



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS



VOTE NO. 11

ANNUAL REPORT 2022/23

FINANCIAL YEAR



**TRANSFORMING
COMMUNITIES TOGETHER**





Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

2022
2023

VOTE NO.11

**ANNUAL
REPORT**

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Part A

GENERAL INFORMATION



Province of the
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HUMAN SETTLEMENTS

ANNUAL REPORT 2022/23

1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS:

Steve Tshwete House
31-33 Phillip Frame Road
Waverly Park
Chiselhurst

POSTAL ADDRESS:

Private Bag X 13008
Cambridge - Chiselhurst
East London, 5206

TELEPHONE NUMBER/S:

+27 43 711 9837

FAX NUMBER:

+27 86 504 3584

EMAIL ADDRESS:

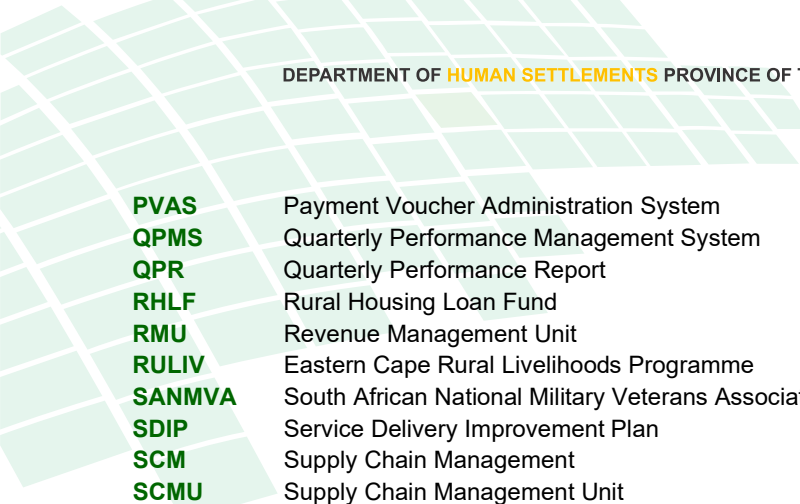
BongiweG@ecdhs.gov.za

WEBSITE ADDRESS:

www.ecdhs.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa	NMBM	Nelson Mandela Bay Municipality
AFS	Annual Financial Statements	NSDF	National Spatial Development Framework
APP	Annual Performance Plan	NYDA	National Youth Development Agency
AOP	Annual Operational Plan	NSDP	National Spatial Development Perspective
BAC	Bid Adjudication Committee	NUSP	National Upgrading Support Programme
BAS	Basic Accounting System	NURCHA	National Urban Reconstruction and Housing Agency
BBBEE	Broad Based Black Economic Empowerment	OAG	Office of the Auditor General
BCM	Buffalo City Municipality	OPS/CAP	Operational Capital Budget
BEC	Bid Evaluation Committee	OTP	Office of the Premier
BEE	Black Economic Empowerment	ISS	Institute for Social Studies
BNG	Breaking New Ground	HRM	Human Resources Management
BSC	Bid Specification Committee	HSDG	Human Settlement Development Grant
CFO	Chief Financial Officer	HSS	Housing Subsidy System
CID	Corporate Identity	HSRC	Human Science Research Council
CMS	Case Management System	IAR	Immovable Asset Register
COIDA	Compensation for Occupational Injuries and Disease Act	ICT	Information and Communication Technology
CRU	Community Residential Units	IDP	Integrated Development Plan
CRUP	Community Residential Units Programme	IGR	Intergovernmental Relations
DBSA	Development Bank of Southern Africa	IOD	Injury on Duty
DORA	Division of Revenue Act	IT	Information Technology
DPSA	Department of Public Service and Administration	JE	Job Evaluation
DRPW	Department of Road and Public Works	KM	Knowledge Management
ECATU	Eastern Cape Appropriate Technology Unit	LAA	Land Availability Agreement
eCMS	Electronic Construction Management System	LAN	Local Area Network
EDMS	Electronic Document Management System	LOGIS	Logistical Information System
EE	Employment Equity	LED	Local Economic Development
EEDBS	Enhanced Extended Discount Benefit Scheme	IPAPE	Institutional Performance Assessment and Programme Evaluation
EEP	Employment Equity Plan	MEC	Member of the Executive Council
EHW	Employment Health and Wellness	MFMA	Municipal Finance Management Act
EIA	Environmental Impact Assessment	MHSP	Municipal Housing Sector Plans
EPHP	Enhanced Peoples Housing Process	MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme	PDMS	Performance Development Management System
EXCO	Executive Council	PACom	Project Assessment Committee
FET	Further Education and Training	Persal	Personnel and Salary System
FLISP	Finance Linked Individual Subsidy Programme	PFMA	Public Finance Management Act
GIS	Geographical Information System	PGDP	Provincial Growth and Development Plan
HDA	Housing Development Agency	PGDS	Provincial Growth and Development Strategy
HIV	Human Immune Virus	PHDP	People Housing Development Programme
HOD	Head of Department	PILIR	Procedure on Incapacity Leave and Ill Health Retirement
HR Plan	Human Resource Plan	PMDS	Performance Management and Development System
HRD	Human Resource Development	PMO	Project Management Office
MMC	Member of the Municipal Council	PMS	Performance Management System
MINMEC	Ministers and Member of Executive Council	PMU	Project Management Unit
MIS	Management Information System	PMQA	Project Management & Quality Assurance
MISP	Master Information Systems Plan	PPPFMA	Preferential Procurement Policy framework Act
MPCC	Multi-purpose Community Centre	PR	Public Relations
MTEF	Medium Term Expenditure Framework	PSC	Project Steering Committee
MUNIMEC	Municipalities and Members of Executive Council	PSDP	Provincial Spatial Development Plan
MYHDP	Multi Year Housing Development Plan	PSLVDC	Provincial State Land Vesting and Disposal Committee
NHBRC	National Home Builders Registration Council		
NHFC	National Housing Finance Corporation		
NIMR	National Information Requirements		



PVAS	Payment Voucher Administration System
QPMS	Quarterly Performance Management System
QPR	Quarterly Performance Report
RHLF	Rural Housing Loan Fund
RMU	Revenue Management Unit
RULIV	Eastern Cape Rural Livelihoods Programme
SANMVA	South African National Military Veterans Association
SDIP	Service Delivery Improvement Plan
SCM	Supply Chain Management
SCMU	Supply Chain Management Unit
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
UNDP	United Nations Development Programme
USDG	Urban Settlements Development Grant
WAN	Wide Area Network
PSR	Public Service Regulation
PSETA	Public Service Sector Education and Training Authority
WSP	Workplace Skills Plan

3. FOREWORD BY THE MEC



Introduction

The 2022/23 Annual Report presents the fourth-year performance of 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. This, together with clause nine of the Freedom Charter which declares “There Shall be Houses, Security and Comfort” continues to compass the department as it pursues its mandate. The department continues to change the landscape of the Eastern Cape through creating integrated sustainable human settlements, serving the most vulnerable of our communities in realisation of the strategic priorities of the Provincial Development Plan and National Development Plan.

The creation of housing opportunities is one of the apex deliverables this democratic government has committed to during the 6th administration and indeed the department is now effectively moving towards the end of the term. All resources at our arsenal, be it human as well as financial have been committed on implementation of programmes that will yield the greatest impact towards an attainment of vision 2030 and the department is increasing its effort in ensuring that MTSF and PMTSF targets are achieved.

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

As the department reflects on the performance of the year under review, the Ministry wishes to share key service delivery highlights that it has embarked upon while providing political leadership in pursuance of strategic priorities. The department will continue to implement its long-term strategy in line with Strategic Plan, Outcome 5 of the Provincial Medium-Term Strategic Framework (PMTSF) and Goal 2 of the Provincial Development Plan (PDP) to execute the Departments' mandate which calls for the sustainable human settlements and improved quality of household life.

The department is prioritizing the provision of decent homes to the destitute and vulnerable groups. This is of great importance in the persistent fight against Gender Based Violence and Femicide which has highlighted the vulnerability of child headed households, women, and the elderly. This financial year, the department has developed 4 352 serviced sites with 4 118 rural and 234 urban. Furthermore 5 344 units were completed to shelter destitute households and this intervention is currently benefiting approximately 5 338 households comprising of the elderly, women, people living with disabilities, youth and military veterans.

The Financed Linked Individual Subsidy Programme (FLISP) has now been delinked and renamed the “FIRST-HOME-FINANCE” scheme because of the policy amendments. This means that beneficiaries do not need a bond to benefit but can use other means of sourcing funding such as:

- Housing loans granted or guaranteed by a pension and provident fund
- Unsecured housing loans from any registered lender
- Housing loans granted by cooperative – or community-based savings scheme or stokvel
- Housing loans supported by employer – based schemes

Through this programme, 274 qualifying beneficiaries have received financial assistance to purchase their first homes, this contributes towards transforming the property market and it is hoped that the changes will attract a greater constituency of the middle class and wider spread across the province.

The department continues to navigate challenges faced in rolling out social housing due to funding constraints and as a result, annual target has not been met. The Steve Biko Project Precinct by Qhama Social Housing Institution has just resumed construction in December 2022 after mobilizing additional funding. The department is continuously engaging the Social Housing Regulatory Authority (SHRA), who is the implementing agent for social housing, to resuscitate the terminated Oceanview Social Housing project in BCMM and increase footprint of social housing across the province.

The issuing of title deeds programme remains one of the department's priorities that is implemented concurrently with municipalities, which places emphasis on restoring South African citizens' dignity by building for them sustainable houses. The Department appointed 28 conveyancers in various municipalities to accelerate registration and issuance of title deeds to homeowners and this made it possible to resolve some administrative blockages such as township establishments, outdated general plans and township registers. The department gradually progressed towards MTSP performance and managed to register 2 615 title deeds in the following categories pre-1994 (70), post-1994 (2 145), post-2014 (6) and new title deeds (394).

The department continues to strive towards unblocking of 87 projects blocked in various parts of the province, and during 2022/23 financial year 34 projects were unblocked and will be implemented over multi-years in Alfred Nzo, Amathole, Chris Hani, Buffalo City Metropolitan and Sarah Baartman Regions. Furthermore, the department is leveraging partnerships with implementing agents to assess the work that was left at various stages of construction to accelerate unblocking of blocked projects.

Innovative and Sustainable Building Technology (ISBT) is another alternative option that the department is utilizing than brick and mortar to augment service delivery when implementing departmental programmes. In the current financial year, the Department managed to construct 77 units using ISBT in 6 projects within KSD, Port St Johns, Buffalo City and Ndlambe municipalities.

The Department continues to support District Development Model (DDM) that seeks to coordinate integrated planning across all spheres of government. To strengthen intergovernmental relations as a tool for integration and improved service delivery, MEC – MMC implementation forum has been established as a platform for a coordinated political administrative interface between the two spheres of government (Provincial and Local Government) to inform and enable a shared understanding on critical matters pertaining to the transformation of the sector and the delivery of integrated Human Settlements in the province. The department appreciates the support continuously received from other departments, private sector and non-governmental sectors that contribute towards transformation of our communities.

On strengthening public education and awareness on various instruments, the rental housing tribunal through awareness campaigns conducted for municipalities and the public is assisting the people who are in the rental market to resolve dispute between the landlord and tenants. The department has resolved 317 rental dispute cases, and this protects the rights of the people of the province by providing communities with access to free legal services. In addition, 6 765 housing beneficiaries were reached through consumer education to increase visibility of Human Settlements and services in transforming communities. The benefit of this programme extends beyond the handing over of a completed house, but to ensuring that through care and maintenance, the product retains its growth value as well as affording consumer protection.

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

- The shrinking fiscal allocation impacts negatively on the delivery of the programmes of the department and hamper its efforts to deal decisively with the housing backlog.
- Climate change and a global phenomenon is posing an eminent threat to the lives of the people living in the rural areas and informal settlements and this is a major challenge which affected mostly the Eastern Cape (Alfred Nzo, Or Tambo and Chris Hani regions) with major damages and leaving scores of the people homeless.
- Stagnation and regression in audit finding is another challenge that the department needs to resolve.

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

The Department remain resolute in the implementation of broad policy priorities of the Sixth Term of Administration which include:

- Provision of the housing opportunities prioritizing the Destitute, Vulnerable Groups and Military veterans;
- Systematic unblocking of historically blocked projects;
- Accelerated Registration and Issuance of Title Deeds to Homeowners;
- Increase in empowerment opportunities for SMMEs including women and youth;
- Provision of social and economic amenities;
- Progressive adoption of Innovative and Sustainable Building Technologies (ISBT)
- Enhance Partnership and Collaborations with social partners and
- The improvement of the Functionality of the department for improved service delivery outcomes

- **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, "Leaving No One and No Place Behind".

- **Conclusion**

As a member of the Executive Council responsible for Human Settlements, I hereby present the 2022/23 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

Date: 31 July 2023

4. REPORT OF THE ACCOUNTING OFFICER



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

The Eastern Cape Department of Human Settlements hereby submits the 2022/2023 Annual Report as part of its constitutional, legislative and civil responsibility to account on its performance against the allocated resources. The Department remain committed to address the housing needs of the poor, homeless and acute destitute and other vulnerable groups within the Province.

The Annual Report will reflect the Departments performance against targets set out in MEC Policy Speech and Annual Performance Plan which articulate its plans to create sustainable Human Settlements and improve quality of households lives. The Department carries out its mandate within the auspices of the National Development Plan and the Provincial Development Plan (2030) which inter alia calls for service delivery programmes that respond systematically, to addressing the entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency.

- **Overview of the results and challenges for the department, briefly commenting on significant events and projects for the year**

- **Achievements for the Year**

The Department has obtained an unqualified audit opinion with compliance findings for 2022/23 financial year, and it continues to contribute to the delivery of housing opportunities, with special focus and prioritization of destitute, vulnerable groups and military veterans. During the year under review, the Department has successfully delivered 5 344 housing units and developed 4 352 serviced sites against a target of 7 666 and 6 205, respectively. Furthermore, housing units at various stages of construction are attained as follows:

- 2 457 Foundations
- 1 030 Wall Plates
- 1 729 Roofs
- 1 097 finishes

Through housing construction, 6 489 jobs were created in the following categories;

Categories	Statistics
Adult Women	591
Adult Men	1 992
Female youth	1 787
Male youth	2 117
Disabled persons	2
Total	6 489

➤ Challenges for the Year

Inadequate bulk infrastructure in secondary and small towns has a negative impact in unlocking new projects and to unblock blocked projects. The Department is working with municipalities to prioritise bulk infrastructure for human settlements development within the DDM framework. The Department will continue co-funding bulk infrastructure using Human Settlements Development Grant (HSDG) and Informal Settlement Upgrading Partnership Grant (ISUPG) to unlock bulk infrastructure challenges across the province.

