems

The review of the effectiveness of the system of internal controls by the Audit Committee is informed by reports submitted by external audit, internal audit, and management. The development and maintenance of an effective internal control system is the responsibility of management.

During the past year, the Audit Committee has drawn the attention of management to significant issues that have been raised in the previous year audit report and management report of the Auditor General, as well as matters raised in the reports of internal audit in the current financial year.

Management has expressed their commitment in dealing with these issues but, as per the departmental audit intervention plan (AIP), progress has been slow in certain respects while, in others, these AIP actions can only be addressed over a number of years. This is concerning for the Audit Committee and, having raised a number of issues with both the Executive Authority and the HOD, the audit outcome within the Department has remained the same as the prior years.

There is no doubt that, based on the oversight carried out by the Audit Committee, there are repeat findings. In cases where AIP actions could be addressed and have not been addressed, the Committee has recommended that the HOD and Management consider consequence management on the basis of inaction. Failure over the past years to initiate consequence management has led to a situation of complacency. This, the Audit Committee believes, may be the root cause of the regression within the Department in relation to audit findings.

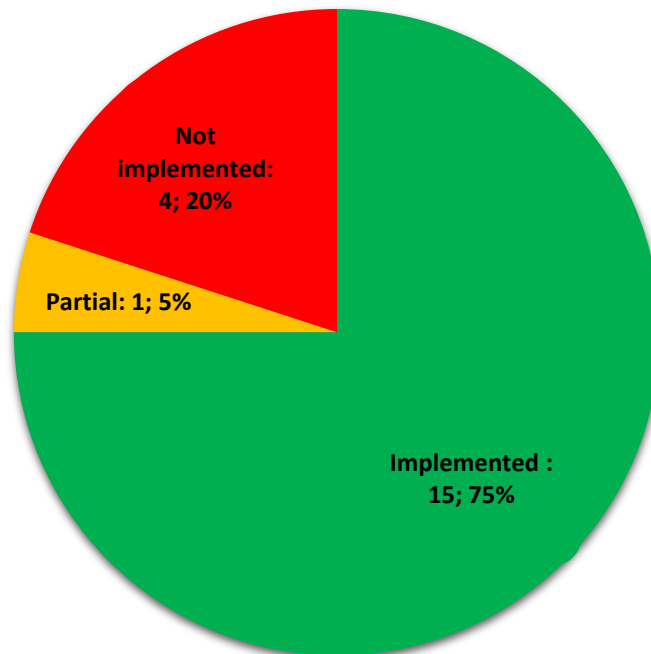
The Committee is satisfied that a system of internal controls has been put in place by the Department and that these controls have functioned partially during the period under review.

The Audit Committee and the Department is aware that there is a need for improvement in the internal controls and the adherence to these controls and the Audit Committee is committed to assisting the department in this regard. On this basis, the committee has advised management to identify whether the issue is with a departmental system or officials – if it is systems-based then the department and its management must address this. If it is an oversight, negligence, or poor performance by an official, management will have to address this through consequence management.

The department has shown significant improvement in its stance towards risk management. All scheduled risk management committee meetings were conducted and fairly attended by management. The reviews of the risk management policy and implementation plans were undertaken. There is co-operation and willingness towards the implementation of the combined assurance framework, although still at the initial stages. However, generally there are still

challenges on the status of implementation of risk management action plans. Below is a summarised status where out of 20 strategic risk management action plans, 1 was not implemented translating to 5%; 4 were partially implemented translating to 20% and 15 were implemented translating to 75%.

Summary of status of implementation of Risk Management Action Plans



Risk management and internal control systems still require improvements.

The Audit Committee has noted the findings of Internal Audit as per the reports summarized above and urged management to use these reports to address internal control weaknesses. The Internal Audit reports are comprehensive and detailed and provide management with all the necessary information needed to improve audit outcomes. The HOD has also been advised to keep track of these findings, and the actions implemented. Overall implementation of action plans to address internal audit findings will result in stronger controls, greater risk mitigation and better audit outcomes.

The Internal Audit Component of the Department must be commended for the professional, dedicated, and thorough work it has carried out in the year under review. It remains a critical part of the Department from an advisory, consulting and assurance perspective.

Based on the oversight carried out in the past financial year, the following are still areas of concern for the Audit Committee:

- Improvements were noted on compliance to SCM prescripts as there has been no new non-compliance findings however, prior years' irregular expenditure has not been cleared as investigations have not been finalized. When these are finalized within set timeframes, there may be an improvement in the reduction of irregular expenditure.
- Performance information and strategies for improving performance, deviations and rectification strategies are misaligned, which signals a bigger challenge of complete lack of synergy and alignment of planning strategies and reporting. This results in questions from the AC around

departmental performance, control mechanisms and consequence management. Managers must put in more effort around alignment of planning strategies.

- On the departmental Information and Communication Technologies (ICT) governance, there is a need for the revision of the ICT strategy as well as ICT plans which will guide the deployment of IT Technologies to harness internal and external service delivery and to improve efficiency and effectiveness of operations in the Department. Information security has also been a concern for the audit committee due to the network vulnerability and dilapidating IT infrastructure across the province.
- The foundation on ethics management has been established. This has been supported by co-operation by management in complying with the declaration of interests' processes required by DPSA. However, this area also needs a review of compliance to the framework on Managing Ethics in the Public Service, which clearly indicates how to manage: Leadership commitment; Ethics structures and Ethics management processes.
- Repeat audit findings due to partial or non- implementation of prior years' management actions need to be addressed. If these are addressed department may improve in terms of its year-on-year audit findings.

In-Year Management and Monthly/Quarterly Report

The Audit Committee has noted the content and quality of the monthly/quarterly financial reports prepared and issued by the Department during the year under review, in compliance with the statutory reporting framework.

Underspending and underperformance across programmes are of concern to the Audit Committee. The department has been advised to find alternative ways of addressing these challenges.

Management must be commended for the detail and quality of these reports and the fact that the spending of the Department is aligned to its service delivery mandate.

Evaluation of Financial Statements

The Audit Committee has reviewed and discussed the audited financial statements for the 2021/22 financial year with management. This process included a review of the accounting policies and practices, and any changes thereto. The Audit Committee has reviewed and discussed the audited performance information for the 2021/22 financial year with management.

Both Internal Audit and the Audit Committee highlighted certain shortcomings and weaknesses in financial statements and performance information. Although the majority of these could easily be rectified, there were others that would have a greater impact in terms of overall audit findings. In this regard management undertook to address these shortcomings and weaknesses, and then the Annual Financial Statements and performance information for the 2021/22 financial year were submitted to the Auditor-General for audit purposes.

Auditor General's Report

The Audit Committee discussed the 2021/22 audit report and management report with management and the Auditor-General. The Committee concurs with these reports and findings.

Appreciation

The Committee would like to take this opportunity of expressing its sincere appreciation to the Member of Executive Council, Head of Department, the management of the Department, Internal Audit, the Risk Committee, Provincial Treasury's Transversal Internal Audit and Transversal Risk Management Service, and the AGSA for their support and co-operation during the year under review.



Younus Amod
Chairperson of the Audit Committee
Eastern Cape Department of Human Settlements
31 August 2022

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements as required by the BBBEE Act and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	n/a	n/a
Developing and implementing a preferential procurement policy?	n/a	n/a
Determining qualification criteria for the sale of state-owned enterprises?	n/a	n/a
Developing criteria for entering partnerships with the private sector?	n/a	n/a
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	n/a	n/a



Part **D**

HUMAN RESOURCE MANAGEMENT



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

HUMAN RESOURCE MANAGEMENT

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

1. INTRODUCTION

The Department provided commentary on the following Human Resource Management areas:

- The status of human resources in the department.
- Human resource priorities for the year under review and the impact of these.
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.
- Employee performance management.
- Employee wellness programmes.
- Highlight achievements and challenges faced by the department, as well as future human resource plans /goals.

2. OVERVIEW ON HUMAN RESOURCES

The department provided detailed commentary of each Human Resource Development Area are follow:

- **The status of human resources in the department.**

The establishment of the Department of Human Settlements comprises of **566** positions inclusive of the MEC's post. There have been no changes to the organisational structure of the department in this financial year.

At the beginning of the financial year the department had **506** filled posts, **60** vacancies translating to a vacancy rate of **10,6%**. In order to fill the vacant funded posts the department developed the Annual Recruitment Plan for the 2021/22 financial year that was approved by the Provincial Committee Management Team (PCMT) in March of 2021 for the filling of the funded vacant posts.

The National lockdown that occurred in year 2020 affected the recruitment processes of the department as it could not fill all the advertised posts in the 2020/21 financial year, and this resulted in these posts being carried over to the 2021/22 financial year. There were 31 carry-over posts from the 2020/21 financial year and these were presented to the PCMT in the first quarter of 2021/22 and were approved for finalisation of recruitment.

During the recruitment process the department realised attritions due to promotions, retirements, unfortunate deaths, resignations, and ill-health retirements as well as internship contracts that expired.

Recruitment processes continued during the second and third quarters of the financial year of all the advertised posts for both the permanent and internship posts.

The department had at the end of the financial year, 2021/22 closed with **517 filled posts** and **50 vacant** posts translating to a reduced vacancy rate of **8,8%**.

Achievements during the recruitment process:

- The department filled 53 positions during the 2021/22 financial year.

- The vacancy rate was reduced from 11% to 9%.
- The department realised a turnover rate of 6% in the financial year.
- Employees aged 55 and above were granted early retirement without penalisation by the MPSA and the department encouraged employees to take the offer and retire. Four of the employees applied and were granted early retirement.

Challenges during the recruitment process:

- The allocated COE budget for the 2021/22 financial year only limited for current and existing establishment of the department. The department was not granted additional COE budget to activate new posts.
 - There were grievances on the recruitment process that delayed the filling of the advertised posts.
 - There was a delay in the approval of the SDM that affected the review of the Organisational Structure and thus affecting strategic changes to technical posts that were advertised.
- **Human resource priorities for the year under review and the impact of these.**
 - Filling of vacancies within 180 days.
 - Efficient provision of Conditions of Service to employees.
 - Management of employer-employee relationships.
 - Training and development of employees within the 1% skills levy budget.
 - Management of Performance of employees.
 - Provision of Employee Health and Wellness Programmes.

- **Workforce planning and key strategies to attract and recruit a skilled and capable workforce.**

Workforce Planning for the 2021/22

- To meet Employment Equity targets.
- To meet Gender Equity targets.
- Fill vacancies as soon as they get vacated.

Key Strategies:

- Prioritising of SMS vacated posts.
- Appointing Professionally Registered Technical Staff e.g. Engineers and Project Managers
- Ensuring all vacant technical posts are all filled.

- **Employee performance management**

The Departmental Moderation Committee for salary levels 1 -12 convened on 25 October 2021 to moderate assessment for 2020/2021 performance cycle. Each Directorate utilized 0.5% of the total compensation budget to pay performance bonuses of employees within its span of control. The payment of the Performance incentives was implemented and paid out in December 2021.

The departmental Moderation Committee for members of Senior Management Services (salary level 13) convened on the 8th and 21st of February 2022 and concluded on the 29th of March 2022 to moderate 2020/2021 final assessments. Performance bonuses for SMS members were not paid during 2021/2022 financial year but deferred to first quarter of 2022/2023 financial year pending approval by the MEC as the delegated authority.

No pay progression was paid to all categories of employees for 2020/2021 cycle instead all categories of employees were paid a once-off pensionable salary adjustment of 1.5% in leu of pay progression as per DPSA directives.

All submitted 2021/2022 PMDS documents, Performance Agreements and Quarterly reviews were captured on PERSAL. The validations of Performance Agreements were conducted, and the feedback was given to respective employees.

Challenges during performance management:

Non-compliance in the submission of performance agreements and reviews.

- **Employee wellness programmes.**

The department has implemented the Employee Health and Wellness Strategic Framework for the Public Service where four (4) strategic interventions which include Wellness Management, HIV and TB Management, Health and Productivity Management and Health and Safety Management were implemented to ensure personnel wellbeing. The intention of the implementation of the interventions assists in the maintenance of the existing staff and to facilitate the retention of competencies while promoting high performance due to maintenance of healthy officials.

The department has prioritised both the in-house (available office hours by internal staff) and out-house (available during office hours and after hours and provided by an appointed service provider) counselling services to provide optimum opportunity for staff and their immediate family members in the province to access counselling and professional services with the least possible turnaround time. The out-house counselling service lapsed at the end of 2021/2022 financial year. The service is in the process of being procured to ensure staff has 24/7/365 workplace driven support for the 2022/23 financial year. The procurement process was delayed as all departments are awaiting a national outcome of guidance from the Constitutional Court with regards to the Preferential Procurement Regulations that is currently being used in the procurement process. The counselling service has shown a positive output as employees and their family members participate actively in the Counselling Service. The departmental analysis of the out-house counselling service dictates that it should be continued in the next MTEF period.

The department was unable to implement an active Sport & Recreation Programme where staff can participate in sport and various physical fitness activities due to the COVID-19 pandemic restrictions. The department managed to gradually introduce sport and recreational activities in the fourth quarter as restrictions were lifted country wide.

Staff health screenings were re-introduced in the fourth quarter of 2021/2022 as COVID-19 restrictions were lifted country wide.

During the past year several employees with mental illnesses were assisted; therefore, mental health awareness sessions will continue to form part of the planned interventions for 2022/2023.

The Health and Safety Act is being adhered to with the assistance of appointed health and safety representatives, first aiders and fire fighters. The mentioned health and safety functionaries submit monthly reports which assists the employer to provide a safe working environment at all work sites. The three-year appointment of these functionaries lapsed during the 2021/2022 financial year and necessitated recruitment, appointment, and training of the mentioned functionaries during the 2021/2022 financial year. The department will finalise training of the first aiders and fire fighters during the 2022/2023 financial year.

COVID-19 was still a reality in 2021/2022, but due to the changing nature of the pandemic and national progress made through collective efforts, the President of South Africa intends to lift the National State of Disaster as soon as public comment on the health regulations has been completed.

These health regulations, when finalised, will replace the current state of disaster regulations. The department will continue to adhere to health and safety protocols as prescribed by the latest regulations to protect the health of employees and prevent the spread of infection in the workplace.

The pronouncement of the president regarding the lifting of the National State of Disaster regulations in the near future will have a positive impact on the quality of services rendered to employees as all intended targets will be reached with regarding to the health and wellness of employees as certain important activities that were previously prohibited due to adherence to social distancing and related regulations, would now be able to take place.

Achievements in the provision of Employee Wellness Programmes:

The department managed COVID-19 very well in the workplace, ensuring adherence to strict COVID-19 workplace protocols and supported COVID-19 positive employees and employees placed in quarantine due to being a close contact.

Challenges in the provision of Employee Wellness Programmes:

The COVID-19 pandemic and related restrictions was a challenge in delivering in certain areas of the Employee Health and Wellness Strategic Framework with specific reference to health screenings, sport and recreational activities and fire drills as gatherings were prohibited and social distancing had to be adhered to.

- **Future Human Resource Plans /Goals**

- The department will continue to facilitate recruitment of permanent staff in line with the departmental Annual Recruitment Plan.
- With the easing of the Covid 19 restrictions the department will be able to provide wellness programmes that will encourage employee participation to encourage health and wellness of the employees.

3. HUMAN RESOURCES STATISTICS

3.1 Personnel related expenditure

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

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2021 and 31 March 2022

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	160 953	114 695	0	0	71,25	630
Housing Asset Management	16 494	11 921	0	0	72,27	627
Housing Development	2 357 021	206 082	0	0	8,74	644
Housing Needs, Research & Planning	19 808	18 967	0	0	95,74	759
Total as on Financial Systems (BAS)	2 554 276	351 665	0	0	13,76	644

Table 3.1.2 Personnel costs by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	1 432	0,4	8	179 000
Skilled (Levels 3-5)	12 283	3,3	43	285 651
Highly skilled production (Levels 6-8)	73 133	19,9	166	440 560
Highly skilled supervision (Levels 9-12)	204 988	55,9	254	807 039
Senior management (Levels >= 13)	53 371	14,6	41	1 301 732
Contract (Levels 3-5)	428	0,1	2	214 000
Contract (Levels 6-8)	1 063	0,3	28	37 964
Contract (Levels 9-12)	2 989	0,8	3	996 333
Contract (Levels >= 13)	1 978	0,5	1	1 978 000
Total	351 665	95,9	546	644 075

Table 3.1.3 Salaries, Overtime, Home-Owners Allowance and Medical Aid by programme for the period 1 April 2021 and 31 March 2022

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	92 847	79,3	0	0	6 447	5,5	4 359	3,7
Housing Asset Management	9 528	74,8	0	0	856	6,7	564	4,4
Housing Planning & Research	15 558	78,9	0	0	1 094	5,6	560	2,8
Housing Prog Facilities and Administration	167 772	77,2	24	0	12 052	5,5	7 815	3,6
Total	285 705	77,9	24	0	20 449	5,6	13 298	3,6

Table 3.1.4 Salaries, Overtime, Home-Owners Allowance and Medical Aid by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	872	60,9	0	0	79	5,5	192	13,4
Skilled (Levels 3-5)	9 012	73,3	24	0,2	723	5,9	1 424	11,6
Highly skilled production (Levels 6-8)	58 601	79,7	0	0	2 631	3,6	4 929	6,7
Highly skilled supervision (Levels 9-12)	169 775	78,4	0	0	10 726	5	6 186	2,9
Senior management (Levels 13)	40 785	85,7	0	0	6 235	13,1	558	1
Contract (Levels 3-5)	372	86,9	0	0	15	3,5	0	0
Contract (Levels 6-8)	1 060	99,6	0	0	0	0	0	0
Contract (Levels 9-12)	2 694	83	0	0	32	1	9	0,3
Contract (Levels >= 13)	2 534	90,7	0	0	8	0,3	0	0
Total	285 705	77,9	24	0	20 449	5,6	13 298	3,6

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as on 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	205	182	11,2	8
Housing Asset Management	20	19	5,0	2
Housing Planning & Research	28	25	10,7	1
Housing Programme Facilities & Administration	343	320	6,7	18
TOTAL	596	546	8,4	29

The establishment of 567 includes the 29 additional posts i.e. interns

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2022

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	8	8	0	0
Skilled (3-5)	51	43	15,7	0
Highly skilled production (6-8)	177	166	6,2	0
Highly skilled supervision (9-12)	274	254	7,3	0
Senior management (13-16)	52	41	21,2	1
Contract (Levels 3-5)	2	2	0,0	0
Contract (Levels 6-8)	28	28	0,0	28
Contract (Levels 9-12)	3	3	0,0	0
Contract (Levels >= 13)	1	1	0,0	0
TOTAL	596	546	8,4	29

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2022

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	337	313	7,1	28
Architects, Town and Traffic Planners	2	2	0,0	0
Cashiers Tellers and Related Clerks	1	1	0,0	0
Cleaners in Offices Workshops Hospitals etc	18	14	22,2	0
Client Inform Clerks (Switch Receipt Inform Clerks)	2	2	0,0	0
Communication and Information Related	3	3	0,0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Engineering Sciences Related	1	1	0,0	0
Engineers and Related Professionals	94	90	4,3	0
Finance and Economics Related	1	1	0,0	0
Financial and related Professionals	21	20	4,8	0
Financial Clerks and Credit Controllers	4	4	0,0	0
Household Food and Laundry Services Related	1	1	0,0	0
Human Resources & Organisat Developm & Related Prof	13	12	7,7	0
Human Resources Related	21	20	4,8	0
Information Technology Related	8	6	25,0	0
Logistical Support Personnel	5	5	0,0	0
Motor Vehicle Drivers	9	8	11,1	0
Other Administrative Policy And Related Officers	1	1	0,0	0
Other Occupations	1	1	0,0	0
Quantity Surveyors & Rela Prof Not Class Elsewhere	8	6	25,0	0
Secretaries & Other Keyboard Operating Clerks	1	1	0,0	0
Senior Managers	44	34	22,7	1
Total	596	546	8,4	29

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	8	5	62,5	3	37,5
Salary Level 13	41	36	87,8	5	12,2
Total	51	43	84,3	8	15,7

Table 3.3.2 SMS post information as on 30 September 2021

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	8	6	75,0	2	25,0
Salary Level 13	41	35	85,4	6	14,6
Total	51	43	84,3	8	15,7

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2021 and 31 March 2022

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	2	0	2
Salary Level 13	7	7	0
Total	9	7	2

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
All the vacated funded SMS posts were advertised within 6 months.
Reasons for vacancies not filled within twelve months
The two SMS posts not filled within the 6 months will be filled within 12 months, were due to delays in Internal recruitment processes, expected to be filled in the first quarter of 2022/23 financial year.

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
All the vacated funded SMS posts were advertised within 6 months. No disciplinary steps need to have been taken in this regard.
Reasons for vacancies not filled within six months
The two SMS posts not filled within the 6 months will be filled within 12 months. The delays were due to Internal recruitment processes.

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2021 and 31 March 2022

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	8	0	0	0	0	0	0
Skilled (Levels 3-5)	53	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	177	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	277	0	0	0	0	3	1,1
Senior Management Service Band A	40	0	0	0	0	0	0
Senior Management Service Band B	8	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Contract Band C	1	0	0	0	0	0	0
Total	565	0	0	0	0	3	0,5

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 and 31 March 2022

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2021 and 31 March 2022

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Nil	0	0	0	Nil
Total number of employees whose salaries exceeded the level determined by job evaluation				Nil
Percentage of total employed				0%

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2021 and 31 March 2022

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0	0	0	0	0
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Notes

- If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of Employees whose salaries exceeded the grades determined by job evaluation	None
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3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Number of employees at beginning of period- 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	6	3	0	0,0
Skilled (Levels 3-5)	45	8	5	11,1
Highly skilled production (Levels 6-8)	165	13	2	1,2
Highly skilled supervision (Levels 9-12)	257	6	9	3,5
Senior Management Service Bands A	31	3	1	3,2
Senior Management Service Bands B	6	0	3	50,0
Senior Management Service Bands C	1	0	0	0,0
Senior Management Service Bands D	0	0	0	0,0
Contract (Levels 3-5)	2	0	0	0,0
Contract (Levels 6-8)	10	31	7	70,0
Contract (Levels 9-12)	7	3	3	42,9
Contract Band A	1	1	2	200,0
Contract Band C	1	0	0	0,0
Total	532	68	32	6,0

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2021 and 31 March 2022

Critical occupation	Number of employees at beginning of period- 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	296	55	19	6,4
Architects, Town and Traffic Planners	2	0	0	0,0
Cashiers Tellers and Related Clerks	1	0	0	0,0
Cleaners in Offices Workshops Hospitals etc	17	3	3	17,7
Client Inform Clerks (Switch B Receipt Inform Clerks)	2	0	0	0,0
Communication and Information Related	3	1	0	0,0
Engineering Sciences Related	1	0	0	0,0
Engineers and Related Professionals	92	0	2	2,2

Critical occupation	Number of employees at beginning of period- 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Finance and Economics Related	1	0	0	0,0
Financial and related Professionals	21	0	0	0,0
Financial Clerks and Credit Controllers	3	0	0	0,0
Household Food and Laundry Services Related	1	0	0	0,0
Human Resources & Organisational Development & Related Prof	1	0	1	7,7
Human Resources Related	18	2	0	0,0
Information Technology Related	5	2	1	20,0
Logistical Support Personnel	4	0	0	0,0
Motor Vehicle Drivers	8	1	1	12,5
Other Administrative Policy and Related Officers	1	0	0	0,0
Other Occupations	1	0	0	0,0
Quantity Surveyors & Rela Prof Not Class Elsewhere	6	0	0	0,0
Secretaries & Other Keyboard Operating Clerks	1	0	0	0,0
Senior Managers	35	4	5	14,3
TOTAL	520	68	32	6,0

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2021 and 31 March 2022

Termination Type	Number	% of Total Resignations
Death	1	3,1
Resignation	9	28,1
Expiry of contract	9	28,1
Dismissal – operational changes	0	0,0
Dismissal – misconduct	3	9,4
Dismissal – inefficiency	0	0,0
Discharged due to ill-health	2	6,3
Retirement	8	25,0
Transfer to other Public Service Departments	0	0,0
Other	0	0,0
Total	32	100,0
Total number of employees who left as a % of total employment		6,0

Table 3.5.4 Promotions by critical occupation for the period 1 April 2021 and 31 March 2022

Occupation	Employees 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	296	13	4,39	288	97,30
Architects, Town and Traffic Planners	2	0	0,00	2	100,00
Cashiers Tellers and Related Clerks	1	0	0,00	1	100,00
Cleaners in Offices Workshops Hospitals etc	17	0	0,00	14	82,35
Client Inform Clerks (Switch B Receipt Inform Clerks)	2	0	0,00	2	100,00
Communication and Information Related	3	0	0,00	3	100,00
Engineering Sciences Related	1	0	0,00	1	100,00
Engineers and Related Professionals	92	1	1,09	90	97,83
Finance and Economics Related	1	0	0,00	1	100,00
Financial and related Professionals	21	0	0,00	21	100,00
Financial Clerks and Credit Controllers	3	0	0,00	3	100,00
Household Food and Laundry Services Related	1	0	0,00	1	100,00
Human Resources & Organisat Developm & Related Prof	13	0	0,00	12	92,31
Human Resources Related	18	1	5,56	18	100,00
Information Technology Related	5	0	0,00	6	120,00
Logistical Support Personnel	4	0	0,00	5	125,00
Motor Vehicle Drivers	8	0	0,00	9	112,50
Other Administrative Policy And Related Officers	1	0	0,00	1	100,00
Other Occupations	1	1	100,00	0	0,00
Quantity Surveyors & Rela Prof Not Class Elsewhere	6	0	0,00	6	100,00

Occupation	Employees 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Secretaries & Other Keyboard Operating Clerks	1	0	0,00	1	100,00
Senior Managers	35	2	5,71	34	97,14
Total	532	18	3,4	519	97,6

Table 3.5.5 Promotions by salary band for the period 1 April 2021 and 31 March 2022

Salary Band	Employees 1 April 2021	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	6	0	0	8	133,3
Skilled (Levels 3-5)	45	2	4,44	45	100,00
Highly skilled production (Levels 6-8)	165	4	2,42	168	101,82
Highly skilled supervision (Levels 9-12)	257	6	2,3	253	98,44
Senior Management (Level 13-16)	38	6	15,8	39	102,63
Contract (Levels 3-5)	2	0	0	2	100,00
Contract (Levels 6-8)	10	0	0	0	0,00
Contract (Levels 9-12)	7	0	0	3	42,86
Contract (Levels >= 13)	2	0	0	1	50,00
Total	532	18	3,4	519	97,56