Ineffective implementation of 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 plans and implementation of human settlements projects in an integrated manner. 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.

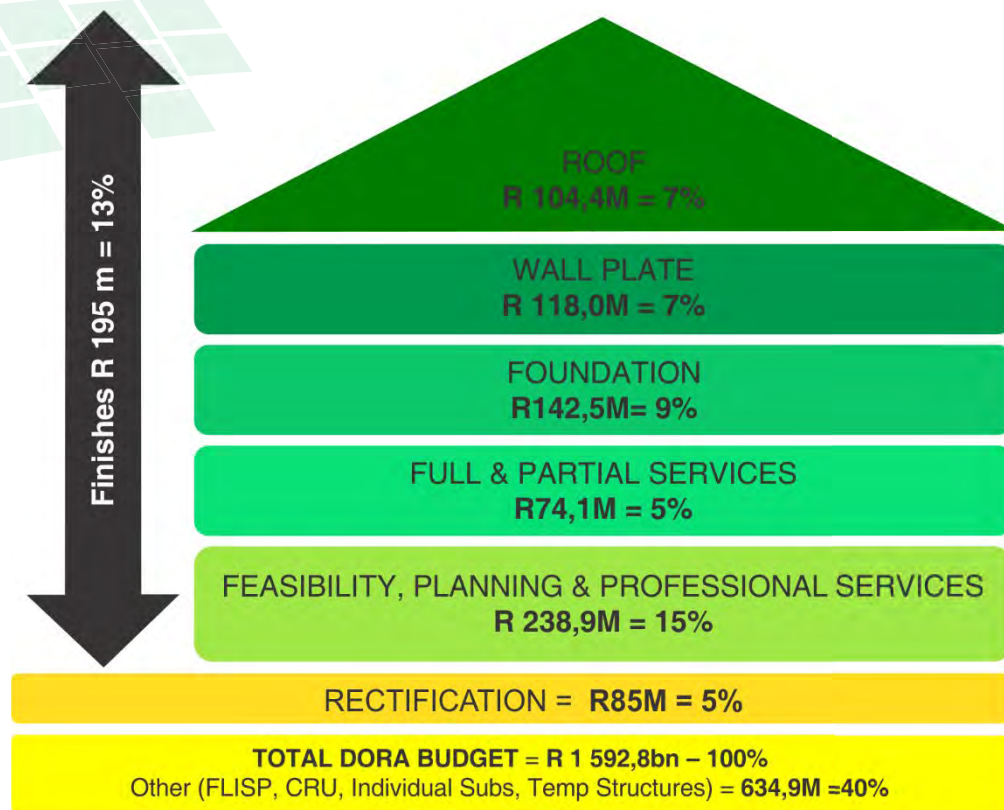
Lack of technical capacity for human settlements projects and non-existence of Housing Units in some municipalities, however the department working with COGTA aim to support all municipalities to ensure that there is necessary capacity on projects related issues.

• Overview of the financial results of the department:

The total adjusted allocation for the 2022/2023 financial year is R 2,596 billion which decreased by 0.65% from R2,613 billion in the 2021/2022 financial year. The department has spent 96.4% of the allocated budget in the current financial year compared to 97.8% spent in the previous financial year.

The table demonstrates expenditure per milestones of construction and percentage breakdown

MILESTONES	AMOUNT R'000	PERCENTAGES
Pre-Planning	238 860	15%
Services	74 185	5%
Foundation	142 478	9%
Wallplates	118 039	7%
Roof	104 383	7%
Finishes	152 557	10%
Completions	42 385	3%
Rectification	84 998	5%
Other	36 273	2%
Projects implemented by public entities	598 604	38%
Sub Total	1 592 762	100%
UISPG	386 059	84%
PEHG	67 248	80%
GRANTS GRAND TOTAL	2 046 069	96%



Equitable Share

The equitable share allocation for 2022/2023 was R457,709 million which has increased by 11.07% compared to R 412,103 million in 2021/2022 financial year.

Compensation of Employees

For the 2022/2023 financial year the department allocated R 363,633 million for compensation of employees which increased by 3.15% from R 352,512 million in the 2021/2022 financial year, and the department spent 99% of the allocation in the current financial year.

Goods and Services

The Goods and Services allocation for 2022/2023 financial year was R 78,818 million which increased by 70.21% as compared to R 46,305 million allocated for 2021/2022 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 2022/2023 financial year was R2,987 million which increased by 9.98% compared to R2,716 million in the previous financial year and 100.1% of this allocation was spent.

Capital Assets

The budget for capital assets allocated for 2022/2023 financial year is R 16,197 million which decreased by 39.49% compared to R 11,612 million in the 2021/2022 financial year. The department spent 91.8% and a roll over application of R 543 thousand 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 2022/2023 financial year was R 1,593 billion which decreased by 9.60% from R 1,762 billion in the 2021/2022 financial year. The department spent 99.99% compared to 97% in the previous financial year.

The allocation for the Informal Settlements Development Grant for the 2022/2023 financial year was R 458,151 million which increased by 5.95% from R 432,428 million in the 2021/2022 financial year. The department has spent 84.26% of its allocation compared to 99.99% in the previous financial year.

The allocation for the Provincial Emergency Housing Grant for the 2022/2023 financial year was R 84,108 million. This is the first year that this grant was allocated. The department has spent 79.95% of its allocation.

➤ Departmental receipts

Departmental receipts	2022/2023			2021/2022		
	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	383	301	82	663	303	360
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	765	1 472	(707)	581	1	580
Sale of capital assets	597	364	233	423	446	(23)
Financial transactions in assets and liabilities	-	1 455	(1 455)	-	158	(158)
Total	1 745	3 592	(1 847)	1 667	908	759

The department over collected revenue by R 1,847 million for the 2022/2023 financial year. Over collection is mainly due to the over 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	2022/2023			2021/2022		
	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	199 613	194 718	4 895	166 085	160 953	5 132
Housing Needs Planning & Research	20 464	20 464	-	19 832	19 808	24
Housing Development	2 353 421	2 264 457	88 964	2 395 816	2 342 845	52 971
Housing Asset Management	22 223	22 222	1	31 048	30 670	378
Total	2 595 721	2 501 861	93 860	2 612 781	2 554 276	58 505

Programme 1: Administration has spent 97.5% 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 100% of its final budget

Programme 3: Housing Development has spent 96.2% of its final budget

Programme 4: Housing Asset Management has spent 99.99% 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	119 408	-	(999)	118 409
Goods & Services	61 558	-	3 201	64 759
Households	100	-	57	157
Machinery & Equipment	21 241	-	(5 044)	16 197
Payment for financial assets	-	-	91	91
Total	202 307	-	(2 694)	199 613

A net virement of R 7,855mil was made from Programme 1 to:

- To fund the over expenditure within the C.o.E. of other programmes, Social Benefits items within and other programmes and Financial Assets for write-off of irrecoverable debt was made to Programme 1 to fund cost pressures
- To fund the over expenditure within the Goods & Services item within the other programmes
- Recognition of the operation costs of the finance lease for cell phones (from CAPEX to Goods & services)

A virement of R 5,161mil was made to Programme 1 to:

- Recognition of the operational costs of the finance lease for cell phones
- To fund over expenditure of Social Benefits within Programme 1 (from C.o.E to Social Benefits)
- Write-off of irrecoverable debt – Payment for financial assets

The net effect of these virements was R 2,694 million.

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	18 576	-	14	18 590
Goods & Services	1 000	-	94	1 094
Households	920	-	(140)	780
Total	20 496	-	(32)	20 464

A virement of R 140k was made from Programme 2 to:

- To fund over expenditure of Social Benefits of Programme 4

A virement of R 108k was made to Programme 2 to:

- To fund the over expenditure of C.o.E within Programme 2
- To fund the over expenditure of goods & services within Programme 2

The net effect of these virements was R 32k

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	204 754	-	1 255	206 009
Goods & Services	10 517	-	1 692	12 209
Households – current	370	-	(192)	178

Economic Classification	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Households - capital	2 135 025	-	-	2 135 025
Total	2 350 666	-	2 755	2 353 421

A virement of R 192k was made from Programme 3 to:

- To fund over expenditure of Social Benefits of Programme 4

A virement of R 2,947mil was made to Programme 3 to:

- To fund the over expenditure of C.o.E in Programme 3
- To fund the over expenditure of goods & services in Programme 3

The net effect of these virements was R 2,755mil.

Receiving Programme: Programme 4: Housing Asset Management

Economic Classification	Adjusted Appropriation	Shifting of funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	21 037	1	(413)	20 625
Goods & Services	700	(1)	57	756
Households	515	-	327	842
Total	22 252	-	(29)	22 223

A virement of R 413k was made from Programme 4 to:

- Correction of the classification of the Institutional Support instrument which is part of Human Settlements Development Grant which is under Programme 3

A virement of R 384k was made to Programme 4 to:

- To fund the over expenditure of goods & services in Programme 4
- To fund over expenditure of Social Benefits of Programme 4

The net effect of these virements was R 29k.

➤ Unauthorized, fruitless and wasteful expenditure

Irregular expenditure of R111.105 million has been identified and disclosed for the year under review. The expenditure is due to contracts that were identified as irregular in the previous financial years. Fruitless and wasteful expenditure of R12.085 million has been identified and disclosed. The expenditure is mainly due to interest paid because of court orders. The expenditure disclosed is still under investigation and some cases have been referred for arbitration. 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 2023/24 financial year is as follows,

- Construction of 7 638 houses and install services on 5 350 sites
- Register the following title deeds categories; pre-1994 (500), post-1994 (4 723), post-2014 (1 351) and new (1 173)
- Create 7 500 job opportunities through EPWP compliant projects
- Rectification of 832 Pre and Post units
- Deliver 320 housing units for Finance Linked Individual Subsidies Programme (FLISP) currently known as First Home Finance
- Handover 230 houses to Military Veterans and verify 1 100 destitute persons
- 200 empowerment opportunities to be created for youth through youth brigade programme
- 21 youth will be supported for artisan development programme (apprenticeship and learnership)
- Upgrade 115 informal settlements to phase 3 and provision of 2 socio-economic facilities
- 80 SMMEs contractors provided with training towards sustainable business enterprise
- 38 individual subsidies paid, close 80 historical project and 8 Innovative and Sustainable Building

Technologies (ISBT) projects supported

- 20 municipalities will be supported on Human Settlements Programmes
- Implement 4 Human Settlements short learning programmes for Councillors, Traditional Leaders and Municipal Officials

• **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

Through the MoU with the Stellenbosch University and University of Fort Hare, the Department is working with the two Higher Learning Institutions to undertake the research study on the Building Healthier Communities.

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

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

• **New or proposed key activities**

- None

• **Supply chain management**

- The Department did not conclude any unsolicited bid proposals during the financial year under review.
- Processes and procedures and internal controls were executed and monitored to ensure compliance with the Supply chain management prescripts and prevent irregular expenditure.
- The Base Control Self-Assessment (BCSA) tool is not fully utilized to detect irregular expenditure in the procurement process due to staff compliment.

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

Challenges in SCM	How they were resolved
○ The department faced a challenge of non-responsive bids	• The Department has standardized its terms of reference and provided bid committee training
○ Percentage of HSDG construction budget allocated to women, youth SMME's contractors	• The Department has made some appointments or awards to companies owned by women, youth in the current 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 2022/23

• **Events after the reporting date**

There were no events after the reporting date that are to be disclosed

- **Other**

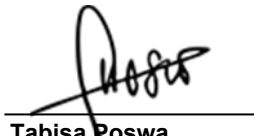
None

- **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 2022/23 Financial Year



Tabisa Poswa
Accounting Officer
Department of Human Settlements
Date: 31 July 2023

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 F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

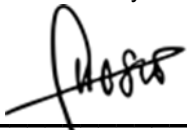
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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 2023.

Yours faithfully



Tabisa Roswa
Accounting Officer
Department of Human Settlements
Date: 31 July 2023

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
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 dela 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.



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

ORGANISATIONAL STRUCTURE



▶ **Ms. Siphokazi Lusithi**
MEC for Human Settlements



▶ **Ms. Tabisa Poswa**
Head of Department



▶ **Mr M Dyushu**
*CD: Financial
Management
Services*



▶ **Mr S Galahitiyawa**
*CD: District
Coordination &
Project Management*



▶ **Mr D Mpendu**
*CD: Human Settlements
Facilitation Programme*



▶ **Mr E Venn**
*CD: Human Settlements
Incremental Programs*



▶ **Mr L.V Zuydam**
*CD: Corporate
Services*



▶ **Mrs B Gobe**
*CD: Strategy &
Systems*



▶ **Mrs T Tindleni**
*CD: Human Settlements
Property & Assets
Management*



▶ **Mrs MN Kettledas**
*CD: Human Settlements
Delivery Planning
and Performance*

9. ENTITIES REPORTING TO THE MEC

There are no entities reporting to the MEC.



Part B

PERFORMANCE INFORMATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

ANNUAL REPORT 2022/23

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 162 of the Report of the Auditor-General, published as Part F: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The department strategic focus remains anchored to the creation of integrated sustainable human settlements with improved quality of household lives for the residents of the province. The strategies to achieve the desired impact are derived from the outcomes identified in the departmental strategic plan (2020-2025) which are aligned to the provincial PMTSF 2019-2025. These strategies will provide the description and narrative of key delivery outputs implemented during the 2022/23 financial year as follows:

- Registration and issuance of Title Deeds to Homeowners
- Youth and Women Empowerment
- Increased empowerment opportunities for SMME's including women and youth
- Strengthening community education and awareness on various housing instruments
- Upscaling the housing opportunities with special focus and prioritization of Destitute, Vulnerable Groups and Military Veterans
- Systematic unblocking of historically blocked projects
- Upgrading of informal settlements and provision of social and economic amenities
- Continuous use and application of Innovative and Sustainable Building Technologies (ISBT)
- Investment in Priority Development Areas (PDA) identified within the province
- Acquisition of land falling within the PDAs rezoned

These key deliverables have been translated to tangible outputs and targets as illustrated in the Annual Performance Plan and their performance are reported in the annual report performance information section. There has been under performance reported for some key delivery outputs and strategies to overcome underperformance are provided, its implementation will be monitored closely to ensure achievement of the MTSF targets is realized.