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	2	2	0	17	1	0	0	35
Professionals	77	0	0	3	74	1	1	5	161
Technicians and associate professionals	122	3	0	2	178	5	3	6	319

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	0	0	0	0	6	0	1	1	8
Service and sales workers	0	0	0	0	1	0	0	0	1
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	8	0	0	0	0	0	0	0	8
Elementary occupations	1	0	0	0	13	0	0	0	14
Total	221	5	2	5	289	7	5	12	546
Employees with disabilities	2	0	0	0	2	0	0	0	4

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	15	2	2	0	20	1	0	0	40
Professionally qualified and experienced specialists and mid-management	119	1	0	5	117	1	2	9	254
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	51	2	0	0	104	5	2	2	166
Semi-skilled and discretionary decision making	16	0	0	0	25	0	1	1	43
Unskilled and defined decision making	0	0	0	0	8	0	0	0	8
Contract (Top Management) Permanent	0	0	0	0	1	0	0	0	1
Contract (Professionally Qualified) Permanent	1	0	0	0	2	0	0	0	3

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Skilled Technical) Permanent	18	0	0	0	10	0	0	0	28
Contract (Semi-Skilled) Permanent	1	0	0	0	1	0	0	0	2
Total	221	5	2	5	289	7	5	12	546
Employees with disabilities	2	0	0	0	2	0	0	0	4

Table 3.6.3 Recruitment for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	1	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	3	0	0	0	3	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen	4	0	0	0	9	0	0	0	13
Semi-skilled and discretionary decision making	3	0	0	0	5	0	0	0	8
Unskilled and defined decision making	0	0	0	0	3	0	0	0	3
Contract (Senior Management)	1	0	0	0	0	0	0	0	1
Contract (Professionally qualified)	1	0	0	0	2	0	0	0	3
Contract (Skilled technical)	19	1	0	0	12	0	0	0	32
Total	32	2	0	0	35	0	0	0	69
Employees with disabilities	2	0	0	0	2	0	0	0	4

Table 3.6.4 Promotions by Critical Occupation for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	0	0	0	0	24	1	0	0	25
Professionally qualified and experienced specialists and mid-management	16	2	1	5	119	1	2	9	155
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	122	1	0	0	107	5	2	2	239
Semi-skilled and discretionary decision making	54	2	0	0	27	0	1	1	85
Unskilled and defined decision making	18	0	0	0	8	0	0	0	26
Contract (Top Management)	0	0	0	0	1	0	0	0	1
Contract (Professionally qualified)	1	0	0	0	2	0	0	0	3
Contract (Semi-skilled)	1	0	0	0	1	0	0	0	2
TOTAL	212	5	1	5	290	7	5	12	537
Employees with disabilities	2	0	0	0	2	0	0	0	4

Table 3.6.5 Terminations for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	2	0	0	0	4
Professionally qualified and experienced specialists and mid-management	2	2	0	0	5	0	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making	4	0	0	0	1	0	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Senior Management)	1	0	0	0	1	0	0	0	2
Contract (Professionally qualified)	1	0	0	0	2	0	0	0	3
Contract (Skilled technical)	2	0	0	0	5	0	0	0	7
Total	13	2	0	0	17	0	0	0	32
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2021 to 31 March 2022

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Corrective Counselling	1	0	0	0	0	0	0	0	1
Final Written Warning	1	0	0	0	0	0	0	0	1
Suspended Without Payment	1	0	0	0	0	0	0	0	1
Total	3	0	0	0	0	0	0	0	3

Table 3.6.7 Skills development for the period 1 April 2021 to 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	10	2	1	0	11	1	0	0	25
Professionals	13	0	0	0	20	0	1	2	36
Technicians and associate professionals	48	1	0	0	87	5	1	1	143
Clerks	0	0	0	0	0	0	0	0	0
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	1	0	0	0	1
Total	71	3	1	0	119	6	2	3	205
Employees with disabilities	2	0	0	0	1	0	0	0	3

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2021

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	0	0	0	0,0
Salary Level 16	1	0	0	0,0
Salary Level 15 (HOD)	1	1	1	100,0
Salary Level 14	8	6	5	83,3
Salary Level 13	41	35	31	88,6
Total	51	42	37	88,1

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2021.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2022

Reasons
None were submitted

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2022

Reasons
No disciplinary steps implemented against SMS members for non-compliant.

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

3.8 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2021 to 31 March 2022

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	106	219	48,40	548,61	5176,00
Female	148	287	51,60	656,29	4434,00
Asian					
Male	0	2	0,00	0,00	0.00
Female	1	5	20,00	1,61	1613,00

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Coloured					
Male	2	5	40,00	13,72	6862,00
Female	5	7	71,40	32,08	6416,00
White					
Male	3	5	60,00	32,98	10992,00
Female	6	12	50,00	43,85	7308,00
Employees with disabilities	4	4	100,00	21,02	5255,00
Total	275	546	50,40	1350,16	4910,00

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2021 to 31 March 2022

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	2	8	25,00	1,74	871,00	0,12
Skilled (level 3-5)	25	43	58,10	40,63	1 625,00	0,33
Highly skilled production (level 6-8)	99	166	59,60	360,20	3 638,00	0,49
Highly skilled supervision (level 9-12)	148	254	58,30	940,29	6 353,00	0,45
Contract (Levels 3-5)	0	2	0,00	0,00	0,00	0,00
Contract (Levels 6-8)	0	28	0,00	0,00	0,00	0,00
Contract (Levels 9-12)	0	3	0,00	0,00	0,00	0,00
Total	274	504	54,40	1 342,86	4 901,00	1,40

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2021 to 31 March 2022

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers	3	4	75,00	5,15	1 718,00
Household Food and Laundry Services Related	0	1	0,00	0,00	0,00
Human Resources & Organisational Development & Relate Prof	5	12	41,70	28,86	5 772,00
Logistical Support Personnel	3	5	60,00	9,93	3 309,00
Finance and Economics Related	0	1	0,00	0,00	0,00
Other Occupations	0	1	0,00	0,00	0,00
Financial and Related Professionals	12	20	60,00	72,90	6 075,00
Architects Town and Traffic Planners	1	2	50,00	6,85	6 851,00
Administrative Related	159	313	50,80	755,47	4 751,00
Communication and Information Related	1	3	33,30	5,14	5 140,00
Secretaries & Other Keyboard Operating Clerks	0	1	0,00	0,00	0,00
Cleaners in Offices Workshops Hospitals ETC.	7	14	50,00	7,17	1 024,00
Human Resources Related	8	20	40,00	41,54	5 193,00
Cashiers Tellers and Related Clerks	1	1	100,00	1,07	1 074,00
Other Administrative Policy and Related Officers	1	1	100,00	8,78	8 782,00
Senior Managers	0	34	0,00	0,00	0,00
Client Inform Clerks (Switch B Receipt Inform Clerks)	1	2	50,00	1,61	1 613,00
Engineers and Related Professionals	58	90	64,40	349,14	6 020,00
Engineering Sciences Related	0	1	0,00	0,00	0,00
Motor Vehicle Drivers	7	8	87,50	9,61	1 373,00
Quantity Surveyors & Rela Prof Not Class Elsewhere	4	6	66,70	24,59	6 148,00
Information Technology Related	4	6	66,70	22,35	5 586,00
TOTAL	275	546	50,40	1 350,16	4 910,00

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2021 to 31 March 2022

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	1	35	2,90	7,29	7 291,60	0,00
Band B	0	5	0,00	0,00	0,00	0,00
Band C	0	1	0,00	0,00	0,00	0,00
Band D	0	1	0,00	0,00	0,00	0,00
Total	1	42	2,40	7,29	7 291,60	0,00

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2021 and 31 March 2022

Salary band	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	1	50	2	66,7	1	100
Senior management (Levels 13-16)	1	50	1	33,30	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	2	100	3	100	1	100

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2021 and 31 March 2022

Major occupation	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and managers	2	100,00	3	100,00	1	100,00
TOTAL	2	100,00	3	100,00	1	100,00

3.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2021 to 31 December 2021

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	8	100	1	0,5	8	5
Skilled (levels 3-5)	142	90,1	19	9.2	7	126
Highly skilled production (levels 6-8)	447	85,2	69	33,3	6	730
Highly skilled supervision (levels 9 -12)	710	91	106	51,2	7	2 091
Top and Senior management (levels 13-16)	51	98	8	3,9	6	233
Contract (Levels 6-8)	6	16,7	4	1,9	2	2
Total	1 364	89,0	207	100	7	3 187

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2021 to 31 December 2021

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	10	100	1	33,3	10	14
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	107	100	2	66,7	54	575
Total	117	100	3	100	39	589

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2021 to 31 December 2021

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	119	8	15
Skilled Levels 3-5)	925	50	19
Highly skilled production (Levels 6-8)	3 784,92	173	22
Highly skilled supervision (Levels 9-12)	6176	261	24
Senior management (Levels 13-16)	724	40	18
Contract (Levels 6-8)	406	59	7
Contract (Level 9-12)	10	4	3
Contract (Level 13-16)	4	1	4
Total	12 148,92	596	20

Table 3.10.4 Capped leave for the period 1 January 2021 to 31 December 2021

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2022
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	64
Highly skilled production (Levels 6-8)	0	0	0	60
Highly skilled supervision (Levels 9-12)	6	2	3	87
Senior management (Levels 13-16)	0	0	0	101
Contract (Level 3-5)	0	0	0	0
Contract (Level 6-8)	0	0	0	0
Contract (Level 9-12)	0	0	0	0
Contract (Level 13-16)	0	0	0	0
Total	6	2	3	80

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2021 and 31 March 2022

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual – Discounting with resignation (Workdays)	393	8	49 125
Annual – Gratuity: Death/Retirement/Medical Retirement (Workdays)	840	14	60 000
Capped – Gratuity:- Death/Retirement/Medical Retirement (Workdays)	2 781	9	309 000
Total	4 014	31	-

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
First Aiders in the department whilst attending to first aid cases.	Provision of latex gloves to first aiders.
Employees who due to job requirements travel often to perform their duties.	• HIV Awareness Campaigns • Provisioning of condoms at all sites • Opportunity for HIV counselling and testing at the workplace

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ms N Jafta Director: Human Resource Management
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		3 employees (1 x deputy director; 2 x assistant directors) Budget allocated: R 148 293.60
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Wellness Management • Counselling Services • Life Skills/ Capacity Building Sessions for employees • Sport and Recreation Programme HIV and TB Management • HIV/TB Awareness Campaigns • HIV counselling and testing opportunities at all work sites • Peer Education Programme Health and Productivity Management • Managing PILIR (Policy and Procedure on Incapacity and Ill Health Retirement) • Various Health Screenings • Health Awareness Campaigns Health and Safety Management • Compliance with OHS Act (including the management of SHE reps and first aiders)

Question	Yes	No	Details, if yes
			- Identify and manage Health and Safety risks in the department - Health and Safety Awareness sessions and campaigns - Compliance to the COID (Compensation for Occupational Injuries and Diseases) Act by processing injury on duty cases.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Ms N. Jafta, Ms AS van Rooyen, Ms P Halu-Halu, Ms MN Banda, Mr G Malapane, Ms T Shweni, Ms P Gangqa, Ms A Nkombisa and Mr S Bodoza, Ms A Mdledle, Ms N Dube, Ms Z Mtselu, Ms G Ngobozana, Mr U Luwaca, Mr M Plaatjie
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		HIV and TB Management Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		HIV and TB Management Policy - Respect human rights and dignity - Social dialogue - Confidentiality and protection of employee's personal data - Non-discriminatory workplace practices - Education and Awareness
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Confidential counselling is provided. Due to the COVID-19 pandemic and strict social distancing measures workplace HIV confidential counselling and testing could only resume in the 4 th of 2021/2022 financial year when COVID-19 measures were relaxed.
8. Has the department developed measures /indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Submission of a quarterly and annual integrated Employee Health and Wellness Reporting Tools with baseline and annual targets and inclusive of a narrative section where data is interpreted, achievements reported on and challenges and recommendations included regarding the Employee Wellness Programme.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2021 and 31 March 2022

Subject matter	Date
None	Nil
None	Nil

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2021 and 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	17%
Verbal warning	0	0%
Written warning	0	0%
Final written warning	2	33%
Suspended without pay	2	33%
Fine	0	0%
Demotion	0	0%
Dismissal	1	17%
Not guilty	0	0%
Case withdrawn	0	0%
Total	6	100%

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	6
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Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2021 and 31 March 2022

Type of misconduct	Number	% of total
Misuse of state property and absenteeism	1	33%
Gross dishonesty, Gross negligence and procurement irregularities	1	33%
Gross dishonesty, Gross, negligence, Gross insubordination, Victimization and acting in conflict with the interests of the Department.	1	33%
Total	3	100%

Table 3.12.4 Grievances logged for the period 1 April 2021 and 31 March 2022

Grievances	Number	% of Total
Number of grievances resolved	6	100%
Number of grievances not resolved	0	0%
Total number of grievances lodged	6	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2021 and 31 March 2022