While the Department has been systematic and focused on its change effort for improved service delivery, the equitable share allocation has not matched the changes as the fiscus continue to shrink, especially goods and services as well as capital expenditure, over the MTEF. Other challenges faced by the Department include inadequate bulk infrastructure within the municipalities and unavailability of land suitable for human settlements delivery. The Department continues to strengthen their participation in IGR forums and there are continuous engagements with municipalities to priorities bulk infrastructure as well as provision of suitable land. The issues of difficult terrain/topography, scatteredness of sites and unavailability of proper access roads in rural areas remain a challenge that result to termination of contracts due to poor performing contractors and some contractors surrender sites, this result to increase in stalled or blocked projects. The Department is working closely with implementing agents to assess and find alternative strategies to unblock all blocked projects with the aim to increase service delivery.

Budget

The expenditure analysis as at 31st of March 2023 is 96.40% (Equitable Share expenditure at 98.94% and Conditional Grant Expenditure is 95.83%) of the adjusted budget. The main contributors to the underspending are:

- C.o.E - Vacant funded posts at year-end
- Informal Settlements Upgrading Partnership Grant (ISUPG) - Claims and management fees were received late due to administrative processes within HDA. A rollover request for the funds has been made due to the commitments already in place.
- Provincial Emergency Housing Grant (PEHG) - The final tranche of R 42,054mil was only paid to the department in the latter half of March and the department was unable to process all commitments with the remaining payment runs of the financial year. A rollover application has been made
- CAPEX - The under expenditure is due to delays in the delivery of ICT equipment that has been committed and procured. A rollover application has been made to settle commitments

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 2022/23 financial year.

KEY DELIVERY OUTPUTS	2022/23 ANNUAL TARGET	2022/23 ACTUAL OUTPUT
Housing Subsidies (low-cost housing)	7 666 houses	5 344 houses
Individual Subsidies (facilitated for payment)	32	74
FLISP (allocated)	243	274
Rental Housing units	210	0
Socio-economic facilities	2	0
Informal Settlements upgraded to phase 3	115	0
Title Deeds (Pre- 1994)	750	70
(Post- 1994)	3 500	2 145
(Post -2014)	2 500	6
(New title deeds)	1 250	394
Job Opportunities	7 500	6 489
Rectification	1 120	731
Access to Basic Services	6 205	4 352
Youth empowerment opportunities	200	264
SMME contractors provided with training	80	85
SMME contractors provided with work opportunities through 30% subcontracting	20	20
Unblocking of historical projects	55	8
Projects supported on innovative and sustainable buildings technologies	8	6
Municipalities supported on human settlements programmes	15	17
Short learning programmes implemented	4	4
Housing opportunities created for Destitute persons	1 050	1 053
Housing opportunities created for Military Veterans	100	96

• Strengthen integrated spatial planning for human settlements

Comprehensive Policy for Human Settlements development is the guiding directive for integrated communities, providing free decent housing for the indigent and affordable housing for low-cost income earners. The Department of Human Settlements takes the guidance from Local, Provincial and National Priorities as espoused on the PGDP, PSDP, SDFs and IDPs to advance integrated planning and development for the creation of sustainable human settlements.

The Department strives to intensify human settlements development whilst confronted with major challenges encompassing disintegrated spatial patterns inherited from the past regime, increasing population, shrinking fiscal envelope, and fragmented planning and Prioritised Human Settlements and Housing Development Areas (PHSHDAs) implementation processes that set poorest of the poor and low-income earners at the periphery of towns and cities.

Advocating for 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 augmented by Private Investment for clearly defined targets within a designated geographic area. Central to the approach is the objective to mobilize human settlements delivery such that it is augmented by the essential services provided by sector departments and private sector to ensure an impact in an identified geographical area. The new approach towards achieving integration culminated to getting of 136 designated geographical areas referred to as Prioritised Human Settlements and Housing Development Areas (PHSHDAs) by the National Department of Human Settlements

The Eastern Cape Province was allocated 12 Prioritised Human Settlements and Housing Development Areas (PHSHDAs) in the following municipalities: BCMM (3), Gqeberha Metropolitan Municipality, (3), Port St Johns(1) Ingquza Hill LM (1), King Sabata Dalindyebo LM(1), Makana LM (1), Enoch Mgijima LM (1) and Mnquma LM (1). The Department started the process of development of Prioritised Human Settlements and Housing Development Areas (PHSHDAs) in the 2021/22 financial year, piloting with Port St Johns municipality and the development plan has been completed and endorsed by the Local Municipality. The developmental plans for the remaining eleven (11) Prioritised Human Settlements and Housing Development Areas (PHSHDAs) have since been developed and require to be endorsed by respective Local Municipalities and the 2 Metropolitan, Gqeberha Metropolitan Municipality and Buffalo City Metropolitan Municipality respectively.

The Department continues to make strides for integration of all human settlements by inclusion of projects spatially reference (i.e. provision of coordinates) in the 2023/24 HSDG Business Plan for verification of location and ensure a spatial development and land use management approach that is informed and inclusive. Furthermore, the Department continues to participate in various Local, District and Provincial platforms including Provincial Clusters, IDP Contact Sessions and District Planning. The department participated in various Provincial Working Groups dealing with Infrastructure, spatial planning and development coordinated by OTP, CoGTA and Treasury to strengthen integration spatial planning.

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.

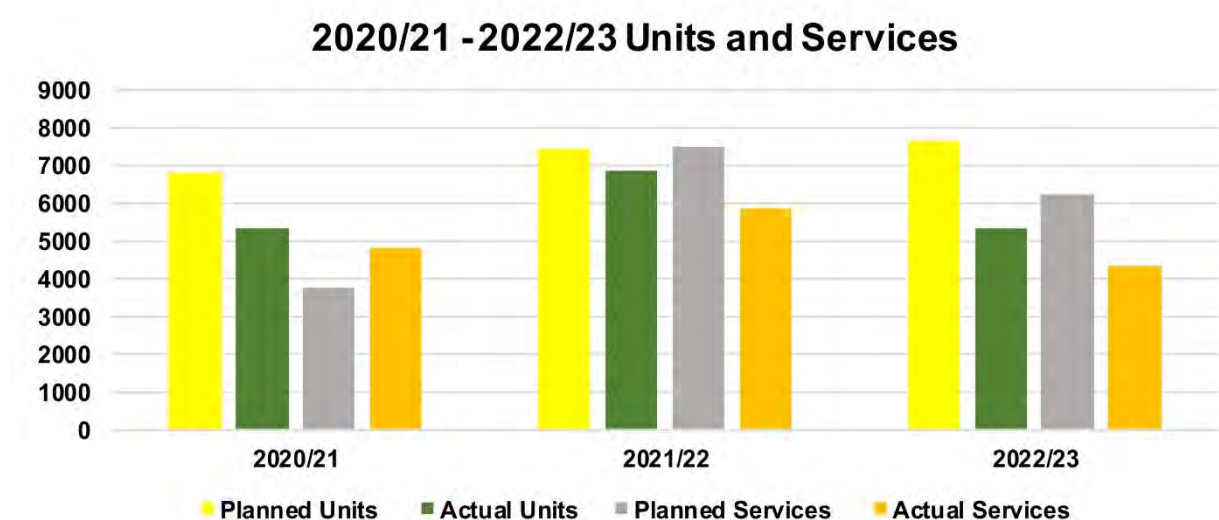
The delivery of Breaking New Grounds houses, serviced sites and houses rectified demonstrates under performance of its planned targets during the financial year under review. The actual performance of 70% for serviced sites, 70% for units delivered and 63% for defected houses rectified was achieved from all 8 regions during the financial year under review. Alfred Nzo, Joe Gqabi and Sarah Baartman regions performed below 50% on units and for delivery of sites services, Amathole, Alfred Nzo, Joe Gqabi, Nelson Mandela and Sarah Baartman regions performed below 50%. The major contributors to non-achievement of planned units and services are inadequate bulk infrastructure or no bulk infrastructure available on land earmarked for construction, illegal occupation of houses that are at completion stages, minimal running projects pipeline, stalled projects due to poor performance of the contractors as well as inclement weather conditions which has affected access roads in rural villages where rural housing programme is being implemented and the province is predominantly rural in nature. Rectification of defective houses is moving at a slow pace due to change in scope required in instances where minor defects were identified during assessment, however when construction commences it was found that there are major defects in the structure and demolish and rebuild may be required.

The Department will continue to use IGR platforms to encourage municipalities to implement by-laws that prevent illegal invasions of houses and land. Moreover, the Department will be tapping into the Human Settlements Development Grant (HSDG) and Informal Settlements Upgrading Partnership Grant (ISUPG) to unlock bulk infrastructure challenges, especially in Joe Gqabi and Sarah Baartman regions. Furthermore, Implementing Agents are appointed to unblock the stalled projects, and this will increase project pipeline and service delivery.

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	631	541	86%	631	212	34%	50	0	0%
Alfred Nzo	1 300	439	34%	1 300	439	34%	-	-	-
BCMM	1 276	926	73%	250	924	370%	75	90	120%
Chris Hani	1 618	1 621	100%	1 393	1 473	106%	170	171	100%
Joe Gqabi	448	103	23%	656	88	13%	-	-	-
NMBM	720	438	61%	171	-	-	353	155	44%
OR Tambo	1 327	1 225	92%	1 217	1 082	89%	131	281	215%
Sarah Baartman	346	51	15%	587	134	23%	341	34	10%
TOTAL	7 666	5 344	70%	6 205	4 352	70%	1 120	731	65%

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



The graph above demonstrates the three-years performance of units and serviced sites from 2020/21 to 2022/23 financial years and a significant delivery of 70% on units has been noticed throughout the three-year period. Serviced sites over performed by 27% in 2020/21 financial year and has delivered 78% and 70% of its planned targets in 2021/22 and 2022/23 financial years, respectively. The major contributor to the underperformance is the climate change specifically for rural areas and informal settlements, unavailability of bulk infrastructure especial in Joe Gqabi and Sarah Baartman, as well as an increase in illegal invasion of land earmarked for Human Settlements Development and this contributed to underperformance in urban areas. The Department is implementing its recovery plan to ensure improvement in performance and achievement of MTSF targets.

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

The Department will continue to respond to the National Development Plan (NDP), Provincial Development Plan (PDP) and Policy Priorities through implementation of its programmes and as part of empowerment opportunities, Expanded Public Work Programme (EPWP) is continuously implemented as vital weapon in the fight against unemployment. A total of 6 489 jobs were created through 62 EPWP compliant running projects in the following categories: 591 adult women, 1992 adult men, 1 787 female youth, 2 117 male youth and 2 people living with disability.

In addition, the Department empowered 264 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	100
Amathole	Katberg 180 project	74
	Komga 570 Project	90
TOTAL		264

Title Deeds Programme

The comprehensive plan, which is also commonly known as Breaking New Ground (2004) strategy, explicitly identifies the need to ensure that residents of subsidised housing have access to title deeds as a leading public policy priority. The Department responded to the plan by implementing the title deeds programme which is aligned to the provincial Development plan vision 2030, MTSF and MEC priorities. The programme focuses on provision of secure land tenure rights in free and affordable home ownership, safe, secure, rental opportunities, and issuance of title deeds to their rightful beneficiaries by assuring previously disadvantaged people of property ownership and restoration of their dignity.

The Department is experiencing delays in implementing the programmes successfully, due to the 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 divorce cases; need to rehabilitate defective units; encroachments over site boundaries; expired, incomplete and never done township establishment; and non-opening of township registers. However, the department is attending and prioritizing these pre – conveyancing activities and in the financial year 2022/23, the Department has achieved 2 615 from all title deeds categories (Pre-1994, Post 1994, Post 2014, and new title deeds)

Social housing programme

The Social Housing programme aims to contribute towards restructuring cities through the provision of well-located and affordable rental accommodation for households on monthly incomes between R1 850 and R22 000. The programme is implemented by the Department through Social Housing Regulatory Authority (SHRA) and it was starting to gain momentum, however in 2022/23 financial year, the programme did not perform due to challenges experienced in 2 running projects that were being implemented below.

Running projects

Steve Biko Precinct: Nelson Mandela Bay Metropolitan Municipality

The Steve Biko Precinct project is a conversion of three multi-story buildings into two hundred and twenty (220) affordable rental units, the commencement of the project was delayed by escalation of material cost and was further adversely impacted by the liquidation of the appointed contractor.

These delays attracted additional conditions from the loan funder that funded Qhama Social Housing Institution which the social housing institution had to satisfy before the loan funder could release the remainder of the loan funding. The Social Housing Institution was able to meet the loan funder requirements in December 2022 and construction commenced during the same month. The construction of the remaining units is progressing well with an estimated completion of (74) seventy-four units in September 2023.

John Street Social Housing: Nelson Mandela Bay Metropolitan Municipality

The John Street Social housing project evolved from the land availability agreement between the Nelson Mandela Bay Metropolitan Municipality and Imizi Housing Utility. It is the first social housing development in Uitenhage since the declaration of restructuring zones by the Minister of Human Settlements in 2011. The project has been struggling with achieving the targeted tenancing periods due to the prevailing economic climate in the country. The Imizi Housing Utility has now employed other marketing strategies in order to achieve the targeted tenancing milestones so that construction to complete the project can commence.

Finance Linked Individual Subsidy Programme

The Finance Linked Individual Subsidy Programme has now been delinked and renamed as “FIRST-HOME-FINANCE” scheme because of the policy amendments. The programme assists those beneficiaries who wants to purchase a home for the first time by making owning your first home more affordable. The focus of the intervention is the approval of Finance Linked Individual Subsidies with a gross household income of between R3 501 and R22 000 per month. During the 2022/23 financial year a total of two hundred and seventy-four (274) subsidies were disbursed to qualifying first time buyers in various parts of the province with most disbursements from the Nelson Mandela Bay Metropolitan Municipality. This remarkable increase in demand has been because of the extensive awareness creation on the target market at both private and public sector, and the awareness campaigns are continuing to reach potential beneficiaries.