Disputes	Number	% of Total
Number of disputes upheld	0	0%
Number of disputes in progress, awaiting arbitration awards	2	67%
Number of disputes dismissed	1	33%
Total number of disputes lodged	3	100%

Table 3.12.6 Strike actions for the period 1 April 2021 and 31 March 2022

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2021 and 31 March 2022

Number of people suspended	1
Number of people who's suspension exceeded 30 days	1
Average number of days suspended	230
Cost of suspension(R'000)	R'625 904,89

3.13 Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	19	0	16	1	17
	Male	17	0	17	1	18
Professionals	Female	81	0	23	8	31
	Male	81	0	19	3	22
Technicians and associate professionals	Female	185	0	54	21	75
	Male	113	0	36	10	46
Clerks	Female	7	0	2	1	3
	Male	0	0	0	0	0
Service and sales workers	Female	1	0	0	0	0
	Male	0	0	0	0	0

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	8	0	1	1	2
Elementary occupations	Female	13	0	0	5	5
	Male	3	0	0	0	0
Sub Total	Female	306	0	95	36	131
	Male	222	0	73	15	88
TOTAL		528	0	168	51	219

Table 3.13.2 Training provided for the period 1 April 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	19	0	12	1	13
	Male	17	0	13	1	14
Professionals	Female	80	0	23	5	28
	Male	81	0	13	3	16
Technicians and associate professionals	Female	191	0	94	20	114
	Male	126	0	49	8	57
Clerks	Female	7	0	0	3	3
	Male	0	0	0	0	0
Service and sales workers	Female	1	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	8	0	0	0	0
Elementary occupations	Female	13	0	1	4	5
	Male	3	0	0	0	0

Occupational category	Gender	Number of employees as at 1 April 2021	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Sub Total	Female	311	0	130	33	163
	Male	235	0	75	12	87
Total		546	0	205	45	250

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2021 and 31 March 2022

Nature of injury on duty	Number	% of total
Required basic medical attention only	5	100%
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	5	100%

3.15 Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2021 and 31 March 2022

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
None	0	0	R000

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
0	0	0	R000

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	0	0	0

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2021 and 31 March 2022

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None	0	0	0

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	0	0	0

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	0	0	0

3.16 Severance Packages

Table 3.16.1 Granting of employee- initiated severance packages for the period 1 April 2021 and 31 March 2022

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision(Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0



Part E

FINANCIAL INFORMATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

Report of the auditor-general to the Eastern Cape Provincial Legislature on vote no. 11: Eastern Cape Department of Human Settlements

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Department of Human Settlements, which comprise the appropriation statement, statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Department of Human Settlements as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 9 of 2021 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' **International code of ethics for professional accountants (including International Independence Standards)** (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Underspending of conditional grant

7. As disclosed in note 6 to the financial statements, R870,5 million (included in the total of R2,1 billion for transfers and subsidies) was used as a prepayment to implementing agencies of which R721,5 million had not been spent at year-end and was not refunded to the department.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

9. The supplementary information set out on pages 212 to 224 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the department's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 3 - housing development	57- 72
Programme 4 - human settlements property and assets management	73 - 83

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings on the usefulness and reliability of the performance information of the selected programmes are as follows:

Programme 3 - housing development

Number of households benefited from informal settlement upgrading

19. I was unable to obtain sufficient appropriate audit evidence for the achievement of 5 300 reported against the target of 5 300 in the annual performance report, due to a lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Programme 4 - human settlements property and assets management

Number of pre-1994 title deeds registered

20. Adequate systems and processes had not been established to enable consistent measurement and reliable reporting of performance against predetermined indicator definitions.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. Refer to the annual performance report on pages 45 to 79 for information on the achievement of planned targets for the year and management explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 21 to 22 of this report.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

25. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.
26. Payments were made before goods were received, in contravention of treasury regulation 15.10.1.2(c).
27. Effective internal controls were not in place for the approval and processing of payments, as required by treasury regulation 8.1.1.
28. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R296,1 million, as disclosed in note 20 to the financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure disclosed in the financial statements was caused by the use of assessment criteria not stipulated in the terms of reference, bids that were not awarded to suppliers scoring the highest points, and procurement processes that were not followed.

29. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R5,8 million, as disclosed in note 21 to the financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by interest payments, standing time and the inadequate monitoring of projects.

Consequence management

30. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were not finalised for the 2020-21 financial year.
31. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into all fruitless and wasteful expenditure were not performed.

Strategic management

32. Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets, core objectives and service delivery, as required by public service regulation 25(1)(e)(i) and (iii).

Other information

33. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained during the audit, or otherwise appears to be materially misstated.
36. The other information I obtained prior to the date of this auditor's report was general information, including the accounting officer's report, reported performance information and human resource management information. The audit committee's report is expected to be made available to me after 31 July 2022.
37. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

38. When I do receive and read the audit committee's report, and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
40. Leadership did not adequately perform their oversight responsibilities relating to the general control environment, as they did not balance financial sustainability with the department's service delivery mandate. Consequently, there was material underspending on the conditional grants.
41. Management did not implement daily and monthly controls as designed for the department's business processes and did not have a proper system of record management that provides for the maintenance of information to be reported in the financial statements and performance report.
42. Management did not implement the external auditor's recommendations, resulting in repeat audit findings on performance information.

Material irregularities

43. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities reported in the previous year's auditor's report.

Status of previously reported material irregularities

Contract not awarded to the highest scoring bidder - award for R16,8 million

44. The department made an award of R16,8 million for the provision of housing units to a bidder that did not score the highest preference points, in contravention of section 2(1)(f) of the PPPFA. The non-compliance is likely to result in a material financial loss for the department as the price of housing units procured from the successful bidder was higher than the price submitted by the bidder that scored the highest preference points. The likely loss results from the difference between these two bids to be incurred over the duration of the contract.
45. I notified the accounting officer of the material irregularity on 30 October 2020 and invited them to make a written submission on the actions that had been or would be taken to address the matter. The accounting officer applied to the High Court for the contracts to be set aside.

The High Court ordered on the 6 April 2021 that the appointment letter and service level agreement (SLA) entered into between the department and the successful bidder was invalid in terms of section 172(1)(a) of the Constitution of the Republic of South Africa, 1996 and that the contract should be set aside from the date of the order.

46. The accounting officer appointed a service provider to perform an investigation of the officials within the supply chain management unit and the bid committee members, which identified the responsible officials. The accounting officer took the necessary steps against the responsible persons in accordance with the policies of the department.

Contract not awarded to the highest scoring bidder - award for R30,9 million

47. The department made an award of R30,9 million for the provision of housing units to a bidder that did not score the highest preference points, in contravention of section 2(1)(f) of the PPPFA. The non-compliance is likely to result in a material financial loss for the department as the price of housing units procured from the successful bidder was higher than the price submitted by the bidder that scored the highest preference points. The likely loss results from the difference between these two bids to be incurred over the duration of the contract.
48. I notified the accounting officer of the material irregularity on 30 October 2020 and invited them to make a written submission on the actions that had been or would be taken to address the matter. The accounting officer applied to the High Court for the contracts to be set aside. The High Court ordered on the 29 June 2021 that the appointment letter and service level agreement (SLA) entered into between the department and the successful bidder was invalid in terms of section 172(1)(a) of the Constitution of the Republic of South Africa, 1996 and that the contract should be set aside from the date of the order.
49. The accounting officer appointed a service provider to perform an investigation of the officials within the supply chain management unit and the bid committee members, which identified the responsible officials and the accounting officer took the necessary steps against the responsible persons in accordance with the policies of the department.

Contract not awarded to the highest scoring bidder - award for R21,4 million

50. The department made an award of R21,4 million for the provision of housing units to a bidder that did not score the highest preference points, in contravention of section 2(1)(f) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA). The non-compliance is likely to result in a material financial loss for the department as the price of housing units procured from the successful bidder was higher than the price submitted by the bidder that scored the highest preference points. The likely loss results from the difference between these two bids to be incurred over the duration of the contract.
51. I notified the accounting officer of the material irregularity on 30 October 2020 and invited them to make a written submission on the actions that had been or would be taken to address the matter. The accounting officer applied to the High Court to have the contracts set aside. The High Court ordered on the 13 April 2021 that the appointment letter and service level agreement (SLA) entered into between the department and the successful bidder

were invalid in terms of section 172(1)(a) of the Constitution of the Republic of South Africa, 1996. However, the letter of appointment and SLA were not set aside.

52. The accounting officer appointed a service provider to perform an investigation of the officials within the supply chain management unit and the bid committee members, the investigation identified the responsible officials and the accounting officer took the necessary steps against the responsible persons in accordance with the policies of the department.

Material irregularities in progress

53. I identified a material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in the next year's auditor's report.

AUDITOR-GENERAL

East London
30 July 2022

Auditing to build public confidence



Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

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DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2022

Appropriation per programme										
Programme	2021/22					2020/21				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1. Administration	164,065	-	42	164,107	158,975	5,132	96.9%	164,463	152,916	
2. Housing Needs, Research and Planning	19,901	-	(69)	19,832	19,808	24	99.9%	20,424	18,461	
3. Housing Development	2,409,640	-	424	2,410,064	2,357,021	53,043	97.8%	1,778,897	1,462,956	
4. Housing Asset Management	17,197	-	(397)	16,800	16,494	306	98.2%	67,995	31,587	
Subtotal	2,610,803	-	-	2,610,803	2,552,298	58,505	97.8%	2,031,779	1,665,920	
Statutory Appropriation	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978	
Members' remuneration	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978	
TOTAL	2,612,781	-	-	2,612,781	2,554,276	58,505	97.8%	2,033,757	1,667,898	

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2022

		2021/22		2020/21	
		Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)					
Reconciliation with statement of financial performance					
ADD					
Departmental receipts		-		126	
Actual amounts per statement of financial performance (total revenue)		2,612,781		2,033,883	
Actual amounts per statement of financial performance (total expenditure)			2,554,276		1,667,898

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2022

Appropriation per economic classification									
	2021/22					2020/21			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	395,652	3,167	(2)	398,817	397,970	847	99.8%	394,885	387,264
Compensation of employees	352,544	(30)	(2)	352,512	351,665	847	99.8%	345,232	340,154
Goods and services	43,108	3,197	-	46,305	46,305	-	100.0%	49,653	47,110
Transfers and subsidies	2,202,320	30	2	2,202,352	2,149,407	52,945	97.6%	1,626,975	1,274,719
Households	2,202,320	30	2	2,202,352	2,149,407	52,945	97.6%	1,626,975	1,274,719
Payments for capital assets	14,809	(3,197)	-	11,612	6,899	4,713	59.4%	11,897	5,915
Machinery and equipment	14,809	(3,197)	-	11,612	6,899	4,713	59.4%	11,897	5,915
TOTAL	2,612,781	-	-	2,612,781	2,554,276	58,505	97.8%	2,033,757	1,667,898

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2022

Programme 1: ADMINISTRATION										
	2021/22						2020/21			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Sub programme										
1. OFFICE OF THE MEC	7,327	(193)	(553)	6,581	6,386	195	97.0%	7,355	6,906	
2. CORPORATE SERVICES	156,738	193	595	157,526	152,589	4,937	96.9%	157,108	146,010	
Total for sub programmes	164,065	-	42	164,107	158,975	5,132	96.9%	164,463	152,916	
Economic classification										
Current payments	147,158	3,187	(58)	150,287	149,868	419	99.7%	151,723	146,300	
Compensation of employees	113,777	(10)	(631)	113,136	112,717	419	99.6%	113,389	109,912	
Goods and services	33,381	3,197	573	37,151	37,151	-	100.0%	38,334	36,388	
Transfers and subsidies	2,098	10	100	2,208	2,208	-	100.0%	843	701	
Households	2,098	10	100	2,208	2,208	-	100.0%	843	701	
Payments for capital assets	14,809	(3,197)	-	11,612	6,899	4,713	59.4%	11,897	5,915	
Machinery and equipment	14,809	(3,197)	-	11,612	6,899	4,713	59.4%	11,897	5,915	
TOTAL	164,065	-	42	164,107	158,975	5,132	96.9%	164,463	152,916	

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2022

Programme 2: HOUSING NEEDS, RESEARCH AND PLANNING									
	2021/22					2020/21			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION	1,849	(282)	(430)	1,137	1,137	-	100.0%	2,077	1,730
2. POLICY	5,800	263	-	6,063	6,063	-	100.0%	4,713	4,393
3. PLANNING	5,929	(52)	(24)	5,853	5,850	3	99.9%	6,870	5,574
4. RESEARCH	6,323	71	385	6,779	6,758	21	99.7%	6,764	6,764
Total for sub programmes	19,901	-	(69)	19,832	19,808	24	99.9%	20,424	18,461
Economic classification									
Current payments	19,812	(21)	(382)	19,409	19,385	24	99.9%	20,144	18,240
Compensation of employees	19,542	(21)	(530)	18,991	18,967	24	99.9%	19,472	17,993
Goods and services	270	-	148	418	418	-	100.0%	672	247
Transfers and subsidies	89	21	313	423	423	-	100.0%	280	221
Households	89	21	313	423	423	-	100.0%	280	221
TOTAL	19,901	-	(69)	19,832	19,808	24	99.9%	20,424	18,461