To expand the programme and ensure it reached many beneficiaries, the Department together with Imizi Housing Utility has commenced with planning for the construction of the proposed Mimosa Housing Development in Fairview, Port Elizabeth. The project is expected to commence with construction in the second quarter of 2023/24 and it will yield a total of (260) subsidized housing units for first time buyers through the revised First Home Finance Scheme.

2.2 Service Delivery Improvement Plan

The department has completed a service delivery improvement plan and its implementation was monitored throughout the year. This service delivery improvement plan implementation report was developed 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 2021/22	Desired standard of service 2022/23	Actual achievement 2022/23
First service: Allocation of quality houses to qualifying beneficiaries	Eastern Cape Communities	4 036 destitute beneficiaries approved for housing opportunities.	700	4 918 destitute beneficiaries have been approved for housing opportunities. Over performance was due to disaster and new running destitute projects in Alfred Nzo, Chris Hani, Sarah Baartman, Amathole, NMBM, OR Tambo, BCMM and Joe Gqabi regions.
Second service: Issuing Title Deeds for ownership of property (house) handed over to qualifying beneficiaries	Eastern Cape Communities	244 Pre-1994 Title Deeds issued to beneficiaries.	750 Pre-1994 Title Deeds issued to beneficiaries.	70 Title Deeds were issued to beneficiaries and under performance was due to non-acceptance of transfer by beneficiaries because of the bad conditions of the properties. These properties have structural defects and asbestos roofs.
		1 258 Post- 1994 Title Deeds issued to beneficiaries	3 500 Post- 1994 Title Deeds issued to beneficiaries	2 145 Title Deeds for post-1994 and 6 title deeds for post 2022 were issued to beneficiaries and under performance was due to the following: Delays in providing & signing of documents for conveyancers by municipalities to allow registration of title deeds.
		374 Post- 2014 Title Deeds issued to beneficiaries	2 500 Post- 2014 Title deeds Registered	- Missing or loss of Mother ERF Title deed and municipalities are unable to provide fine numbers for Deeds office - Non-consolidated erven and vesting of these various portions, they still in the ownership of different states names
		54 New Title Deeds issued to beneficiaries	1 250 new Title deeds Registered	394 Title Deeds were issued to beneficiaries and under performance was due to the following: Delays in providing & signing of documents for conveyancers by

Main services	Beneficiaries	Current/Actual standard of service 2021/22	Desired standard of service 2022/23	Actual achievement 2022/23
				municipalities to allow registration of title deeds. • Missing or loss of Mother ERF Title deed and municipalities are unable to provide fine numbers for Deeds office • Non-consolidated erven and vesting of these various portions, they still in the ownership of different states names • Layout plans that are not covering all sites in the project.

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/Actual arrangements 2021/22	Desired arrangements 2022/23	Actual achievements 2022/2023
4 783 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 4 326 housing beneficiaries before the projects starts, during and after completion of the project	6 765 beneficiaries were consulted before the projects start, during and after completion of projects. Over performance was due to the following: • Support provided during the Public Hearing sessions by the National Parliament on the Housing Consumer Protection Bill in O.R Tambo, Buffalo City Metro and Walter Sisulu Local Municipality Community Outreach Programme. • Stakeholder engagement and community Imbizo by Deputy Minister in Peleton
13 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.	17 PSC have been established and supported. Any 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, and Marketing. The departmental statutory plans and reports have been made available on 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.
Cases were received and resolved within 30 days. The platforms were established to allow beneficiaries to lodge grievances and complaints. A toll-free number is issued to report Corruption and customer care team information is available.	The Department will effectively manage grievances and complaints and provide corrective action for identified problems and complaints. Investigate the complaint and provide a written explanation with remedial action.	The department has finalised disciplinary cases within an average timeframe of 76 days. A total of 317 rental dispute cases were resolved and grievance cases were finalised within an average of 22 days. Moreover, 415 customer care beneficiary administration related cases in relation to housing instruments were investigated and written response were issued within 30 days except for those that were referred. A toll-free number is issued to report Corruption and customer care team information is available.

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 Corruption.	A total of 17 Project Steering Committees (PSC) have been established at project level and issues related to communities where projects are being implemented have been lifted and promptly addressed. Feedback on the housing beneficiary applications were provided to the affected communities. Translation of some pamphlets into Xhosa from English has been done. The translation of all pamphlets in all languages spoken in the Eastern Cape will be prioritised once all pamphlets have been amended to cater for the new policy changes as announced by the Minister Human Settlements
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	17 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.	The department has finalised disciplinary cases within an average timeframe of 76 days. A total of 317 rental dispute cases were resolved and grievance cases were finalised within an average of 22 days. All beneficiary management cases in relation to housing instruments were investigated and a written response was issued within 30 days except for those that were referred. A toll-free number (0800 701 701) and the departmental line (043 711 9917) have been issued to report corruption, our Customer Care team responds 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 and 518 filled posts. Chief Financial Officer was appointed during the 2022/23 financial year to oversee departmental financial management services. The functional structure was last reviewed in 2018 and its review 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 as well as Supply Chain Management and this might be a risk for the implementation of the Service Delivery Model (SDM).

The Department is currently conducting the Organisational Functionality Assessment (OFA) that is going to assist the department to identify the functionality, process, capability and capacity of the Department to deliver service to the people. The outcomes of the OFA are considered in the Draft Service Delivery Model, hence the delay in approving it. The SDM will improve the way the Department performs through decentralization of core functions, increase assignment of municipalities as developers and automation of business processes. In addition, the new SDM will assist the Department with the review of the current Organogram by ensuring that they are aligned 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 to ensure improvement of service delivery.

2.4 Key policy developments and legislative changes

The ECDHS has been implementing the EPWP for Human Settlements using the National Guidelines to implement the programme. These guidelines are providing generic standards for all government Departments implementing the programme. The challenges encountered by the Department in the programme implementation necessitated the Department to develop the Provincial policy on the "implementation of Expanded Public Works Programme by the Eastern Cape Department of Human Settlements". The policy was developed to address the following changes:

Lack of uniformity in the implementation of the Programme in various projects; lack of proper monitoring and reporting by responsible stakeholders; lack of integrity of the data gathered by departmental officials from the participants; lack of human and financial resources to co-ordinate the EPWP in the eight regions of the department, lack of uniformity in the implementation process, lack of contractual agreements between the EPWP participants and the contractors on site; lack of alignment between ECDHS reporting template and Provincial Department of Public Works reporting system; and employment of foreign nationals in Human Settlements projects.

The above challenges were confirmed by the study on the *"Implementation of EPWP by the Eastern Cape Department of Human Settlements"*

The key objectives of the policy were as follows:

- a) To provide guidance to stakeholders on their roles and responsibilities in the implementation of EPWP.
- b) To ensure adherence to EPWP Recruitment Guidelines in the Human Settlements Projects.
- c) To ensure effective reporting on EPWP reporting system and job opportunities created.

Impact

The intended impact is:

- a) To address unemployment, inequality and increase economic growth
- b) To improve skills levels through education and training.

RESEARCH STUDIES

A STUDY TO ASSESS THE IMPLEMENTATION OF EXPANDED PUBLIC WORKS PROGRAMME

1. RESEARCH STUDIES IN 2022/23 FINANCIAL YEAR

1.1. Assessing energy efficiency process of low-cost homes for human settlements development in the eastern cape province

- **Research Objectives**

Main Objective: to investigate the Departmental process towards achieving energy efficiency of low-cost homes.

- **Key Findings and Recommendations of the Study are as follows:**

- **Energy Efficiency Features That are Significant to The Constructing of a Low-Cost House.**

The department should identify the features of energy efficiency that are significant towards the development of a low-cost home within its annual targets.

All departmental officials at the value chain of the construction of low-cost houses must be made aware of all the identified features of energy efficiency, their significance, and how to apply them in the development of sustainable Human Settlements.

- **Energy Efficiency Building Standards that Exist Within Built Environment.**

The department should identify the energy efficiency building standards that exist within the built environment and their alignment towards the development of a low-cost home within its annual targets.

- **Consideration of the energy efficiency features and building standards during the planning of a low-cost housing project.**

The department should clearly outline the housing development process and determine how energy efficiency features and building standards should be measured within the entire process.

- **Incorporation of the features of energy efficiency and existing building standards in the design stage of a low-cost housing project.**

The department should clearly outline the energy-efficient housing design process and align it with the NHBRC home enrolment process to ensure the development of energy-efficient homes.

- **The procurement of energy-efficiency building materials in line with the set building standards during the implementation of low-cost housing projects.**

The department should develop guidelines for the procurement of energy-efficient building materials to clearly outline the procurement process for energy-efficient building materials and align it with the existing building standards and other related and relevant housing development regulatory pre-scripts to ensure the development of energy-efficient homes.

1.2. A STUDY TO ASSESS THE IMPLEMENTATION OF EXPANDED PUBLIC WORKS PROGRAMME BY THE EASTERN CAPE DEPARTMENT OF HUMAN SETTLEMENTS

- **Research Objectives**

The study sought to address the following objectives:

- To establish whether the Programme is targeting the desired beneficiaries in the Province,
- To ascertain if the resources are sufficient to implement the EPWP in the Province, and
- To determine whether the Programme is being effectively implemented by the Department.

- **Recommendations of the Study**

- The Department must develop the Provincial EPWP Policy that will ensure that only those who meet the criteria as outline in the guidelines are recruited to work under EPWP Programme.

- The Department should organize a Theory of Change training for all officials responsible for the implementation of the Programme to help them understand a step-by-step process of how the Programme they are implementing is supposed to yield desired results.
- The Provincial EPWP Policy should make it imperative to the Contractors to take newly recruited labour through induction workshop so that they understand what is expected of them, to concretize this a Code of Conduct for EPWP labours should be developed.
- The ECDHS SLA between the Department and Contractors should make it compulsory to organize training of EPWP labourers by credible institutions such as NHBRC, NYDA, and CETA's so that the labourers get accredited certificates that will enable them to get jobs after the project completion.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department approved the Strategic Plan 2020-2025 for the 6th Administration and planning documents permit the departments to revise their strategic plans yearly in the Annual Performance Plan templates. The revision of the Strategic plan is to ensure that there is an alignment between the Medium-Term Strategic Framework (MTSF) and the Strategic Plan 2020-2025 targets taking into consideration the shrinking budget which will continue to affect the delivery of outputs and outcome indicators identified in the beginning of the MTSF. The Department revised its Strategic Plan in the 2022/2023 financial year due to the directive from the National Department of Human Settlements to include prescribed standardised Human Settlements sector indicators in the Strategic Plan and Annual Performance Plans for implementation and reporting in the current administration. 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 for the past three financial years and will continue to improve the audit through the monitoring of Audit Improvement Plan
	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 2019/20, 2020/21 and 2021/22 financial years paid 91% in creditors within 30 days of invoice receipt. In 2022/23 financial year, 90% of invoices were also paid within 30 days and the department will continue to improve its processes to ensure 100% payment of creditors withing 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
	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 from 2019/20, 2020/21 to 2022/23 financial years
Evidence based integrated plans and Policies in line with the	Number of evidence Policies and Implementation Guidelines approved	7	8	8	4 evidence-based policies have been developed as from 2019/20 to 2022/23 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	6 Evidence-based research projects were approved
	Number of integrated Human Settlements Plans developed	10	10	10	3 integrated Human Settlements Plans were developed, and the remaining 7 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	35 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	3 Precinct development Plans for priority Development areas were completed
	Number of Priority Development Areas (PDA's) invested in per year.	New indicator	New Indicator	3	The department invested in all PDAs through appointment of implementing agents to develop precinct development plans
Empowered and integrated sustainable communities	Percentage of HSDG construction budget allocated to women, Youth SMME's contractors	New Indicator	30%	40%	35% 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	25 232 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	9 924 destitute beneficiaries have been approved to access adequate housing opportunities
	Number of individual subsidies facilitated for payment	857	New Indicator	193	159 individual subsidies were facilitated for payment
	Number of beneficiaries accessing empowerment opportunities through training & work opportunities	648 (training & work opportunities)	680 (training & work opportunities)	300 (training & work opportunities)	309 beneficiaries accessed empowerment opportunities through training & work 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 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 informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	0	New indicator	115	All 115 informal settlements were upgraded from phase 1 to 2 during the 2022/23 financial year and the phase 3 upgrading programme is expected to yield performance in the 2024/25 financial year
	Number of socio-economic facilities provided	3	New Indicator	8	2 socio-economic facilities were provided as from 2021/22 to 2022/23 financial years
	Number of households benefited from informal settlement upgrading	0	New Indicator	39 250	14 926 households benefited from informal settlement upgrading
	Number of fully subsidised houses delivered	60 159	52 251	33 459	17 536 fully subsidized houses delivered
	Number of serviced sited delivered.	49 208	14 341	31 944	14 984 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	20 036 job opportunities have been created through EPWP compliant project
	Number of empowerment opportunities created for youth through youth brigade programme	299	1 400	950	604 empowerment opportunities created for youth through youth brigade programme
	Number of historical projects closed	50	2 502	250	28 historical projects closed
	Number of Projects supported on innovative and sustainable building Technologies	20	100	50	17 projects were supported on innovative and sustainable building Technologies

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 projects assessed for quality standards	64	320	250	189 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	314 pre-1994 title deeds registered
	Number of Post-1994 title deeds registered			25 000	4 853 Post 1994 title deeds have been registered.
	Number of Post-2014 title deeds registered	Post 2014 title deeds: 0	32 000	17 000	380 post 2014 title deeds have been registered
	Number of new title deeds registered	New title deeds: 0	0	5 703	448 new title deeds were registered
	Percentage of land acquired during 2014-2019 within the PDA's rezoned	0	0	100%	There was no land acquired during 2014-2019 rezoned due to delays in conclusion of negotiations
	Number of states subsidised rental units transferred for security of tenure to qualifying Beneficiaries	409	48	48	7 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	50	The department was exempted to report during 2022/23 financial year. No community residential unit accessed by qualifying Beneficiaries due to pre-planning activities that the department is embarking on
	Number of households that receive financial assistance and purchase units FLISP	1 223	1 420	1 420	634 households received financial assistance and purchased units through Finance Linked Individual Subsidy Programme (FLISP)



1

Programme ADMINISTRATION



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4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

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 well 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 26 IGR forums and 57% of ICT systems were supported and maintained. In addition, all communication strategy elements and corporate governance of ICT elements were implemented

Response to prioritising women, youth and persons with disabilities in its service delivery environment

The programme response in prioritising women, youth and persons with disabilities is as follows:

- **Filling of vacant funded posts**
 - In the 2022/23 financial year recruitment, 12 posts were filled by women, 3 posts were filled by youth and there were no posts filled by persons with disabilities because those that applied did not meet the minimum requirements of the posts advertised. At the end of the financial year, a total of 55 youth were employed by the department. The department is below the required target for persons with disabilities and will continue to ring fence posts and encourage qualifying persons with disabilities to apply.
- **Provision of trainings**
 - The department trained 241 women and 207 youth, including interns and experiential learners. The department has 4 people with disability and 3 of them were trained during the financial year. 1 person with disability was not trained due to lack of interest to attend the trainings and the department will continue to encourage all persons with disability to attend trainings yearly.
- **Internship and leadership programme**
 - The department had 21 women interns and 32 women experiential learners during the financial year. In addition, 37 interns and 35 learners are youth in the programme. There were no persons living with disability for internship and learnership programme in the department, DBSA was engaged to assist with recruitment of interns and the department will continuously encourage persons with disabilities apply for the programme.
- **Bursaries**
 - The department awarded 46 bursaries to women, 6 bursaries to youth and there were no bursaries awarded to persons with disabilities. lack of interest to apply for bursaries is a challenge for persons with disabilities and the department will continue to encourage all persons with disability to apply and further their studies.
- **40% set aside for designated groups**
 - The department awarded 25 contractors to women, 9 contractors to youth and 1 contractor to person with disability during the 2022/23 financial year. Few designated groups registered on the departmental supplier database was the challenge encounters and the department will conduct awareness company through various media platform with the aim to encourage designated groups to register in the departmental supplier database.