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2022

Programme 3: HOUSING DEVELOPMENT									
	2021/22					2020/21			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION	2,210	419	174	2,803	2,803	-	100.0%	2,130	2,130
2. FINANCIAL INTERVENTIONS	150,412	144,386	73	294,871	293,905	966	99.7%	184,688	184,688
3. INCREMENTAL INTERVENTIONS	1,623,272	(424,285)	920	1,199,907	1,149,252	50,655	95.8%	527,660	341,855
4. SOCIAL AND RENTAL INTERVENTION	14,824	(663)	87	14,248	14,176	72	99.5%	12,557	12,137
5. RURAL INTERVENTION	618,922	280,143	(830)	898,235	896,885	1,350	99.8%	1,051,862	922,146
Total for sub programmes	2,409,640	-	424	2,410,064	2,357,021	53,043	97.8%	1,778 897	1,462,956
Economic classification									
Current payments	213,769	1	835	214,605	214,505	100	100.0%	207,972	207,940
Compensation of employees	204,485	1	1,696	206,182	206,082	100	100.0%	197,693	197,693
Goods and services	9,284	-	(861)	8,423	8,423	-	100.0%	10,279	10,247
Transfers and subsidies	2,195,871	(1)	(411)	2,195,459	2,142,516	52,943	97.6%	1,570,925	1,255,016
Households	2,195,871	(1)	(411)	2,195,459	2,142,516	52,943	97.6%	1,570,925	1,255,016
TOTAL	2,409,640	-	424	2,410,064	2,357,021	53,043	97.8%	1,778,897	1,462,956

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2022

Programme 4: HOUSING ASSET DEVELOPMENT									
	2021/22					2020/21			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. ADMINISTRATION	2,057	187	48	2,292	2,292	-	100.0%	1,070	927
2. SALE AND TRANSFER OF HOUSING PROPERTIES	6,237	(165)	92	6,164	6,060	104	98.3%	6,086	6,070
3. DEVOLUTION OF HOUSING PROPERTIES	8,903	(22)	(537)	8,344	8,142	202	97.6%	60,839	24,590
Total for sub programmes	17,197	-	(397)	16,800	16,494	306	98.2%	67,995	31,587
Economic classification									
Current payments	12,935	-	(397)	12,538	12,234	304	97.6%	13,068	12,806
Compensation of employees	12,762	-	(537)	12,225	11,921	304	97.5%	12,700	12,578
Goods and services	173	-	140	313	313	-	100.0%	368	228
Transfers and subsidies	4,262	-	-	4,262	4,260	2	100.0%	54,927	18,781
Households	4,262	-	-	4,262	4,260	2	100.0%	54,927	18,781
TOTAL	17,197	-	(397)	16,800	16,494	306	98.2%	67,995	31,587

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2022

DIRECT CHARGES									
	2021/22					2020/21			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. MEMBERS REMUNERATION	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
TOTAL	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
Economic classification									
Current payments	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
Compensation of employees	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
TOTAL	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2022

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-B) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1	Per programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
	Administration	166,085	160,953	5,132	3.09
	Housing Needs, Research and Planning	19,832	19,808	24	0.12
	Housing Development	2,410,064	2,357,021	53,043	2.20
	Housing Asset Management	16,800	16,494	306	1.82
4.2	Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
	Current payments				
	Compensation of employees	352,512	351,665	847	0.24
	Goods and services	46,305	46,305	-	-
	Transfers and subsidies				
	Households	2,202,352	2,149,407	52,945	2.40
	Payments for capital assets				
	Machinery and equipment	11,612	6,899	4,713	40.59

Compensation of employees underspending is due to vacant funded posts. The underspending on Machinery and Equipment is attributable to upgrading of telephone systems that was not performed in the year under review. This was due to the approval of a rollover being received in December 2021, but permission to spend only being granted in February 2022 resulting in the procurement process not being finalised before the financial year end. Transfers and subsidies underspending is due to unavailability of bulk infrastructure and land invasion in some regions as well as poor performance of SMME's in Nelson Mandela and BCM regions.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2022

4.3	Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	
	Human Settlement Dev Grant	1,761,713	1,708,805	52,908	3.00
	Expanded Public Works Programme	2,777	2,777	-	-
	Title Deed Restoration Grant	3,821	3,819	2	0.05
	Informal Settlements Upgrading Partnership	432,428	432,393	35	0.01

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2022

	Note	2021/22 R'000	2020/21 R'000
REVENUE			
Annual appropriation	<u>1</u>	2,610,803	2,031,779
Statutory appropriation	<u>2</u>	1,978	1,978
Departmental revenue	<u>3</u>	-	126
TOTAL REVENUE		2,612,781	2,033,883
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	351,665	340,154
Goods and services	<u>5</u>	46,305	47,110
Total current expenditure		397,970	387,264
Transfers and subsidies			
Transfers and subsidies	<u>6</u>	2,149,407	1,274,719
Total transfers and subsidies		2,149,407	1,274,719
Expenditure for capital assets			
Tangible assets	<u>7</u>	6,899	5,915
Total expenditure for capital assets		6,899	5,915
TOTAL EXPENDITURE		2,554,276	1,667,898
SURPLUS FOR THE YEAR		58,505	365,985
Reconciliation of Net Surplus for the year			
Voted funds		58,505	365,859
Annual appropriation		5,560	13,603
Conditional grants		52,945	352,256
Departmental revenue and NRF Receipts	<u>11</u>	-	126
SURPLUS FOR THE YEAR		58,505	365,985

DEPARTMENT OF HUMAN SETTLEMENTS

VOTE 11

STATEMENT OF FINANCIAL POSITION
as at 31 March 2022

ASSETS

Current assets

Cash and cash equivalents
Receivables

<i>Note</i>	2021/22 R'000	2020/21 R'000
	70,843	377,503
<u>8</u>	70,098	377,054
<u>9</u>	745	449
	70,843	377,503

TOTAL ASSETS

LIABILITIES

Current liabilities

Voted funds to be surrendered to the Revenue Fund
Departmental revenue and NRF Receipts to be surrendered
to the Revenue Fund
Payables

	70,843	377,503
<u>10</u>	58,505	365,858
<u>11</u>	356	32
<u>12</u>	11,982	11,613
	70,843	377,503

TOTAL LIABILITIES

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2022

	Note	2021/22 R'000	2020/21 R'000
Capitalisation Reserves			
Opening balance		-	-
Transfers:			
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		<u>-</u>	<u>-</u>
Recoverable revenue			
Opening balance		-	-
Transfers:			
Irrecoverable amounts written off		-	-
Debts revised		-	-
Debts recovered (included in departmental receipts)		-	-
Debts raised		-	-
Closing balance		<u>-</u>	<u>-</u>
Retained funds			
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)		-	-
Utilised during the year		-	-
Other transfers		-	-
Closing balance		<u>-</u>	<u>-</u>
Revaluation Reserve			
Opening balance		-	-
Revaluation adjustment (Housing departments)		-	-
Transfers		-	-
Other		-	-
Closing balance		<u>-</u>	<u>-</u>
TOTAL		<u>-</u>	<u>-</u>

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
CASH FLOW STATEMENT
for the year ended 31 March 2022

	Note	2021/22 R'000	2020/21 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,613,244	2,035,166
Annual appropriated funds received	<u>1.1</u>	2,610,803	2,031,779
Statutory appropriated funds received	<u>2</u>	1,978	1,978
Departmental revenue received	<u>3</u>	461	337
Interest received	<u>3.2</u>	2	1,072
Net (increase)/decrease in working capital		73	(7,470)
Surrendered to Revenue Fund		(366,444)	(374,966)
Current payments		(397,970)	(387,264)
Transfers and subsidies paid		(2,149,407)	(1,274,719)
Net cash flow available from operating activities	<u>13</u>	(300,504)	(9,253)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>7</u>	(6,899)	(5,915)
Proceeds from sale of capital assets	<u>3.3</u>	446	-
Net cash flows from investing activities		(6,453)	(5,915)
Net increase/(decrease) in cash and cash equivalents		(306,957)	(15,168)
Cash and cash equivalents at beginning of period		377,054	392,222
Unrealised gains within cash and cash equivalents		1	
Cash and cash equivalents at end of period	<u>14</u>	70,098	377,054

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard (MCS).
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

	the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.
8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold of R5,000.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: - cost, being the fair value of the asset; or - the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position.
10	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. These are expensed in the period in which the expenditure is realised in-order to match expenditure to the budget period.
11	Receivables Receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
12	Financial assets
12.1	Financial assets (not covered elsewhere) A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

	written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
12.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
13	Payables Payables recognised in the statement of financial position are recognised at cost.
14	Capital Assets
14.1	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
14.2	Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
14.3	Project Costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
15	Provisions and Contingents
15.1	Provisions Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
15.2	Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when: - there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or; - there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably. The value of blocked or non-moving projects where no activity has taken place for an extended period of time (three years or more) and where close out reports are not finalised during the reporting period is disclosed as

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

	contingent liabilities.
15.3	Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
15.4	Employee benefits Short-term employee benefits that gives rise to a present legal constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or in the statement of financial position.
16	Fruitless and wasteful expenditure Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
17	Irregular expenditure Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is reduced from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
18	Changes in accounting estimates and errors Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
19	Events after the reporting date Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.
20	Principal-Agent arrangements The department is party to a principal-agent arrangement for housing construction projects. In terms of the arrangement the department is the principal and is responsible for: • disbursement of funds based on agreed milestones; • identification and approval of beneficiaries; • Transfer of assets to beneficiaries. The implementing agencies are responsible for: • construction of the houses; • risks and rewards of ownership until completion of the construction; • identification and transfer of the net assets to the beneficiaries These terms are specified in the service level agreement/memorandum of understanding between the two parties. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
21	Departures from the MCS requirements Management has concluded that the financial statements present fairly the department's primary and secondary information. The department has complied with the Standard and has not departed from a

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

	particular requirement to achieve fair presentation.
22	Recoverable revenue Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
23	Related party transactions Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2021/22			2020/21		
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received	Funds not requested /not received
	R'000	R'000	R'000	R'000	R'000	
Administration	164,107	164,107	-	164,463	164,463	-
Housing Needs, and Planning	19,832	19,832	-	20,424	20,424	-
Housing Development	2,410,064	2,410,064	-	1,778,897	1,778,897	-
Housing Asset Management	16,800	16,800	-	67,995	67,995	-
Total	2,610,803	2,610,803	-	2,031,779	2,031,779	-

1.2 Conditional grants

	Note	2021/22 R'000	2020/21 R'000
Total grants received	27	2,200,739	1,626,789
Provincial grants included in Total Grants received		<u>2,200,739</u>	<u>1,626,789</u>

2. Statutory Appropriation

	2021/22 R'000	2020/21 R'000
Members' remuneration	1,978	1,978
Total	<u>1,978</u>	<u>1,978</u>
Actual Statutory Appropriation received	1,978	1,978

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

3. Departmental revenue

	Note	2021/22	2020/21
		R'000	R'000
Sales of goods and services other than capital assets	<u>3.1</u>	303	327
Interest, dividends and rent on land	<u>3.2</u>	2	1,072
Sales of capital assets	<u>3.3</u>	446	-
Transactions in financial assets and liabilities	<u>3.4</u>	158	10
Total revenue collected		909	1,409
Less: Own revenue included in appropriation	<u>11</u>	(909)	(1,283)
Departmental revenue collected		-	126

3.1 Sales of goods and services other than capital assets

	Note	2021/22	2020/21
		R'000	R'000
Sales of goods and services produced by the department	<u>3</u>	303	327
Other sales		303	327
Total		303	327

3.2 Interest, dividends and rent on land

	Note	2021/22	2020/21
		R'000	R'000
Interest	<u>3</u>	2	1,072
Total		2	1,072

3.3 Sale of capital assets

	Note	2021/22	2020/21
		R'000	R'000
Tangible assets	<u>3</u>	446	-
Buildings and other fixed structures		166	-
Machinery and equipment		280	-
Total		446	-

The sale of machinery and equipment of R280k relates to sale of MEC's Motor Vehicle that was auctioned by Government Fleet Management Services.