PROGRAMME 1:

Outcomes, outputs, outputs indicators, targets and actual achievements

Table 2.4.4.2

ADMINISTRATION								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Good Governance	Vacant funded posts filled	Turnaround time to fill vacant funded posts from closure of advert (days)	292	135	180 days	266 days	(86 days)	Under performance was due to the following: - Grievances took longer to be resolved which contributed to delays in filling two (2) posts - It was difficult to find panel members comprising of HODs from other Departments for the finalisation of the post.
	Human Resource Plan Priorities Implemented	Number of Human Resource Plan priorities Implemented	3	3	5	3	(2)	Under performance was due to disability targets and the review of the organogram that could not be achieved due to Service Delivery Model which is not yet finalised.
	Invoices paid within 30 days from date of invoice receipt	Percentage of invoices paid within 30 days from date of invoice receipt	91% payment of creditors within 30 days of invoice receipt	91%	100% payment of creditors within 30 days of invoice receipt	90%	(10%)	Under performance was due to problematic invoices that could not be processed on time due to the following reasons: - Budget constraints to pay invoices received from goods and services allocation - Delays in the preparation of new expenditure approval and commitment register for the new financial year.
	HSDG construction budget allocated to women and youth contractors	Percentage of HSDG construction budget allocated to women and youth contractors	0%	34%	40%	35%	(5%)	Under performance was due to non-responsiveness of bids submitted which resulted to the delay in the awarding of bids

ADMINISTRATION								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	Internal audits conducted	Number of internal audits conducted	11	15	13	13	-	None
	Corporate governance of ICT elements implemented	Number of corporate governance of ICT elements implemented	4	3	4	4	-	None
	IGR forums reinforced	Number of IGR forums reinforced	11	25	16	26	10	Over performance was due to additional support provided to municipalities IGR forums and DDM process coordinated by COGTA and OTP
	Departmental Business continuity plan approved	Number of departmental Business continuity plan approved	-	1	1	0	(1)	Under performance was due to late appointment of the Business Continuity Management Committee that was supposed to develop Business Continuity Plan

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2022/2023	Actual Achievement 2022/2023	Comment On underperformance	Strategy to overcome areas of under performance
Turnaround time to fill vacant funded posts from closure of advert (days)	180 days	266 days	Under performance was due to the following: - Grievances took longer to be resolved which contributed to delays in filling two (2) posts - It was difficult to find panel members comprising of HODs from other Departments for the finalisation of the post.	The Department has resolved all disputes and posts have been filled
Number of Human Resource Plan priorities Implemented	5	3	Under performance was due to disability targets and the reviewal of the organogram that could not be achieved due to Service Delivery Model which is not yet finalised.	The Department is facilitating the approval of the Service Delivery Model so that the organizational structure can be aligned to it and will continue to ringfence 2% of the vacant posts for persons with disabilities to apply.
Percentage of invoices paid within 30 days from date of invoice receipt	100% payment of creditors within 30 days of invoice receipt	90%	Under performance was due to problematic invoices that could not be processed on time due to the following reasons: - Budget constraints to pay invoices received from goods and services allocation - Delays in the preparation of new expenditure approval and commitment register for the new financial year.	The Department has shifted funds and new orders were developed for all unpaid invoices
Percentage of HSDG construction budget allocated to women and youth contractors	40%	35%	Under performance was due to non-responsiveness of bids submitted which resulted to the delay in the awarding of bids	The department organized a Supplier Day with all the contractors in trying to address the issue of bids submissions. The department will fast-track procurement processes to ensure that bids are adjudicated within 120 days
Number of departmental Business Continuity plan approved	1	0	Under performance was due to late appointment of the Business Continuity Management Committee that was supposed to develop Business Continuity Plan	The Department business continuity management committee will hold its first meeting in the first quarter of the financial year to outline the process.

Linking performance with budgets

Programme 1: has an overall achievement of 97.5% of its planned outputs as compared to 96.9% of the previous financial year. Underspending is due to compensation of employees due to vacant funded posts and delays in the delivery of ICT equipment that has been committed and procured. A rollover application has been made to settle commitments.

Sub-programme expenditure

Sub-Programme Name	2022/2023			2021/2022		
	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	9 630	9 025	605	8 559	8 364	195
Corporate Services	189 983	185 693	4 290	157 526	152 589	4 937
Total	199 613	194 718	4 895	166 085	160 953	5 132

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



2

Programme

HUMAN SETTLEMENTS DELIVERY PLANNING AND PERFORMANCE



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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

- 8.14% of the Human Settlements Conditional Grant was invested in Priority Human Settlements and Housing Development Areas to fast-track service delivery of houses within the Gazetted Priority Development Areas (PDAs).
- 17 Municipalities were supported on the implementation of human settlement programmes against a target of 15 and other 17 Municipalities were supported on the establishment of the Housing Needs Register in collaboration with NDOHS as a national priority against a target of 13.

Response to prioritising women, youth and persons with disabilities in its service delivery environment

The programme response in prioritising women, youth and persons with disabilities is as follows:

- **Hands on support programme**
 - The department has 21 women, 2 youth and 1 person with disability providing hands on support to the municipalities within the province. The programme is providing support to municipalities in terms of beneficiary administration and human settlements project monitoring. No challenges encountered in the programme in relation to designated groups.
- **Short learning programs**
 - The department provided capacity building to 99 women and 45 youth through short learning programs for Councillors, Traditional Leaders and Municipal officials to ensure that matters relating to Human Settlements are implemented as per the Housing code and conform to relevant legislations. The challenge encountered in the programme is the reluctance of the participants to disclose disability status when completing forms, however the department will engage municipalities to encourage participants to disclose disability status where applicable and prioritize people living with disabilities for capacity building sessions.

PROGRAMME 2:**Outcomes, outputs, outputs indicators, targets and actual achievements table****Table 2.4.4.2**

2.1 HUMAN SETTLEMENTS RESEARCH AND POLICY DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Evidence based integrated plans and Policies in line with the District Development Model	Human Settlements research report developed	Number of Human Settlements research report developed	3	2	2	2	-	None
	Dissemination reports developed	Number of dissemination reports developed	-	-	2	2	-	None
	Human Settlements policies developed	Number of Human Settlements policies developed	1	1	1	1	-	None

2.2 HUMAN SETTLEMENTS DELIVERY PLANNING								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Evidence based integrated plans and Policies in line with the District Development Model	Integrated Implementation programmes for priority development areas	Number of integrated Implementation programmes for priority development areas completed per year	-	1	2	2	-	None
	Investment of the total Human Settlements in PDAs	Percentage of investment of the total Human Settlements allocation in PDAs	-	-	1%	8.14%	7.14%	Over performance was due to the accelerated delivery on projects that are within the PDAs and that necessitated additional investment

2.3 CAPACITY BUILDING AND MUNICIPAL SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	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	18	34	15	17	2	Over performance was due to additional requests for capacity building sessions from various municipalities.
	Short Learning Programs implemented	Number of short Learning Programs implemented for Councilors, Traditional Leaders and Municipal officials	0	4	4	4	-	None
	Municipalities supported with establishment of Housing Needs register	Number of municipalities supported with establishment of Housing Needs registers	6	16	13	17	4	Over performance was due to additional training requests from the municipalities and training provided to the appointed unemployed Human Settlements graduates placed in various municipalities.

Strategy to overcome areas of under performance

None

Linking performance with budgets:**Programme 2:** This programme has spent 100% of its allocated budget.**Sub-programme expenditure**

Sub-Programme Name	2022/2023			2021/2022		
	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	957	957	-	1 137	1 137	-
Policy	6 465	6 465	-	6 063	6 063	-
Planning	6 870	6 870	-	5 853	5 850	3
Research	6 172	6 172	-	6 779	6 758	21
TOTAL	20 464	20 464	-	19 832	19 808	24



3

Programme

HOUSING DEVELOPMENT



Province of the
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HUMAN SETTLEMENTS

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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 group 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

- 4 918 destitute beneficiaries were approved for human settlements subsidies against a target of 700 to ensure the needy beneficiaries access housing opportunities and 74 individual subsidies beneficiary were facilitated for payment
- A total 25 of municipalities were supported on beneficiary administration by conducting Beneficiary Correctness Occupation (BCO) on houses built for rightful beneficiaries and establishment of beneficiary allocation committees with the municipalities.
- The Consumer Education and Social Facilitation programme has reached 6 765 beneficiaries, thereby exceeding the planned target of 4 326 and 17 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.
- Empowerment opportunities for SMMEs were provided through technical and managerial training of 85 SMMEs towards sustainable business enterprises and 9 626 households benefited from informal settlement programme
- 1 166 temporary shelters were erected for beneficiaries who find themselves in emergency housing situation due to state of disaster and destitution which might be caused by extraordinary occurrences.
- Towards Policy Priority achievements include assessment and verification for housing opportunities of 1 053 destitute persons against a target of 1 050 with the aim to priorities acute destitute.
- A total of 264 youths were supported through provision of construction related skills artisan development programme through youth brigade.

Response to prioritising women, youth and persons with disabilities in its service delivery environment

The programme response in prioritising women, youth and persons with disabilities is as follows:

- **Destitute beneficiaries approved**
 - The department has 3 418 women, 1 086 youth and 55 persons with disabilities for destitute beneficiaries approved during the financial year. The major challenge encountered is the disclosure of disability status of potential beneficiaries during the application for approval of destitute beneficiaries and the department through consumer education programme conducts awareness sessions where importance of disability disclosures is emphasis.
- **Individual Subsidies programme**
 - The department has 40 women, 16 youth and 1 person with disability that were facilitated for individual subsidies programme payments. Challenges of beneficiaries not disclosing their disability status is encountered in some instances when beneficiaries are filling application forms and the department continues with consumer education to make beneficiaries aware of departmental programmes that accommodate all groups.
- **Provision of training for SMME contractors**
 - In the financial year under review, 24 women and 12 youth SMMEs contractors were provided with technical and financial management trainings. The major challenge for implementation of the programme is limited financial resources as the demand for SMME contractors training increases through requests submitted by municipalities, however the department leverage on partnerships with institutions such as the Small Enterprise Development Agency (SEDA) and CETA .
- **Youth artisans**
 - The department through partnership with CETA have 21 learners that are currently participating in the apprenticeship programme and 8 of them are women. The challenge encountered in the programmes is non-attendance of participants that results to dropout and decreased number of learners completing the programme. The department continuously encourages the learners to complete the programme so that they can obtain skills and certificates to increase their chances of job opportunities.
- **Gender mainstreaming**
 - The department has 305 women, 55 youth and 4 persons with disabilities for gender mainstreaming opportunities created. The challenge encountered is not meeting the persons with disabilities recruitment requirements, however the department continuously encourage persons with disability who meet the minimum requirements to apply.
- **Expanded Public Works programme**
 - The department created EPWP job opportunities for 591 women, 3 904 youth and 2 persons with disabilities during the financial year. The departmental challenges in the programme are employment of foreigners by contractors and participants who do not want to disclose their disability status. The department continuously engage contractors to employee South Africans so that they do not under report on job opportunities created and further encourage persons with disabilities to disclose their disability status.
- **Youth brigade programme**
 - 264 empowerment opportunities were created for youth through provision of skills development on housing construction of which 184 were women. The challenge of the programme was youth that do not want to disclose their disability status and the department continues to encourage persons with disabilities to participate in the programme during the planning and execution of the programme.

PROGRAMME 3:**Outcomes, outputs, output indicators, targets and actual achievements table**
Table 2.4.4.2**3.1 HUMAN SETTLEMENTS FACILITATION PROGRAMME**

3.1.1 BENEFICIARY MANAGEMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Empowered and integrated sustainable communities	Destitute beneficiaries approved	Number of destitute beneficiaries approved	970	4 036	700	4 918	4 218	Over performance was due to disasters and running destitute projects in Chris Hani, Sarah Baartman, Amathole, NMBM, OR Tambo, BCMMM and Joe Gqabi Regions
	Municipalities supported on beneficiary administration	Number of municipalities supported on beneficiary administration	18	21	20	25	5	Over performance was due to the Departments consistent engagements with municipalities to ensure functionality of Beneficiary Allocation Committees (BACs)
	Beneficiaries on HSS audited for re-prioritization (Backlog)	Number of beneficiaries on HSS audited for re-prioritization	10 620	3 992	1 500	826	(674)	Under performance was due to limited historical projects that required reprioritization programme or auditing of approved beneficiaries.
	Individual subsidies facilitated for payment	Number of individual subsidies facilitated for payment	44	41	32	74	42	Over performance was due to the following: • Campaign of tracing individual subsidies beneficiaries which resulted into finalization of outstanding transactions • Finalization of transfers that form part of the backlog which has been outstanding for the Hlano programme.

3.1.2 SOCIAL FACILITATION AND CUSTOMER CARE								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Empowered and integrated sustainable communities	Housing beneficiaries Educated	Number of housing beneficiaries educated	4 245	4 783	4 326	6 765	2 439	Over performance was due to the following: - Support provided during the Public Hearings sessions by the National Parliament on the Housing Consumer Protection Bill in O.R Tambo and Buffalo City Metro, as well as Walter Sisulu Local Municipality Community Outreach Programme. - Stakeholder engagement and community Imbizo by Deputy Minister in Peelson
	Project steering committees supported	Number of project steering committees supported	11	13	12	17	5	Over performance was due to the following: - PSC re-establishment of non-functional PSCs in Amathole region. - Appointment of new contractors on the existing projects which necessitated establishment of PSCs.

3.1.3 EMERGING CONTRACTOR DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Empowered and integrated sustainable communities	Training to SMME contractors provided	Number of SMME contractors provided with training towards sustainable business enterprise	-	-	80	85	5	Over performance was due to the increased demand from external stakeholders and timely response through engagements with strategic partners to conduct training
	Work opportunities through 30% subcontracting	Number of SMME contractors provided with work opportunities through 30% subcontracting	-	-	20	20	-	None
	Youth supported for the artisan development programme	Number of youths supported for artisan development programme (apprenticeship and learnership)	116	107	23	21	(2)	Under performance was due to non-attendance of two learners to on-site training because they dropped out of the programme in 2022/23 financial year.

3.2 HUMAN SETTLEMENTS INCREMENTAL PROGRAMME

3.2.1 EMERGENCY HOUSING AND EPHP									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	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	1 035	525	288	1 166	878	Over performance was due to high demand of shelters as a result of natural disasters in ADM, Alfred Nzo, Joe Gqabi OR Tambo and Chris Hani	

3.2.2 INFORMAL SETTLEMENTS UPGRADING									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
Empowered and integrated sustainable communities	Informal settlements upgraded	Number of informal settlements upgraded to phase 3 of the upgrading of Informal Settlements Programme (UISP)	0	0	115	0	(115)	Under performance was due to unavailability of bulk infrastructure in Municipalities which affects the achievement of Phase 3 of the Upgrading of Informal settlements.	
	Socio-economic facilities provided	Number of Socio-economic facilities provided	2	0	2	0	(2)	Under performance was due to the following: - Delays in the supply of building materials to the targeted MPCC - A disaster occurred in the Chris Hani region	

3.2.2 INFORMAL SETTLEMENTS UPGRADING								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
								which caused the change in the scope of work for Tsomo MPCC
	Households benefited from informal settlement upgrading	Number of households benefited from informal settlement upgrading	0	5 300	8 000	9 626	1 626	Over performance was due to the appointment of contractors that fast-tracked delivery of interim services on site.
3.2.3 DESTITUTE & VULNERABLE GROUPS AND SPU								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Empowered and integrated sustainable communities	Housing opportunities created for destitute persons	Number of housing opportunities created for destitute persons	1 187	1 480	1 050	1 053	3	Over performance was due to increased number of acute destitute cases received and conversion of projects to prioritize destitute persons/families.
	Housing opportunities created for military veterans	Number of housing opportunities created for military veterans	53	314	100	96	(4)	Under performance was due to unavailability of requests from the Department of Military Veterans Associations (DMVA)
	Gender mainstreaming reports	Number of Gender mainstreaming opportunities created for Youth, Women, Military Veterans and Persons with disabilities compliance reports	3	4	4	4	-	None

3.2.4 SPECIAL PROJECTS AND REMEDIAL WORKS								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Empowered and integrated sustainable communities	Catalytic projects supported	Number of catalytic projects supported	6	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 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Empowered and integrated sustainable communities	Breaking New Ground (BNG) houses	Number breaking New Ground (BNG) houses delivered	5 338	6 854	7 666	5 344	(2 322)	Under performance was due to the following: - Illegal occupation of houses at Reeston 840 project. - Few pipeline projects in Joe Gqabi, ADM, Alfred Nzo, Sarah Baartman and Nelson Mandela regions - Unavailability of Bulk Infrastructure in Sarah Baartman and Joe Gqabi region. - Delays in construction due to late appointment of

3.3.1 DISTRICT SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	Serviced sites	Number of serviced sites delivered	4 800	5 832	6 205	4 352	(1 853)	contractors in Katberg 223 (180 Units), Readsdaie 500 (137) and Alice-Mavuso 300 of Amathole Region Project sites affected by inclement weather condition for most rural projects with no proper access roads
								Under performance was due to the following: - Unavailability of bulk infrastructure in Sarah Baartman and Joe Gqabi - Few pipeline projects in Alfred Nzo and Amathole Regions. - Delays in construction due to late appointment of contractors in Katberg 223 (180 Units), Readsdaie 500 (137) and Alice-Mavuso 300 of Amathole Region - Inclement weather condition for the most rural projects due to lack of proper access roads

3.3.1 DISTRICT SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	Defective houses rectified [Pre and Post]	Number of defective houses rectified [Pre and Post]	531	1 103	1 120	731	(389)	Under performance was due to delays in responding to the submission requesting the deviation for the rectification programme implementation
3.3.2 PROJECT MANAGEMENT UNIT								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Empowered and integrated sustainable communities	Historical projects closed	Number of historical projects closed	7	12	55	8	(47)	Under performance was due to the delays caused by the submission of incomplete close out project files that needed to be corrected.
	Projects utilizing ISBT	Number of projects supported on innovative and sustainable building technologies	6	5	8	6	(2)	Under performance was due to unavailability of stakeholders for consultation process and this resulted to delays in the finalisation of the ISBT roadshow plan aligned to the projects to be supported.
	Projects identified from the Business Plan	Number of projects assessed for quality standards	54	60	65	65	-	None

3.3.2 PROJECT MANAGEMENT UNIT								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	Jobs opportunities created	Number of job opportunities reported through EPWP compliant projects	6 491	7 056	7 500	6 489	(1 011)	Under performance was due to Joe Gqabi, Alfred Nzo, Sarah Baartman and Amathole regions that did not have enough running projects, as most of their projects were at procurement stages
	Youth Empowered	Number of empowerment opportunities created for youth through youth brigade programme	190	150	200	264	64	Over performance was due to the increased demand for empowerment opportunities of youth that arose from the communities where projects were implemented.

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2022/2023	Actual Achievement 2022/2023	Comment On under performance	Strategy to overcome areas of under performance
Number of beneficiaries on HSS audited for re-prioritization	1 500	826	Under performance was due to limited historical projects that required reprioritization programme or auditing of approved beneficiaries.	The Department will continuously engage with regional offices to provide pipeline projects which require auditing of approved beneficiaries
Number of youths supported for artisan development programme (apprenticeship and learnership)	23	21	Under performance was due to non-attendance of two learners to on-site training because they dropped out of the programme in 2022/23 financial year	The department will continuously monitor and engage with learners to minimize non-attendance and dropping out, during the duration of the programme in the 2023/24 financial year.
Number of informal settlements upgraded to Phase 3 of the upgrading of informal settlements programme (UISP)	115	0	Under performance was due to unavailability of bulk infrastructure in Municipalities which affects the achievement of Phase 3 of the Upgrading of Informal settlements.	The department's UISP strategy is being revised to include the Bulk Infrastructure unblocking. The draft strategy will be in place in the third quarter of the next financial year.
Number of Socio-economic facilities provided	2	0	Under performance was due to the following: - Delays in the supply of building materials to the targeted MPCC - A disaster occurred in the Chris Hani region which caused the change in the scope of work for Tsomo MPCC	The department will extend completion timelines and enforce strict terms in the conditions of the contract agreement in relation to non-performance of the service provider in the first quarter of the 2023/24 financial year.
Number of housing opportunities created for military veterans	100	96	Under performance was due to unavailability of requests from the Department of Military Veterans Associations (DMVA)	National Department of Military Veterans has embarked on roadshows across the provinces and the Department has already started conducting regional and municipality visits to implement the strategy. The deviation will be addressed in the first quarter of 2023/24 financial year.
Number breaking New Ground (BNG) houses delivered	7 666	5 344	Under performance was due to the following: - Illegal occupation of houses at Reeston 840 project. - Few pipeline projects in Joe Gqabi, ADM, Alfred Nzo, Sarah Baartman and Nelson Mandela regions - Unavailability of Bulk Infrastructure in Sarah Baartman and Joe Gqabi region.	- A court order has been received and ruled in favor of rightful beneficiaries in Reeston 840 Project and an Application for Contempt of Court Order in respect of resisting Illegal Occupants is underway - The department is making efforts in Amathole, Joe Gqabi, Sara Baartman, and Alfred Nzo Regions to recover and create more pipeline projects - The Department is in the processes of utilizing 5% of HSDG budget allocation in Sarah Baartman and Joe Gqabi Region to attend to bulk infrastructure by the

AREA OF UNDER PERFORMANCE	Planned Target 2022/2023	Actual Achievement 2022/2023	Comment On under performance	Strategy to overcome areas of under performance
			- Delays in construction due to non-responsiveness in appointment of contractors in Katberg 223 (180 Units), Readsdale 500 (137) and Alice-Mavuso 300 of Amathole Region - Inclement weather condition for the most rural projects due to lack of proper access roads	second quarter of 2023/24 financial year - The Department has finalized appointment for Katberg 233 (180 Units), Readsdale 500 (137) and Alice - Mavuso 300. Close monitoring of contractors on running projects is done in order to enhance performance on delivery of Breaking New Ground (BNG) housing units - Contractors are encouraged to enhance their capacity on site and plan for 9 months instead of 12 months.
Number of serviced sites delivered	6 205	4 352	Under performance was due to the following: - Unavailability of bulk infrastructure in Sarah Baartman and Joe Gqabi - Few pipeline projects in Alfred Nzo and Amathole Regions. - Delays in construction due to non-responsiveness in appointment of contractors in Katberg 223 (180 Units), Readsdale 500 (137) and Alice-Mavuso 300 of Amathole Region - Inclement weather condition for the most rural projects due to lack of proper access roads	- The Department is in the processes of utilizing 5% of HSDG budget allocation in Sarah Baartman and Joe Gqabi Region to attend to bulk infrastructure by the second quarter of 2023/24 financial year. - The department is making efforts in Amathole, Joe Gqabi, Sara Baartman, and Alfred Nzo Regions to recover and create more pipeline projects - The Department has finalized appointment for Katberg 233 (180 Units), Readsdale 500 (137) and Alice - Mavuso 300. Close monitoring of contractors on running projects is done in order to enhance performance on delivery - Contractors are encouraged to enhance their capacity on site and plan for 9 months instead of 12 months
Number of defective houses rectified [Pre and Post]	1 120	731	Under performance was due to delays in responding to the submission requesting the deviation for the rectification programme implementation	The department will continue engagements with the National Department to allow the province to priorities the acute destitute beneficiaries who are residing in dilapidated houses in rectification project
Number of historical projects closed	55	8	Under performance was due to the delays caused by the submission of incomplete close out project files that needed to be corrected.	The departmental Project Management Unit (PMU) will assist regions to complete close out project files, verify them and facilitate the process of recommendations by members

AREA OF UNDER PERFORMANCE	Planned Target 2022/2023	Actual Achievement 2022/2023	Comment On under performance	Strategy to overcome areas of under performance
				of the Committees in the first quarter of 2023/24 financial year
Number of projects supported on innovative and sustainable building technologies	8	6	Under performance was due to unavailability of stakeholders for consultation process and this resulted to delays in the finalisation of the ISBT roadshow plan aligned to the projects to be supported.	The projects will be supported in the 2nd Quarter of the next financial year.
Number of job opportunities reported through EPWP compliant projects	7 500	6 489	Under performance was due to Joe Gqabi, Alfred Nzo, Sarah Baartman and Amathole regions that did not have enough running projects, as most of their projects were at procurement stages	Service providers will be appointed from the first quarter of 2023/24 financial year and this will increase projects that are implementing the EPWP Programme.

Linking performance with budgets:

Programme 3: Housing Development has spent 96.2% of its final budget, an underspending of R 88,965 million. Underspending is mostly under Transfers & Subsidies (conditional grant) and is due to:

- Informal Settlements Upgrading Partnership Grant (ISUPG) - Claims and management fees were received late due to administrative processes within HDA. A rollover request for the funds has been made due to the commitments already in place.
- Provincial Emergency Housing Grant (PEHG) - The final tranche of R 42,054mil was only paid to the department in the latter half of March and the department was unable to process all commitments with the remaining payment runs of the financial year. A rollover application has been made

Sub-programme expenditure

Sub- Programme Name	2022/2023			2021/2022		
	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	2 156	2 156	-	2 803	2 803	-
Financial Interventions	327 015	327 003	12	294 871	293 905	966
Incremental Interventions	1 286 643	1 197 691	88 952	1 199 907	1 149 252	50 655
Rural Interventions	737 607	737 607	-	898 235	896 885	1 350
TOTAL	2 353 421	2 264 457	88 964	2 395 816	2 342 845	52 971



4

Programme

**HUMAN SETTLEMENTS
PROPERTY AND ASSETS
MANAGEMENT**



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

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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

- A total of 274 households received financial assistance to purchase units through financed linked individual subsidy programme (FLISP) against a target of 243. The programme is providing affordability to the gap market that wishes to be first-time homeowners and finding it hard to qualify for housing finance.

Response to prioritising women, youth and persons with disabilities in its service delivery environment

The programme response in prioritising women, youth and persons with disabilities are as follows:

- **Title deeds programme**
 - The department registered 50 title deeds to women and 8 to youth for pre-1994 category. The challenge encountered in the programme is resistance of beneficiaries to take ownership because of structural defect on houses and delays in appointment foster parents for child headed homes. The department continuously engage municipalities to assist with appointment of executor and for dilapidated houses, engagements to rectify these houses is on-going.
 - In addition, 1 281 title deeds for women and 7 title deeds for youth were registered for post-1994 title deeds, 4 title deeds were registered for women in the post – 2014 category and 239 title deeds were registered for women as well as 40 for youth in the new title deeds category. No major challenges encountered for designated group however challenges for the performance and strategies to overcome are provided in the annual report.
- **Financed Linked Individual Subsidies Programme**
 - 150 women and 125 youth households has received financed linked individual subsidies programme during the 2022/23 financial year. The programme is performing well and there are no challenges encountered.