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022

3.4 Transactions in financial assets and liabilities

	<i>Note</i>	2021/22	2020/21
	<u>3</u>	R'000	R'000
Other Receipts including Recoverable Revenue		158	10
Total		158	10

3.5 Donations received in-kind (not included in the main note or sub note)

	<i>Note</i>	2021/22	2020/21
		R'000	R'000
Domestic Furniture and Accessories		369	60
Total		369	60

4. Compensation of employees

4.1 Salaries and Wages

	<i>Note</i>	2021/22	2020/21
		R'000	R'000
Basic salary		242,094	242,518
Performance award		1,630	2,326
Service Based		19,590	19,345
Compensative/circumstantial		1,532	752
Other non-pensionable allowances		39,664	31,349
Total		304,510	296,290

4.2 Social contributions

	<i>Note</i>	2021/22	2020/21
		R'000	R'000
Employer contributions			
Pension		33,615	30,943
Medical		13,437	12,851
Bargaining council		57	54
Insurance		46	16
Total		47,155	43,864
 Total compensation of employees		 351,665	 340,154
 Average number of employees		 546	 550

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5. Goods and services

	Note	2021/22	2020/21
		R'000	R'000
Administrative fees		204	130
Advertising		131	224
Minor assets	<u>5.1</u>	410	-
Bursaries (employees)		864	959
Catering		27	15
Communication		4,898	5,086
Computer services	<u>5.2</u>	10,142	10,354
Consultants: Business and advisory services	<u>5.9</u>	748	758
Legal services		3,631	684
Contractors		84	142
Agency and support / outsourced services		2,716	2,575
Audit cost – external	<u>5.3</u>	8,553	7,532
Inventory	<u>5.4</u>	63	-
Consumables	<u>5.5</u>	510	3,249
Operating leases		2,913	4,247
Property payments	<u>5.6</u>	-	9
Travel and subsistence	<u>5.7</u>	7,923	8,925
Venues and facilities		259	71
Training and development		1,017	1,447
Other operating expenditure	<u>5.8</u>	1,212	703
Total		46,305	47,110

5.1 Minor assets

	Note	2021/22	2020/21
		R'000	R'000
Tangible assets	<u>5</u>	410	-
Machinery and equipment	<u>24.2</u>	410	-
Total		410	-

5.2 Computer services

	Note	2021/22	2020/21
		R'000	R'000
SITA computer services	<u>5</u>	10,142	10,354
Total		10,142	10,354

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5.3 Audit cost – External

	<i>Note</i>	2021/22	2020/21
	5	R'000	R'000
Regularity audits		8,553	7,532
Total		8,553	7,532

5.4 Inventory

	<i>Note</i>	2021/22	2020/21
	5	R'000	R'000
Clothing material and accessories		63	-
Total		63	-

5.5 Consumables

	<i>Note</i>	2021/22	2020/21
	5	R'000	R'000
Consumable supplies		204	2,590
Household supplies		165	1,371
IT consumables		18	29
Other consumables		21	1,190
Stationery, printing and office supplies		306	659
Total		510	3,249

5.6 Property payments

	<i>Note</i>	2021/22	2020/21
	5	R'000	R'000
Other		-	9
Total		-	9

5.7 Travel and subsistence

	<i>Note</i>	2021/22	2020/21
	5	R'000	R'000
Local		7,923	8,925
Total		7,923	8,925

5.8 Other operating expenditure

	<i>Note</i>	2021/22	2020/21
	5	R'000	R'000
Resettlement costs		820	201
Other		392	502
Total		1,212	703

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5.9 Remuneration of members of a commission or committee (Included in Consultants: Business and advisory services)

		Note	2021/22	2020/21
		5	R'000	R'000
Name of Commission / Committee	No. of members			
Audit Committee	3		321	-
Risk Management Committee	1		144	-
Total			465	-

6. Transfers and subsidies

	Note	2021/22	2020/21
	Annexure 1A	R'000	R'000
Households		2,149,407	1,274,719
Total		2,149,407	1,274,719

Included in the total of R2,1 billion above is R870,5 million that was paid as a prepayment to implementing agencies of which R721,5 million was not yet spent at year end and was also not refunded to the department.

7. Expenditure for capital assets

	Note	2021/22	2020/21
		R'000	R'000
Tangible assets		6,899	5,915
Machinery and equipment		6,899	5,915
Total		6,899	5,915

7.1 Analysis of funds utilised to acquire capital assets – 2021/22

	Voted funds	Total
	R'000	R'000
Tangible assets	6,899	6,899
Machinery and equipment	6,899	6,899
Total	6,899	6,899

7.2 Analysis of funds utilised to acquire capital assets – 2020/21

	Voted funds	Total
	R'000	R'000
Tangible assets	5,915	5,915
Machinery and equipment	5,915	5,915
Total	5,915	5,915

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7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2021/22 R'000	2020/21 R'000
Tangible assets		4,714	5,915
Machinery and equipment		4,714	5,915
Total		4,714	5,915

8. Cash and cash equivalents

	Note	2021/22 R'000	2020/21 R'000
Consolidated Paymaster General Account		70,098	377,054
Total		70,098	377,054

The balance of R 70 million incorporates revenue collected for the month of March 2022, the bank buffer, amounts received from CETA, Office of the Premier and the Pension Fund, unpaid amounts which were returned by the bank and remaining unspent funds that have been paid over to the department by Provincial Treasury.

9. Receivables

	Note	Current R'000	2021/22 Non-current R'000	Total R'000	Current R'000	Non-current R'000	2020/21 Total R'000
Claims recoverable	<u>9.1</u>	199	-	199	131	-	131
Recoverable expenditure	<u>9.2</u>	-	-	-	98	-	98
Staff debt	<u>9.3</u>	543	-	543	220	-	220
Other receivables	<u>9.4</u>	3	-	3	-	-	-
Total		745	-	745	449	-	449

9.1 Claims recoverable

	Note	2021/22 R'000	2020/21 R'000
Provincial departments	<u>9</u> Annexure 3	199	131
Total		199	131

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9.2 Recoverable expenditure (disallowance accounts)

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Sal: Reversal Control		-	98
Total		-	98

9.3 Staff debt

	<i>Note</i>	2021/22 R'000	2020/21 R'000
	<u>9</u>		
Debt Account		543	220
Total		543	220

9.4 Other receivables

	<i>Note</i>	2021/22 R'000	2020/21 R'000
	<u>9</u>		
Sal: Tax Debt		1	-
Sal: Insurance Deductions		2	-
Total		3	-

9.5 Fruitless and wasteful expenditure

	<i>Note</i>	2021/22 R'000	2020/21 R'000
	<u>9</u>		
Opening balance		-	-
Less amounts recovered		(3)	-
Transfers from note 21 Fruitless and Wasteful Expenditure		3	-
Total		-	-

10. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening balance		365,859	373,145
Transfer from statement of financial performance		58,505	365,859
Paid during the year		(365,859)	(373,145)
Closing balance		58,505	365,859

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11. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2021/22	2020/21
		R'000	R'000
Opening balance		32	443
Transfer from Statement of Financial Performance		-	126
Own revenue included in appropriation		909	1,283
Paid during the year		(585)	(1,820)
Closing balance		356	32

12. Payables – current

	Note	2021/22	2020/21
		R'000	R'000
Amounts owing to other entities		11,851	11,208
Clearing accounts	<u>12.1</u>	45	347
Other payables	<u>12.2</u>	86	58
Total		11,982	11,613

12.1 Clearing accounts

	Note	2021/22	2020/21
		R'000	R'000
Sal: ACB Recalls	<u>12</u>	-	13
Sal: Income Tax		45	296
Sal: Pension Fund		-	38
Total		45	347

12.2 Other payables

	Note	2021/22	2020/21
		R'000	R'000
Debt Receivable Interest	<u>12</u>	3	2
Sal: GEHS Refund Control		45	56
Debt Receivable Income		38	-
Total		86	58

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13. Net cash flow available from operating activities

	Note	2021/22	2020/21
		R'000	R'000
Net surplus as per Statement of Financial Performance		58,505	365,985
Add back noncash/cash movements not deemed operating activities		(359,009)	(375,238)
(Increase)/decrease in receivables		(296)	(209)
Increase/(decrease) in payables – current		369	(7,261)
Proceeds from sale of capital assets		(446)	-
Expenditure on capital assets		6,899	5,915
Surrenders to Revenue Fund		(366,444)	(374,966)
Own revenue included in appropriation		909	1,283
Net cash flow generated by operating activities		(300,504)	(9,253)

14. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2021/22	2020/21
		R'000	R'000
Consolidated Paymaster General account		70,098	377,054
Total		70,098	377,054

15. Contingent liabilities and contingent assets

15.1 Contingent liabilities

		Note	2021/22	2020/21
			R'000	R'000
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annex 2A</i>	398	398
Claims against the department		<i>Annex 2B</i>	85,569	49,569
Intergovernmental payables (unconfirmed balances)		<i>Annex 4</i>	6,874	1,791
Total			92,841	51,758

Included in the claims against the department is R 85,6 million which relates to court claims against the department. The date of settlement and final amount thereof is uncertain and dependant on the outcome of the pending court cases.

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15.2 Contingent assets

	Note	2021/22 R'000	2020/21 R'000
Nature of contingent asset	<i>Annex 2B</i>		
Amount paid in error to developer – urban and rural		831	831
Hlalanathi Social Housing Association		150	-
Khumbula Properties		4,214	4,214
Eldorado		-	150
Reity Holdings & My Pride Smile Africa (PTY) Ltd		150	150
NM Yelani		52	52
Taba Construction		100	100
Recovery of funds overpaid (HROPT)		3	3
Simple Drummer Trading & Projects		100	100
Recovery of no work no pay from employees		503	503
Buildnat Developers		150	150
Afrikaanse Christelike Vrouevereniging		-	150
Total		6,253	6,403

16. Accruals and payables not recognised

16.1 Accruals

			2021/22 R'000	2020/21 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services		145	7,379	3,266
	7,234			
Other	366	296	662	498
Total	7,600	441	8,041	3,764

	Note	2021/22 R'000	2020/21 R'000
Listed by programme level			
Administration		6,577	2,390
Housing Needs, Research and Planning		123	4
Housing Development		1,045	907
Housing Asset Management		296	463
Total		8,041	3,764

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16.2 Payables not recognised

			2021/22	2020/21
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	779	29	808	64
Transfers and subsidies	3,051	-	3,051	31,779
Other	-	398	398	1,000
Total	3,830	427	4,257	32,843
	Note		2021/22	2020/21
			R'000	R'000
Listed by programme level				
Administration			1,021	794
Housing Needs, Research and Planning			19	19
Housing Development			3,217	32,030
Housing Asset Management			-	-
Total			4,257	32,843
	Note		2021/22	2020/21
			R'000	R'000
Included in the above totals are the following:				
Confirmed balances with other departments	Annex 4		5,117	1,332
Total			5,117	1,332

17. Employee benefits

	Note	2021/22 R'000	2020/21 R'000
Leave entitlement		21,371	26,788
Service bonus		10,261	9,911
Total		31,632	36,699

Included in the leave entitlement balance is the negative leave days amounting to R 58 thousand which emanates from employees taking leave between January and March which exceeds the number of leave days earned during the same period.

Significant decrease in this balance is attributable to the fact that officials had more leave days remaining in the previous financial year as a result of the extension of the lapsing period of using prior period leave. This has since been lifted hence the decrease in the balance in the current year.

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18. Lease commitments

18.1 Operating leases

	Machinery and equipment	Total
	R'000	R'000
2021/22		
Not later than 1 year	744	744
Later than 1 year and not later than 5 years	17	17
Total lease commitments	761	761
	Machinery and equipment	Total
	R'000	R'000
2020/21		
Not later than 1 year	772	772
Later than 1 year and not later than 5 years	593	593
Total lease commitments	1,365	1,365

Operating leases relates to the leasing of photocopying machines utilised by the department.

18.2 Finance leases **

	Machinery and equipment	Total
	R'000	R'000
2021/22		
Not later than 1 year	5,181	5,181
Later than 1 year and not later than 5 years	6,979	6,979
Total lease commitments	12,160	12,160
	Machinery and equipment	Total
	R'000	R'000
2020/21		
Not later than 1 year	5,157	5,157
Later than 1 year and not later than 5 years	4,776	4,776
Total lease commitments	9,933	9,933

Finance leases relate to the leasing of cellular phones, 3G cards and I-Pads from Vodacom as well as the leasing of fleet Motor Vehicles from Government Fleet Management Services.

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19. Accrued departmental revenue

	Note	2021/22	2020/21
		R'000	R'000
Interest, dividends and rent on land		15,026	12,676
Other		22,441	22,457
Total		37,467	35,133

19.1 Analysis of accrued departmental revenue

	Note	2021/22	2020/21
		R'000	R'000
Opening balance		35,133	35,786
Less: amounts received		(50)	(997)
Add: amounts recorded		2,384	344
Closing balance		37,467	35,133

The balance of R 37,4 mil includes R15,5 mil judgement debt payable by King Williams Town Housing Association (KWTHA) as a result of the court order granted in March 2009. The department is pursuing legal processes to recover the outstanding debt from KWTHA through the office of the State Attorney. The debt has been impaired in the note 19.2 below.

19.2 Impairment of accrued departmental revenue

	Note	2021/22	2020/21
		R'000	R'000
Estimate of impairment of accrued departmental revenue		27,680	27,680
Total		27,680	27,680

The impairment of R27,7 mil includes an amount of R15,5 mil relating to accumulated interest that is due to ECDHS by KWTHA dating back to 2009 when the properties that were attached could not satisfy the total amount due to the department. The department is pursuing legal processes to recover the outstanding debt from KWTHA through the office of the State Attorney. The balance of R12,2 mil relates to interest on trust accounts due from the Development Bank of South Africa (DBSA), Housing Development Agency (HDA) and Amahlathi Kologha for which there has been no movement on the accounts for a number of years.