PROGRAMME 4:**Outcomes, outputs, output indicators, targets and actual achievements table****Table 2.4.4.2**

4.1 SALES, TRANSFERS AND ASSETS								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Security of land tenure and affordable residential and rental Services	Title deeds registered pre-1994	Number of Pre-1994 title deeds registered	-	244	750	70	(680)	Under performance was due to non-acceptance of transfer by beneficiaries because of the bad conditions of the properties. These properties have structural defects and asbestos roofs.
	Rental units transferred	Number of rental units transferred	1	4	7	2	(5)	Under performance was hindered by the following: • Vesting of some sites from the National Housing Board to EC Provincial Govt • Rates clearances and unavailability of Holding Title Deeds in other units • The estate problems where the purchaser(s) has passed away.
	Rental units sold	Number of rental units sold to beneficiaries	0	10	2	1	(1)	Under performance was hindered by the following: • Vesting of some sites from the National Housing Board to EC Provincial Govt • Rates clearances and unavailability of Holding Title Deeds in other units • The estate problems where the purchaser(s) has passed away.
	Debtors from the former housing board rental units reduced per financial year	Number of debtors from the former housing board rental units reduced per financial year	1	14	9	3	(6)	Under performance was hindered by the following: • Vesting of some sites from the National Housing Board to EC Provincial Govt • Rates clearances and unavailability of Holding Title Deeds in other units • The estate problems where the purchaser(s) has passed away.

4.2 LAND ACQUISITION AND TENURE SERVICES								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Security of land tenure and affordable and residential rental Services	Title deeds registered post 1994	Number of Post- 1994 title deeds registered	1 450	1 258	3 500	2 145	(1 355)	Under performance was due to the following: - Delays in providing & signing of documents for conveyancers by municipalities to allow registration of title deeds. - Missing or loss of Mother ERF Title deed and municipalities are unable to provide file numbers used at the Deeds office - Non-consolidated erven and vesting of these various portions, they still in the ownership of different states names
	Title deeds registered post 2014	Number of Post- 2014 title deeds registered	0	374	2 500	6	(2 494)	Under performance was due to the following: - Delays in providing & signing of documents for conveyancers by municipalities to allow registration of title deeds. - Missing or loss of Mother ERF Title deed and municipalities are unable to provide file numbers used at Deeds office - Non-consolidated erven and vesting of these various portions, they still in the ownership of different states names

4.2 LAND ACQUISITION AND TENURE SERVICES								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	New title deeds registered	Number of new title deeds registered	-	54	1 250	394	(856)	Under performance was due to the following: • Delays in providing & signing of documents for conveyancers by municipalities to allow registration of title deeds. • Missing or loss of Mother ERF Title deed and municipalities are unable to provide fine numbers for Deeds office • Non-consolidated erven and vesting of these various portions, they still in the ownership of different states names • Layout plans that are not covering all sites in the project.
	Acquired land during 2014-2019 falling within the PDAs rezoned	Percentage of land acquired during 2014-2019 within the PDAs rezoned	-	-	1%	0	(1%)	Under performance was due to the Department has not received requests from the municipalities for land rezoning funding assistance.
	Land parcels devolved to Municipalities	Number of land parcels devolved to Municipalities in terms of section 15 of the Housing Act 107, 1997	0	0	5	0	(5)	Under performance was due to new amendments requested by the office of the State Attorney on files submitted by the department to finalised the transfer of land parcels to be devolved

4.3 SOCIAL AND RENTAL HOUSING								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Security of land tenure and affordable residential and rental Services	Rental social housing units delivered	Number of rental social housing units delivered	494	0	210	0	(210)	Under performance was due to the follow - Delays in sourcing a loan by the developer to fund the completion of Steve Biko Precinct 220 project - Delay in finalizing the procurement process by SHRA to appoint the developer to complete Oceanview 630 social housing project
	Households received subsidies through FLISP	Number of households that received subsidies through FLISP	132	228	243	274	31	Over performance was due to the unexpected high volume of registration with the Deeds Registry by conveyancers.
	Community residential units (CRU) delivered	Number of community residential units (CRU) delivered	-	-	-	-	-	-

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2022/2023	Actual Achievement 2022/2023	Comment On under performance	Strategy to overcome areas of under performance
Number of Pre-1994 Tittle deeds Registered	750	70	Under performance was due to non-acceptance of transfer by beneficiaries because of the bad conditions of the properties. These properties have structural defects and asbestos roofs.	The Department is in the process of assessing these properties for inclusion to the rectification programme.
Number of rental units transferred	7	2	Under performance was hindered by the following: - Vesting of some sites from the National Housing Board to EC Provincial Govt - Rates clearances and unavailability of Holding Title Deeds in other units - The estate problems where the purchaser(s) has passed away.	The Department will fast-track the receipt of outstanding documents to finalise the transfer of rental units by the 3 rd quarter of 2023/24 financial year.
Number of rental units sold to beneficiaries	2	1	Under performance was hindered by the following: - Vesting of some sites from the National Housing Board to EC Provincial Govt - Rates clearances and unavailability of Holding Title Deeds in other units - The estate problems where the purchaser(s) has passed away.	The Department will fast-track the receipt of outstanding documents to finalise the selling of rental units to beneficiaries by the 3 rd quarter of 2023/24 financial year.
Number of debtors from the former housing board rental units reduced per financial year	9	3	Under performance was hindered by the following: - Vesting of some sites from the National Housing Board to EC Provincial Govt - Rates clearances and unavailability of Holding Title Deeds in other units - The estate problems where the purchaser(s) has passed away.	The Department will fast-track the reduction of debtors once the rental units have been sold to beneficiaries by the 4 th quarter of 2023/24 financial year.
Number of Post- 1994 title deeds registered	3 500	2 145	Under performance was due to the following: - Delays in providing & signing of documents for conveyancers by municipalities to allow registration of tittle deeds. - Missing or loss of Mother ERF Title deed and municipalities are unable to provide file numbers used at the Deeds office - Non-consolidated erven and vesting of these various portions, they still in the ownership of different states names	- The department continues to engage with municipalities to ensure support and prioritisation of the programme to unlock bottlenecks by the 3rd quarter of 2023/24 financial year - The appointed conveyancers continue to assist with the lost title applications whenever there is a need.
Number of Post- 2014 title deeds registered	2 500	6	Under performance was due to the following: - Delays in providing & signing of documents for conveyancers by municipalities to allow registration of tittle deeds. - Missing or loss of Mother ERF Title deed and	- The department continues to engage with Municipalities to ensure support and prioritisation of the programme to unlock bottlenecks by the 3rd quarter of 2023/24 financial year. - The appointed

AREA OF UNDER PERFORMANCE	Planned Target 2022/2023	Actual Achievement 2022/2023	Comment On under performance	Strategy to overcome areas of under performance
			municipalities are unable to provide file numbers used at Deeds office Non-consolidated erven and vesting of these various portions, they still in the ownership of different states names	conveyancers continue to assist with the lost title applications whenever there is a need.
Number of New title deeds registered	1 250	394	Under performance was due to the following: - Delays in providing & signing of documents for conveyancers by municipalities to allow registration of title deeds. - Missing or loss of Mother ERF Title deed and municipalities are unable to provide fine numbers for Deeds office - Non-consolidated erven and vesting of these various portions, they still in the ownership of different states names - Layout plans that are not covering all sites in the project.	- The department continues to engage with Municipalities to ensure support and prioritisation of the programme to unlock bottlenecks by the 3rd quarter of 2023/24 financial year. - The appointed conveyancers continue to assist with the lost title applications whenever there is a need. - Engaging municipalities to complete the proclamation of the remaining sites.
Percentage of land acquired during 2014-2019 within the PDAs rezoned	1%	0	Under performance was due to the Department that has not received requests from the municipalities for land rezoning funding assistance.	The Department has requested for exemption from planning and reporting on this indicator for 2023/24 financial year. The exemption has been granted
Number of land parcels devolved to Municipalities in terms of section 15 of the Housing Act 107, 1997	5	0	Under performance was due to new amendments requested by the office of the State Attorney on files submitted by the department to finalised the transfer of land parcels to be devolved	The department has done all the requested amendments and resubmitted to State Attorney and is anticipated that the transfer will be finalised in 2023/24 financial year
Number of rental social housing units delivered	210	0	Under performance was due to the follow - Delays in sourcing a loan by the developer to fund the completion of Steve Biko Precinct 220 project: - Delay in finalizing the procurement process by SHRA to appoint the developer to complete Oceanview 630 social housing project	- Construction of Steve Biko Precinct 220 social housing project is expected to commence in the 1st quarter of 2023/24 financial year. - Construction of Oceanview Social Housing Project 630 is expected commence in the 3rd quarter of the next financial year after SHRA has completed the evaluations of the bid.

Linking performance with budgets:

Programme 4: Housing Asset Management has spent 100% of its allocated budget.

Sub-programme expenditure

Sub-Programme Name	2022/2023			2021/2022		
	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	2 812	2 812	-	2 292	2 292	-
Sale and Transfer of Housing Properties	6 289	6 289	-	6 164	6 060	104
Devolution of Housing Properties	3 678	3 677	1	8 344	8 142	202
Social and Rental Interventions	9 444	9 444	-	14 248	14 176	72
TOTAL	22 223	22 222	1	31 048	30 670	378

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 2022/23 annual performance plan. These standardised sector output performance indicators have been carried over from the previous financial year (2021/22) for inclusion in the 2022/23 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 land during 2014-2019 falling within the PDAs rezoned	Percentage of land acquired during 2014-2019 within the PDA's rezoned		Land Acquisition and 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		

Output	Sector Standardised Output Performance Indicator	Programme	Sub Programme
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 (The indicator has been exempted in the 2022/23 financial year)		

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 has received Human Settlements Development Grant, Informal Settlements Upgrading Partnership Grant and Emergency Housing Grant from National Department of Human Settlements.

Included in goods and service is the EPWP grant to the value of R2,987million from Department of Public Works and has spent 100.1% of the allocation

The table below details the conditional grant and earmarked funds received from the National Department for the period 1 April 2022 to 31 March 2023.

6.2.1 Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	Human Settlements (Vote11)
Purpose of the grant	To provide funding for the progressive realisation of access to adequate housing through the creation of sustainable and integrated human settlements.
Expected outputs of the grant	7 666 breaking new grounds units delivered in various housing programmes 32 Individual housing subsidies to be facilitated for payments 243 housing units delivered through FLISP - Provision of 210 Social Rental Housing Units 6 205 serviced sites delivered in various housing programmes
Actual outputs achieved	5 344 breaking new grounds units delivered in various housing programmes 74 Individual housing opportunities facilitated for payments 274 Individual finance linked housing opportunities 0 Social Rental housing units completed. 4 352 serviced sites delivered in various housing programmes
Amount per amended DORA	R 1,592,766 bil
Amount transferred (R'000)	Not applicable
Reasons if amount as per DORA was not transferred	Not applicable
Amount spent by the department (R'000)	R 1 592 762
Reasons for the funds unspent by the entity	Not applicable
Reasons for deviation on performance	The Department has been negatively affected by inclement weather conditions most rural projects, unavailability of bulk infrastructure and invasion of houses that are in finishing stages. In addition, delays in the procurement of service providers, the poor performance of the SMME's and illegal occupation of the sites planned for development in NMBM and BCM also contributed to under performance
Measures taken to improve performance	The department will be tapping into the HSDG & ISUPG to unlock bulk infrastructure challenges, and contractors were advised to plan for 9 months instead of 12 to accommodate climate change and improved service delivery. In addition, municipalities are encouraged to implement municipal by-laws that prevent illegal land invasions through use of IGR forums

Department who transferred the grant	Human Settlements (Vote11)
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.

6.2.2 Conditional Grant 2: Upgrading of Informal Settlement Partnership Grant

Department who transferred the grant	Human Settlements (Vote11)
Purpose of the grant	To provide funding to facilitate a programmatic and inclusive approach to upgrading of 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 • Upgrading of phase 2 in progress • 15 Parcels of land confirmed for purchase for UISP category B2 & C relocation activity
Amount per amended DORA	R 458 151 mil
Amount received (R'000)	R 458 151 mil
Reasons if amount as per DORA was not received	Not applicable
Amount spent by the department (R'000)	R 386 059
Reasons for the funds unspent by the entity	Under expenditure was due to outstanding claims from H D A related to land purchased for various parcels amounting to R60,5m which could not be processed due to their late submission and outstanding supporting documentation.
Reasons for deviation on performance	Late appointment of contractors by the implementing agent
Measures taken to improve performance	The implementation plan has been revised to recover the lost time
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.

6.2.3 Conditional Grant 3: Provincial Emergency Housing Grant

Department who transferred the grant	Human Settlements (Vote11)
Purpose of the grant	To provide for the immediate release of funds for disaster response if an occurrence cannot be adequately addressed in line with section 2 (1)(b) of the Disaster Management Act.
Expected outputs of the grant	2154 units assessed for provision of emergency houses and 288 was planned in the APP for the financial year
Actual outputs achieved	1008 emergency houses were provided
Amount per amended DORA	R84,108 mil
Amount received (R'000)	R84,108 mil
Reasons if amount as per DORA was not received	Not applicable
Amount spent by the department (R'000)	R67 248
Reasons for the funds unspent by the entity	The claim for value created submitted late in March 2023 and application will be done for roll over funds to pay for value created
Reasons for deviation on performance	Late submission of claim with no portfolio of evidence resulted to 80% budget spent, however annual target has been achieved
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 (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT - APRIL 2022 TO MARCH 2023												
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/ Remedial Actions
1. Financial Intervention												
1.1b Individual Housing Subsidies (R0 - R3 500) Non-credit linked	-	-	32	74	-	-	5 003	9 497	(4 494)	190%	Over performance was due to the focus of the department on the reduction of the backlog in Individual Subsidies Programme.	
1.2 Housing Finance Linked Individual Subsidies (R3 501 - R7 000)	-	-	243	274	-	-	17 124	18 505	(1 381)	108%	Over expenditure was due to the increased demand in the program by the qualifying beneficiaries.	
1.3 Enhanced Extended Discount Benefit Scheme	-	-	-	-	750	74	1 542	112	1 430	7%	Under performance was due to reluctance of beneficiaries in accepting transfers of properties because of the bad conditions of the properties. Rectification programme is also very slow to refurbish these old stock properties.	The department will fast-track the rectification programme

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2022 TO MARCH 2023												
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/ Remedial Actions
1.4 State Asset Maintenance Programme	-	-	-	-	-	-	12 001	6 559	5 442	55%	Under performance can be attributed to a reduction in the rates and taxes in the financial year.	The department will adjust the plans for the next financial year accordingly, which will avoid under expenditure in the next financial year.
1.5a Rectification of RDP Stock 1994-2002	-	-	25	-	735	647	111 631	148 418	(36 787)	133%	Over expenditure was due to high performance of the contractors in Sarah Baartman, OR Tambo and Chris Hani. .	The department will closely monitor and manage expenditure according to projections.
1.5b Rectification of Housing Stock (pre 1994)	-	-	-	-	-	63	29 481	13 927	15 554	47%	Under performance was due to delays in the installation of electrical boxes in Nelson Mandela Region. In addition, projects that were earmarked for implementation by NMBM did not start as planned and there is a need for the re-assessment of the extent of the work required for these projects.	The department is engaging the municipality to fast-track installation of the electrical boxes and the need for the re-assessment of the defective units in the projects implemented by the Metro.
1.6 Social and Economic Facilities	-	-	-	-	-	-	17 163	1 337	15 826	8%	Under expenditure was due to the delays by the municipality to	The department will engage municipality on the delays of the approval for the revised scope of work.