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20. Irregular expenditure

20.1 Reconciliation of irregular expenditure

	Note	2021/22 R'000	2020/21 R'000
Opening balance		481,662	330,655
Add: Irregular expenditure – relating to prior year		291,941	6,597
Add: Irregular expenditure – relating to current year	<u>20.2</u>	4,158	144,762
Less: Prior year amounts not condoned and removed		-	(352)
Closing balance		<u>777,761</u>	<u>481,662</u>

Analysis of closing balance

Current year	4,158	144,762
Prior years	773,603	336,900
Total	<u>777,761</u>	<u>481,662</u>

20.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
Assessment criteria not stipulated in terms	Under investigation	106,723
Bid not awarded to tenderer with highest point	Under investigation	45,974
Participation in National Human Settlements	Under investigation	6,331
Procurement processes not followed	Under investigation	65,831
Application to deviate from normal procurement not approved by Provincial Treasury	Under investigation	1,048
Variation order not approved by Provincial Treasury	Under investigation	3,110
Payments made after contract ended	Under investigation	257
Inconsistent scoring of bids	Under Investigation	66,825
Total		<u>296,099</u>

The remaining balance of R777,7 million irregular expenditure is attributable to the following. R2,1 million paid to Kula, Dibanani and Sektor; R231,5 million paid to SHRA; R359 thousand paid to Cecil Nurse; R57 thousand paid to Simbangobuso; R36 thousand paid to Epikanini Promotions; R62 thousand paid to Avante Water; R31,7 million paid to Group Five, Nanza Consortium and Imvusa Trading for variation orders that exceeded the threshold; R49,2 million payments were made to various suppliers after participation in National Human Settlements Contract without approval of Provincial Treasury; R2,2 million relates to payments exceeding contract value; R2,6 million relating to bids not awarded to tenderers with the highest points; R14,6 million relating to deviation from procurement processes without approval from Treasury;

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R220,3 million relating to assessment criteria that was not stipulated in terms of reference; R55,9 mil relating to bids not awarded to tenderers with the highest points; R11,1 million payments were made to various suppliers after participation in National Human Settlements Contract without approval of Provincial Treasury; R156 thousand relates to no addendums being signed to increase contract value; R1,2 million relating to variation order not being approved by the Bid Adjudication Committee; R6,7 million relating to variation order not being approved by Provincial Treasury; R73,3 million for procurement processes not being followed; R3,3 million relating to change of scope on variation order and R93 thousand relating to local content not being considered during procurement of services; 257k paid to suppliers after expiry of the contract. R66,8 million relating to inconsistent scoring of the bids. Requests for condonation have been submitted to Provincial and National Treasury respectively.

20.3 Details of irregular expenditures under assessment (not included in the main note) Incident

	2021/22 R'000
Redirections	19,282
Total	19,282

21. Fruitless and wasteful expenditure

21.1 Reconciliation of fruitless and wasteful expenditure

	Note	2021/22 R'000	2020/21 R'000
Opening balance		11,358	11,094
Fruitless and wasteful expenditure – relating to current year	<u>21.2</u>	5,783	264
Less: Amounts recoverable	<u>21.3</u>	(3)	-
Less: Amounts written off	<u>21.4</u>	(40)	-
Closing balance		17,098	11,358

The closing balance above incorporates R16.0 mil paid to suppliers as a result of judgements against the department for interest, loss of profits and overheads suffered by the suppliers with whom the department had a dispute.

21.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
Cancellation Fees and After hours Fees	Under investigation	25
Interest paid and court orders	Under investigation	5,618
Accommodation cost exceeded quotation	Under investigation	1
Recovery cost on government vehicle	Under investigation	139
Total		5,783

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21.3 Details of fruitless and wasteful expenditure recoverable Incident

	2021/22 R'000
Cancellation, after hour fees and no shows	3
Total	3

21.4 Details of fruitless and wasteful expenditure written off Incident

	2021/22 R'000
Cancellation and after hour fees, no shows, interest and traffic fines	40
Total	40

22. Key management personnel

	No. of Individuals	2021/22 R'000	2020/21 R'000
Political office bearers	1	1,978	1,978
Officials:			
Level 15 to 16	1	1,719	1,674
Level 14	18	11,885	10,569
Total		15,582	14,221

The posts for Chief Director: Corporate Services, Chief Director: Human Settlements Delivery Planning and Performance and Chief Director: Human Settlements Property and Assets were vacant during some periods of the financial year. Relevant directors were tasked and remunerated to act in these roles and their remuneration has been included in the above total for the relevant months in which they were acting.

The post of Chief Financial Officer was occupied for the whole financial year but 3 directors were tasked to act in this position on rotational basis whilst the incumbent was put on suspension leave. They have been included in the no of individuals but since they were not remunerated in this role their remuneration for the acting period has not been included in the total above.

23. Provisions

	Note	2021/22 R'000	2020/21 R'000
Performance Awards		-	1,837
Capped Leave Commitment	<u>23.1</u>	11,473	12,394
Long Service Awards	<u>23.1</u>	109	371
Retentions	<u>23.1</u>	4,554	18,444
Total		16,136	33,046

Performance awards are payable to employees after the finalisation of performance assessments, the provision will be paid in the 2021/22 financial year. The provision percentage has been previously based on the prescribed norm of 1,5 % of COE which over the years was phased out in a piecemeal approach until final year of provision of 2020/21.

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Capped leave is payable to employees upon retirement or death.

Long Service Awards relates to payments due to employees during the ensuing financial year for serving in government duty for 20, 30 and 40 years. The calculation was based on the rates issued by the Department of Public Service and Administration in August 2020. At this stage the department is not able to reliably measure the long-term portion of the long service awards.

Retentions are amounts of progress billings not paid until satisfaction of conditions specified in the contract varying between 5% to 10%. Balances that are far above 10% are indicative of milestones that are partially complete.

23.1 Reconciliation of movement in provisions – 2021/22

	Performance Award	Capped Leave Commitments	Long Service Awards	Retentions	Total provisions
	R'000	R'000	R'000	R'000	R'000
Opening balance	1,837	12,394	371	18,444	33,046
Increase in provision	-	-	58	68,619	68,677
Settlement of provision	(1,837)	(921)	(320)	(82,509)	(85,587)
Closing balance	-	11,473	109	4,554	16,136

Reconciliation of movement in provisions – 2020/21

	Performance Award	Capped Leave Commitments	Long Service Awards	Retentions	Total provisions
	R'000	R'000	R'000	R'000	R'000
Opening balance	1,997	14,864	218	20,626	37,705
Increase in provision	2,166	-	349	31,923	34,438
Settlement of provision	(2,326)	(2,470)	(196)	(34,105)	(39,097)
Closing balance	1,837	12,394	371	18,444	33,046

24. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	47,601	-	2,185	(944)	48,842
Transport assets	1,691	-	730	(789)	1,632
Computer equipment	34,810	-	1,439	(155)	36,094
Furniture and office equipment	8,948	-	-	-	8,948
Other machinery and equipment	2,152	-	16	-	2,168
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	47,601	-	2,185	(944)	48,842

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Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	51	546

The majority of assets under investigation are shortages identified during the annual asset verification. Investigations are still in progress and the outcome will inform the process of disposal. In certain instances, assets reported as stolen have been reported to the South African Police Services (SAPS). The outcome will be informed by the investigations performed by SAPS.

24.1 Movement for 2020/21

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	47,846	-	-	(245)	47,601
Transport assets	1,691	-	-	-	1,691
Computer equipment	35,055	-	-	(245)	34,810
Furniture and office equipment	8,948	-	-	-	8,948
Other machinery and equipment	2,152	-	-	-	2,152
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	47,846	-	-	(245)	47,601

24.2 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2022

	Machinery and equipment R'000	Total R'000
Opening balance	8,007	8,007
Additions	410	410
Disposals	(28)	(28)
TOTAL MINOR ASSETS	8,389	8,389
	Machinery and equipment	Total
Number of R1 minor assets	637	637
Number of minor assets at cost	4,340	4,340
TOTAL NUMBER OF MINOR ASSETS	4,977	4,977

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Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	189	56

The majority of assets under investigation are shortages identified during the annual asset verification. Investigations are still in progress and the outcome will inform the process of disposal. In certain instances, assets reported as stolen have been reported to the South African Police Services (SAPS). The outcome will be informed by the investigations performed by SAPS.

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT
31 MARCH 2021**

	Machinery and equipment R'000	Total R'000
Opening balance	8,019	8,019
Disposals	(12)	(12)
TOTAL MINOR ASSETS	8,007	8,007

	Machinery and equipment	Total
Number of R1 minor assets	1,046	1,046
Number of minor assets at cost	4,136	4,136
TOTAL NUMBER OF MINOR ASSETS	5,182	5,182

25. Intangible Capital Assets

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31
MARCH 2022**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	483	-	-	483
TOTAL INTANGIBLE CAPITAL ASSETS	483	-	-	483

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25.1 Movement for 2020/21

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	483	-	-	-	483
TOTAL INTANGIBLE CAPITAL ASSETS	483	-	-	-	483

26. Principal-agent arrangements

26.1 Department acting as the principal

	2021/22	2020/21
	R'000	R'000
Housing Development Agency	127,209	180
Blue Crane Municipality	40	-
Makana Municipality	175	-
Ndlambe Municipality	212	-
Nelson Mandela Bay Metropolitan Municipality	1,618	-
Total	129,254	180

Payments to agents pertain to the implementation and management of human settlement specific projects carried out by the agent on behalf of department in compliance with applicable legislative frameworks and policies. This also includes mentoring of emerging contractors.

The department provides funding (capital and management fees) to the agent to enable the delivery of housing units in terms of the project implementation plan and the agent needs to report on the implementation of the projects.

There are no resources other than the funding mentioned in note 8 above that are under the custodianship of the agencies.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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27. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION					SPENT				2020/21	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by department	Amount spent by department	Under / (Over- spending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Human Settlement Development Grant	1,491,219	270,494	-	-	1,761,713	1,761,713	1,708,805	52,908	97%	1,479,164	1,200,180
Expanded Public Works Programme	2,777	-	-	-	2,777	2,777	2,777	-	100%	2,723	2,575
Title Deed Restoration Grant	-	3,821	-	-	3,821	3,821	3,819	2	100%	54,749	18,781
Provincial Emergency Housing Grant	-	-	-	-	-	-	-	-	-	90,153	53,616
Informal Settlements Upgrading Partnership	432,428	-	-	-	432,428	432,428	432,393	35	100%	-	-
TOTAL	1,926,424	274,315	-	-	2,200,739	2,200,739	2,147,794	52,945		1,626,789	1,275,152

Departments are reminded of the requirement to certify that all transfers in terms of this Act were deposited into the primary bank account of the province or, where appropriate, into the CPD account of the province.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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28. COVID 19 Response Expenditure

	Note	2021/22 R'000	2020/21 R'000
Goods and services	Annexure 7	60	2,358
Total		60	2,358

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ANNEXURE 1A

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2020/21 Final Appropriation R'000
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Human Settlement Development Grant	1,491,219	270,494	-	1,761,713	1,708,806	97%	1,481,887
Social Benefits	1,808	-	2,582	4,390	4,389	100%	2,861
Title Deed Restoration Grant	-	3,821	-	3,821	3,819	100%	54,749
Provincial Emergency Housing Grant	-	-	-	-	-	-	90,153
Informal Settlements Upgrading Partnership	432,428	-	-	432,428	432,393	100%	-
TOTAL	1,925,455	274,315	2,582	2,202,352	2,149,407	-	1,629,650

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ANNEXURE 1B

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2021/22	2020/21
		R'000	R'000
Received in kind			
Two Tone Projects Industries	1 x 3/4 bed	-	2
	4 x curtain rails; Duvet cover set with pillows	-	1
	Kitchen unit set; 1 x 2 plate stove	-	3
Savoy Spar	2 x R500 food parcel	-	1
Sanlam Corporate Social Investment (SCI) Funding	2 x 20 litres Sanitisers and masks	-	6
Motheo Construction Group	2 x 3/4 beds	-	4
	2 x 2 seat couches	-	3
	4 x 1 seat couches	-	3
	2 x wardropes	-	3
	2 x coffee tables	-	2
	2 x 2 plate stoves; 2 x duvet cover sets with pillow cases	-	1
Ikhaya Development Trust	5 x curtain tracks; 5 x curtains per house	-	1
	2 x double beds with cover sets	-	5
	5 x mats	-	1
Rencor Construction	1 x double bed with linen	-	2
	2 x 3/4 beds	-	4
	1 x lounge suite	-	10
	Curtains and curtain tracks; Vinyl mats	-	1
	2 x two burner stoves	-	6

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NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2021/22	2020/21
		R'000	R'000
	2 x grocery packs	-	1
Nata Construction	Sponsorship of furniture with food parcels for destitute families	10	-
Real Deal Investors	Sponsorship of furniture with food parcels for destitute families	10	-
Kentha Construction	Sponsorship of furniture with food parcels for destitute families	10	-
Summerlane Trading 288	2 x double bed and 2 x 3/4 beds for destitute families	8	-
Kentha Construction	Curtains and linens for destitute families	1	-
Ntsangalala Holdings	Sponsorship of furniture with food parcels for destitute families	10	-
SASSA	3 x school uniforms for destitute families	1	-
Department of Social Development	Food parcel and blankets for destitute families	2	-
Lilitha Consultants	Lounge suit, vinyl tiles, TV stand for destitute family in Kei Road	20	-
Ikhaya Development Trust	Curtain and curtain tracks, floor covering for destitute family in Hankey	1	-
Department of Social Development	Food parcels, toiletries and blankets for destitute family in Hankey	1	-
SABC	R60 000 worth of furniture for destitute family in Hankey	60	-
AVBOB	R5000 voucher for destitute family in Hankey	5	-
Tarsil Investments	2 x 3/4 beds with linen, 4 x standards pillows and 4 x curtains and curtain tracks for family in Umzimvubu	5	-
MMS Construction	2 X double bed, 2 x 3/4 beds with linen and 2 x lounge suite to family in Deberha	35	-
Social Development	5 x Food parcel during house handover in KSD and OR Tambo District Municipality	3	-
TDG Joint Venture	Furnished the house and provided food parcels during house handover in KSD and OR Tambo District Municipality	20	-
Tarsil Investments	2 x 3/4 beds and linen; curtains and curtain tracks during house handover in Mbodleni, Alfred Nzo District Municipality	6	-

DEPARTMENT OF HUMAN SETTLEMENTS
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NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2021/22	2020/21
		R'000	R'000
Social Development	Food parcel with blankets during house handover in Alice, Sarah Baartman Local Municipality	2	-
CHS Developers	3 X Double beds, lounge suite and food parcel	20	-
Motho Construction Group	Kitchen unit, curtains and curtain tracks	1	-
Social Development	Food parcel with blankets during house handover in Dimbaza area	2	-
Nebavest Construction	2 kitchen units during house handover of two houses in KSD	2	-
BNN Construction	Furnished one house during house handover of two houses in KSD	20	-
TDG JV Construction	Furnished one house during house handover of two houses in KSD	20	-
L&R Construction	2 VIP toilets during house handover of two houses in KSD	2	-
Rencor Construction	Furniture during house handover in Etolofiyeni	20	-
Quantum Leap Investments	Furniture and groceries during house handover in Cala ward 8&9, Sakhisizwe LM	22	-
Summerlane Trading 288	Furniture and beds during house handover in Nyandeni LM	25	-
AVBOB	2 X Kitchen units, Curtains & curtain tracks and 2 x stoves	7	-
Department of Social Development	6 x grocery packs and 6 blankets	2	-
Housing Development Agency	1 X Sofa, 1 x stove, 2 x beds, Carpets and Curtain and curtain tracks	14	-
AVBOB	2 x boxes of mixed fruit and 5 x 24 of water bottles	2	-
TOTAL		369	60

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ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2022 – LOCAL

Guarantor institution	Guarantee In respect of	Original guaranteed capital amount	Opening balance 1 April 2021	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2022	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2021
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
Standard Bank	Housing	66	298	-	-	-	298	-	-
ABSA	Housing	810	100	-	-	-	100	-	-
TOTAL		876	398	-	-	-	398	-	-

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ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2022

Nature of Liability	Opening Balance 1 April 2021	Liabilities incurred during the year	Liabilities paid/cancelled/re duced during the year	Liabilities recoverable (Provide detail: hereunder)	Closing Balance 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Amanzabantu	3,405	-	(3,405)	-	-
Forensic Investigation	283	-	-	-	283
Breach of contract (KWTHA, Mandlethu, Give Ziyawa, Athenkosi Diko)	2,174	-	(1,324)	-	850
Khumbula Legal Fees, Van Der Westhuizen, Helgard Honibal	271	-	(171)	-	100
Summons - LZA Trading, Tremor Furniture, Bosch Stemele, UDZ General Trading, Aveng Grinaker, Royal Fields, Eldorado Trading, Zale Developments	20,335	3,080	(10,830)	-	12,585
Application Proceedings - Ndakhe Construction, National Urban Reconstruction and Housing Agency NPC, Darryl Voster N.O & 2 Others (Dingana)	871	-	(871)	-	-
Arbitration Proceedings - Liyasakha Trading, Niema Investments, Zingwazi, Mologadi A Nape, Taurus Garden Trading, B. Mdolo	11,185	670	(2,050)	-	9,805
Legal Fees (Utshungu Urban & Rural, Pamella Nomathamsanqa Madengwana)	9	-	-	-	9
PSCBCC - Legal Fees - Nehawu obo Olwethu Tollie and Others	135	-	(61)	-	74
Summons - Toro Ya Africa	670	-	(670)	-	-
Application - Eviction of illegal occupiers (Jeffries Bay), Sandile Mgweba and Others	127	150	(127)	-	150
Historically Blocked Projects	19	-	(19)	-	-
Notice of motion (legal fees) - Nomawethu Lubangalala, Umuhle Developers, Hlalanathi Social Housing Association, Mwerha Construction	891	8	(600)	-	299
Summons - Umphele Development, TBR Engineering, Lamla Sithandiwe Jukuju	1,557	-	(17)	-	1,540
Summons - Umphele Development (Fairfield); SPM Trading Enterprise and Another	2,816	10,923	(3,196)	-	10,543
Notice of motion - WK Construction	4,601	-	-	-	4,601

DEPARTMENT OF HUMAN SETTLEMENTS
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ANNEXURE 2B (continued)

Nature of Liability	Opening Balance 1 April 2021	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable Provide details hereunder)	Closing Balance 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Application - Solidarity OBO WR Perks; Centre for Local Community Rights	213	28	(241)	-	-
Review - Ntoma Investments, Gqange Construction; B. Mdolo	-	44,302	(22)	-	44,280
Application - Tshepega Civil Engineering	-	150	-	-	150
Opinion - Medical Aid Matter; Notification issued in terms of the Public Audit Act of 2004; Opinion on the interpretation of the Housing Act	-	1,161	(1,161)	-	-
Application - Legal Fees: Land invasion matter - Aliwal North, Amakhaya Construction; Thembisa Mankayi and Others	-	357	(207)	-	150
Disciplinary Enquiry - Legal Fees	-	1,147	(1,147)	-	-
Arbitration – Ikhaya	-	150	-	-	150
Ntlakohlaza Travel Agency (Damage to car rental)	7	-	(7)	-	-
TOTAL	49,569	62,126	(26,126)	-	85,569

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ANNEXURE 2B (continued)

STATEMENT OF CONTINGENT ASSETS AS AT 31 MARCH 2022 Nature of Liabilities recoverable	Opening Balance 1 April 2021 R'000	Details of Liability and Recoverability	Movement during year R'000	Closing Balance 31 March 2022 R'000
Amount paid in error to developer - Urban and Rural	831	Matter to be set down for trial	-	831
Khumbula Properties	4,214	Matter to be set down for trial	-	4,214
Simple drummer Trading & projects	100	Amount in favour of the department not yet quantified	-	100
Buildnat Developers	150	Amount in favour of the department not yet quantified	-	150
Afrikaanse Christelike Vrouevereniging	150	Matter finalised	(150)	-
Taba Connstruction	100	Amount in favour of the department not yet quantified	-	100
Eldorado	150	State Attorney proceeding with collection costs	(150)	-
Reity Holding & My Pride Smile Africa (PTY) LTD	150	Amount in favour of the department not yet quantified	-	150
NM Yelani	52	Amount in favour of the department not yet quantified	-	52
Hlalanathi Social Housing Association	-	Amount in favour of the department not yet quantified	150	150
Recovery of funds overpaid - HROPT	3	-	-	3
Recovery no work no pay from employees	503	-	-	503
TOTAL	6,403	-	(150)	6,253

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ANNEXURE 3

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2021/22	Receipt date up to six (6) working days after year end	Amount
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021			
	R'000	R'000	R'000	R'000	R'000	R'000			R'000
Department									
Department of Education	23	23	-	-	23	23	-	-	-
Office of the Premier	138	108	-	-	138	108	-	-	-
Provincial Treasury	36	-	-	-	36	-	-	-	-
Department of Public Works	2	-	-	-	2	-	-	-	-
TOTAL	199	131	-	-	199	131	-	-	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2021/22	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Government Fleet Management Services	391	219	-	1,791	391	2,010	-	-
Department of Justice	4,677	1,111	6,874	-	11,551	1,111		
Office of the Premier	49	-	-	-	49	-		
Department of Labour	-	2	-	-	-	2		
Subtotal	5,117	1,332	6,874	1,791	11,991	3,123	-	-
OTHER GOVERNMENT ENTITY								
Current								
Buffalo City Metropolitan Municipality	11,213	10,256	-	-	11,213	10,256	-	-
Total Other Government Entities	11,213	10,256	-	-	11,213	10,256	-	-
TOTAL INTERGOVERNMENT PAYABLES	16,330	11,588	6,874	1,791	23,204	13,379	-	-

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ANNEXURE 5

INVENTORIES

Inventories for the year ended 31 March 2022

	Housing Inventory R'000	TOTAL R'000
Opening balance	1,732,158	1,732,158
Add: Additions/Purchases – Cash	1,117,518	1,117,518
(Less): Issues	(1,397,485)	(1,397,485)
Closing balance	<u>1,452,191</u>	<u>1,452,191</u>

Inventories for the year ended 31 March 2021

	Housing Inventory R'000	TOTAL R'000
Opening balance	1,159,702	1,159,702
Add: Additions/Purchases – Cash	1,027,137	1,027,137
Add: Additions - Non-cash	451,550	451,550
(Less): Issues	(906,231)	(906,231)
Closing balance	<u>1,732,158</u>	<u>1,732,158</u>

**DEPARTMENT OF HUMAN SETTLEMENTS
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

ANNEXURE 6

DEPARTMENT OF HUMAN SETTLEMENTS HOUSING RELATED EXPENDITURE CLASSIFICATION

	2021/22 R'000	2020/21 R'000
Inventories		
Upgrading of Informal Settlements	373,669	244,477
People Housing Process (Housing)	-	8,650
Consolidated Support (Housing)	5,663	3,353
Institutional Support (Housing)	-	5,059
Rural Support-inf Land (Housing)	738,186	765,599
Subtotal	1,117,518	1,027,137

DEPARTMENT OF HUMAN SETTLEMENTS
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ANNEXURE 7

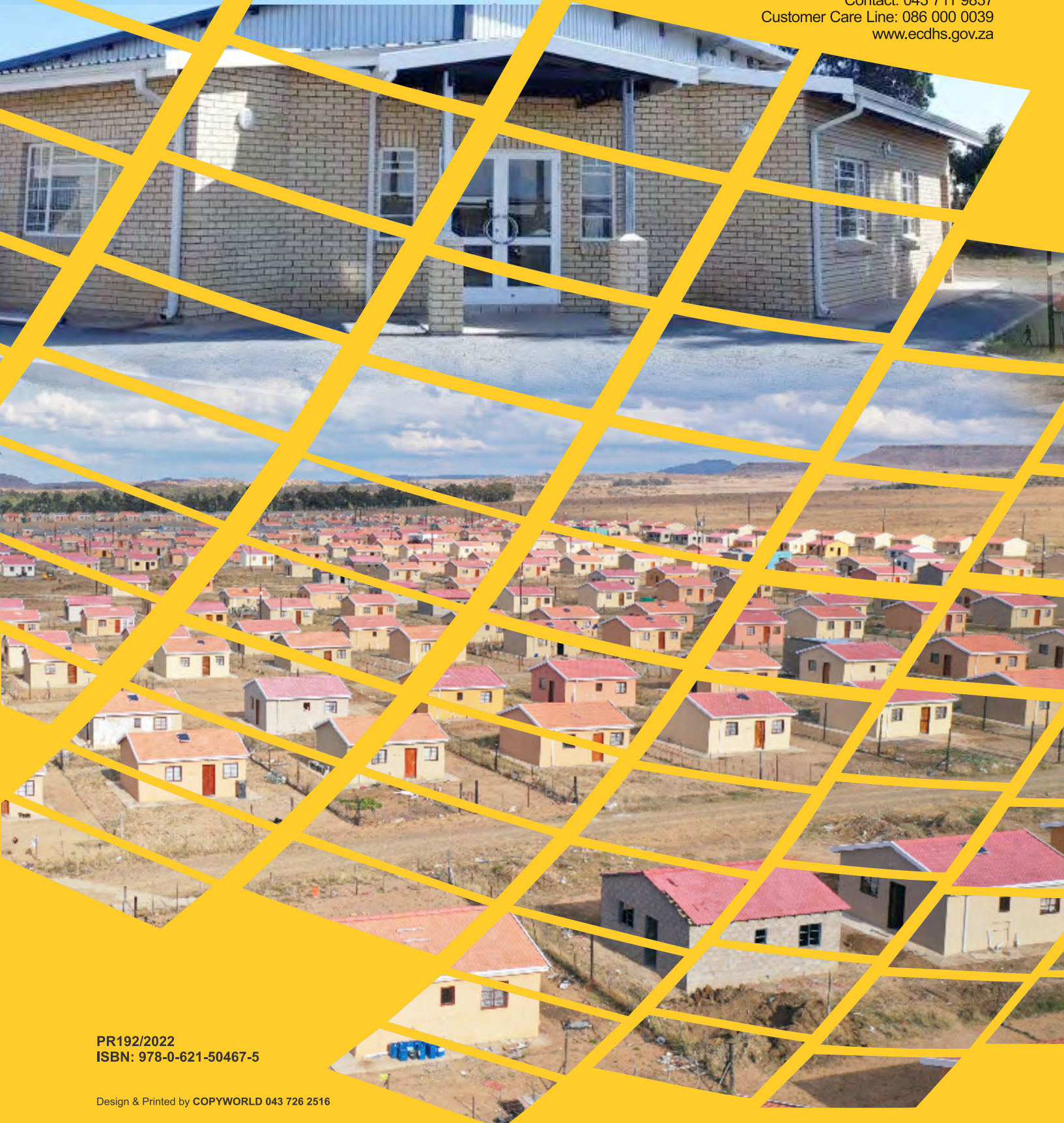
COVID 19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2021/22					2020/21
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services						
Cons Supp: Medical Supplies	-	-	-	-	-	1,114
Cons Hous Sup: Wash/Clean Dete	10	39	7	4	60	1,244
TOTAL COVID 19 RESPONSE EXPENDITURE	10	39	7	4	60	2,358



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