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2022 TO MARCH 2023												
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/ Remedial Actions
1.7 Accreditation of Municipalities (1&2)	-	-	-	-	-	-	20 320	12 940	7 380	64%	Under expenditure was due to the fact that the procurement of service providers for the development of the plans was not finalized in the financial year as planned. Financial plans in this programme included the pre accreditation support that was intended to be provided to various municipalities with credible Housing Sector Development Plans.	The procurement of Service Provider for development of Housing Sector Plans for Municipalities that will be participating in the Accreditation Program is at an advances stage. This will realize expenditure in the next financial year.
1.8 Operational Capital Budget	-	-	-	-	-	-	23 088	57 925	(34 837)	251%	Over expenditure was due to the payment of site verification in various regions, as well as court order linked to Ntongana, Goboti/ Nkondlo	

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2022 TO MARCH 2023												
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/ Remedial Actions
1.10 NHBRC Enrolment Fees	-	-	-	-	-	-	12 851	17 392	(4 541)	135%	Over expenditure was due to the procurement and planning processes that were concluded promptly, professional engineers were able to submit enrolment applications to NHBRC earlier than anticipated.	In the next financial year, an integrated planning session with all the regions will be implemented and continuous engagements to monitor the plan on cashflows for the future will be developed.
1.11 Land parcels procured (IHAHSD grant)	-	-	-	-	-	-	5 285	-	5 285	0%	Under performance was due to delays in the finalisation of price negotiations with the private owners.	
1.12 Housing chapters of IDP's	-	-	-	-	-	-	6 000	3 465	2 535	58%	Under expenditure was because of delays in the procurement of service providers.	The department will fast-track procurement of Service Provider
Sub-total: Financial Intervention	-	-		348	1 485	784	261 489	290 077	(28 588)	111%		
2. Incremental Housing Programmes												
2.2a Integrated Residential Development Programme: Phase 1 Planning and Services	976	134	47	17	-	-	65 575	129 086	(63 511)	197%	Over expenditure was due to appointment of implementing agents to enhance capacity of the department in various projects.	The department will monitor projects implemented in accordance with Project Implementation Plans. (PIP)

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2022 TO MARCH 2023												
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/ Remedial Actions
2.2c Integrated Residential Development Programme: Phase 2: Top Structure Construction	444	100	2 316	715	-	-	363 467	422 813	(59 346)	116%	Over expenditure was due to the payment of value created on various stages of construction as well as completions. In addition, appointment of implementing agents to enhance capacity of the department in various projects also contributed to over expenditure	The Departments will monitor projects implemented in accordance with Project Implementation Plans (PIP)
2.2d Integrated Residential Development Programme :Phase 2:Top Structure Construction INFORMAL SETTLEMENTS	-	-	-	-	-	-	-	-	-			
2.2e Integrated Residential Development Programme: Phase 4: Top Structure Construction : Informal Settlements	-	-	-	-	-	-	-	-	-			
2.3a Enhanced People's Housing process	-	847	78	945	-	-	11 886	130 531	(118 645)	1098%	Over expenditure was due to payment of claims for increased performance in the Katberg and Lubisi projects as well as a tranche payment	
											The department will manage over expenditure in line with the projections.	

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2022 TO MARCH 2023												
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/ Remedial Actions
2.5a Consolidation Subsidies (Excluding Blocked Projects)	-	100	50	254	-	-	7 217	37 786	(30 569)	524%	made to NHFC for the Walmer project.	The Departments will monitor projects implemented in accordance to Project Implementation Plans (PIP)
2.6 Emergency Housing Assistance (temporal structure)	-	-	-	-	-	-	17 344	2 775	14 569	16%	Under expenditure on the instrument was due to most of the expenditure that was incurred during the financial year that was linked to the Disaster affected areas and the expenditure was allocated to the PEHG grant once the Province received the funding from National Department	The Department will monitor expenditure in the ensuing months in line with the cash flows.
Sub-total: Incremental	1 420	1 181	2 491	1 931	-	-	465 489	722 991	(257 502)	155%		
3. Social and Rental Housing												
3.1 Institutional Subsidies	-	-	-	-	-	-	-	-	-	0%		

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2022 TO MARCH 2023												
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/ Remedial Actions
3.2a Social housing: operational support	-	-	-	-	-	-	7 000	5 294	1 706	76%	Under performance was due to the reduction of the number of Rental Tribunal members in the year. A member resigned in the beginning of the year which impacted the expenditure in all quarters.	
3.3a Community residential units (CRU) Converted/Upgraded	-	-	-	-	-	-	1 542	-	1 542	0%	Under performance was due to slow performance on planning of CRU pipeline projects.	
Sub-total: Social and Rental Housing	0	0	0	0	0	0	8 542	5 294	3 248	62%		
4. Rural Housing Programmes												
4.1 Farm Worker Housing Assistance	1	-	1	-	-	-	199	-	199	0%	Under expenditure in this instrument was due to the projects that are still under planning.	The department to fast-track the planning processes
4.2 Rural Housing Communal rights	4 784	3 171	5 144	3 413	-	-	847 458	568 410	279 048	67%	Under expenditure was due to some of the rural areas being affected by inclement weather conditions as well as minimum pipeline of running projects	The department is encouraging regions and Implementing agents to plan for 9-months construction cycle considering the inclement weather condition, coupled with close monitoring of the construction on site to ensure that the targets

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2022 TO MARCH 2023												
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/ Remedial Actions
											(Joe Gqabi and Alfred Nzo).	are met. Furthermore, the department has awarded contracts to improve the projects pipeline.
Sub-total: Rural Housing Programmes	4 785	3 171	5 145	3 413	0	0	847 657	568 410	279 247	67%		
7. Title Deeds												
7.1 Title Deeds (post 1 April 2014) Current and New	-	-	-	-	3 282	216	4 703	284	4 419	6%	Under performance was due to non-availability of pre-conveyancing activities and non-vesting of mother erf from the different states ownership as well as the lack of support by municipalities	The department in collaboration with other stakeholders (such as Public Works, Local Municipalities, Legal professionals) are working on resolving these challenges.
7.2 Title Deed Restoration	-	-	-	-	2 914	2 332	4 886	5 706	(820)	117%		
Sub-total: Title Deeds	-	-	-	-	6 196	2 548	9 589	5 990	3 599	62%		
GRANT TOTAL	6 205	4 352	7 936	5 692	7 681	3 332	1 592 766	1 592 762	4	100%		

CONDITIONAL GRANT PERFORMANCE: INFORMAL SETTLEMENTS UPGRADING PARTNESHIP GRANT								
PERFORMANCE INDICATOR	Financial data							
	Annual Budget R'000	Quarter 1 Expenditure R'000	Quarter 2 Expenditure R'000	Quarter 3 Expenditure R'000	Quarter 4 Expenditure R'000	Total - Actual Expenditure R'000	Variance Funds Allocated & Spent R'000	% spent against Annual Budget
PHASE 1								
• Number of pre-feasibility Studies	-	-	-	-	-	-	-	-
• Number of Social facilitation	14 871	0	1 495	480		1 975	12 896	13%
• Other: (please specify)	-	-	-	-	-	-	-	-
Sub-Total: PHASE 1	14 871	-	1 495	480	-	1 975	12 896	13%
PHASE 2								
• Feasibility studies:	14 041	-	1 217	407	-	1 624	12 417	12%
* Number of environmental impact assessments undertaken	-	-	-	-	-	-	-	-
* Number of geotechnical studies conducted	5 725	-	-	-	-	-	-	-
* Number of any other relevant studies conducted: Please specify	8 317	-	1 217	407	-	1 624	-	-
Land Scoping/Surveying R2 495	-	-	642	72	-	714	-	-
Township Layout Plan R2 495	-	-	575	192	-	767	-	-
Pegging and approval of General Plan R832	-	-	0	143	-	143	-	-
Township Register Opened R998	-	-	-	-	-	-	-	-
Infrastructure (Engineering) Services Report R1 497	-	-	-	-	-	-	-	-
• Land acquisition	66 678	-	-	-	-	-	66 678	0%
* Hectares of land acquired for in-situ upgrading	-	-	-	-	-	-	-	-
* Hectares of land acquired for relocation	-	-	-	-	-	-	-	-
* Hectares of land transferred and registered	-	-	-	-	-	-	-	-
* Hectares of land availed in terms of land availability/development agreement	-	-	-	-	-	-	-	-
* Land Assembly (excluding Acquisition)	66 678	-	-	-	-	-	-	-

CONDITIONAL GRANT PERFORMANCE: INFORMAL SETTLEMENTS UPGRADING PARTNESHIP GRANT									
PERFORMANCE INDICATOR	Financial data								
	Annual Budget R'000	Quarter 1 Expenditure R'000	Quarter 2 Expenditure R'000	Quarter 3 Expenditure R'000	Quarter 4 Expenditure R'000	Total - Actual Expenditure R'000	Variance Funds Allocated & Spent R'000	% spent against Annual Budget	
• Number of settlements supplied with bulk and connector infrastructure installation (water, sewer, storm water, electricity and roads, refuse removal)		-	-	-	-	-	-	-	-
* Water Reticulation		-	-	-	-	-	-	-	-
* Sanitation provision		-	-	-	-	-	-	-	-
• Number of settlements benefitting from temporal and interim municipal engineering services and/or any other alternative engineering services	116 492	-	153	-	-	153	116 339	0%	
• Number of settlements provided with rudimentary services	-	-	-	-	-	-	-	-	-
• Number of engineering designs: water, sewer, roads and storm water drainage concluded	30 706	-	-	-	-	-	30 706	0%	
Bulk Infrastructure R 9 914	-	-	-	-	-	-	-	-	-
Water R8 317	-	-	-	-	-	-	-	-	-
Sewer R6 238	-	-	-	-	-	-	-	-	-
Roads and Stormwater R6 238	-	-	-	-	-	-	-	-	-
• Number of layout plans (draft and approved)	-	-	-	-	-	-	-	-	-
* Project Management Fees	-	-	3 549	1 210	-	4 759	-	-	-
• Other: (Please specify)	-	-	-	-	-	-	-	-	-
Sub-Total: PHASE 2	227 917	-	4 919	1 617	-	6 536	227 917	3%	
PHASE 3									
• Number of settlements provided with Permanent Municipal Engineering Services and/or any other alternative engineering services	215 363	-	244 531	104 179	11 252	359 962	-144 599	167%	

CONDITIONAL GRANT PERFORMANCE: INFORMAL SETTLEMENTS UPGRADING PARTNESHIP GRANT									
PERFORMANCE INDICATOR	Financial data								% spent against Annual Budget
	Annual Budget	Quarter 1 Expenditure	Quarter 2 Expenditure	Quarter 3 Expenditure	Quarter 4 Expenditure	Total - Actual Expenditure	Variance Funds Allocated & Spent		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
• Number of serviced sites developed	-	-	-	-	-	-	-	-	
• Number of social and economic amenities. The specific types of amenities must only be provided in collaboration with municipality and the community	-	-	-	-	-	-	-	-	
• Number of sites transferred to end users	-	-	-	-	-	-	-	-	
• Number of households provided with secure tenure	-	-	-	-	-	-	-	-	
• Other: (Please specify) OPERATIONAL CAPITAL BUDGETT MANAGEMENT FEES	-	-	-	-	-	-	-	-	
Sub-Total: PHASE 3	215 363	0	244 531	104 179	28 838	377 548	-144 599	175%	

EMERGENCY HOUSING GRANT - ANNUAL REPORT APRIL 22 TO MARCH 2023						
Table on the summary for financials						
CURRENT MONTH: JANUARY TO MARCH 2023			ACCUMULATIVE: CURRENT FINANCIAL YEAR- 22/23			
Amount Transferred Current month (Roll Over Approved) R'000	Expenditure Current Month R'000	Variance Month R'000	Current	Accumulative Funds Received R'000	Accumulative Expenditure R'000	Accumulative Variance R'000
42 054	54 555	-12 501		84 108	67 248	16 860
REASONS FOR DEVIATION						
The under expenditure on emergency grant was due to late submission of claim with no portfolio of evidence by the Housing Development Agency. However, the outstanding amount of R16,86 million will be spend in the month of April, upon the approval of the Rollover. Further to the delays the 2nd tranche of 42 million was transferred on 24 March 2023 which did not allow enough time for expenditure.						
Narrative on the summary for financials (e.g., financial commitments, payments, etc.)						
* Note that additional financial contribution by the local and provincial spheres should not be included in the allocated						
amount however should be reported separately within this report.						
2. Progress on the projects						
Table on the implemented projects as per the approved allocations. Please include additional rows where necessary.						
Project Name & Project description	Budget Allocated	Expenditure to date	Balance	Total % Spent to date	Narrative summary on progress	
Appointment of a service provider to supply, erect, dismantle, transport and re-erect 500 temporary shelters in the province of the eastern cape (scmu11-21/22-048). being phase of the project, variation approved additional 100 units	R38 660	R32 200	R6 460	83%	The balance of R6 460 million is retention that will be claimed during the 2023/24 financial year on the shelters erected in OR Tambo and Alfred Nzo, upon the approval of the rollover the funds will be spent.	
Appointment of a service provider to supply, erect, dismantle, transport and re-erect 500 temporary shelters in the province of the eastern cape (scmu11-21/22-049). being phase of the project, variation approved 160 units	R41 860	R35 048	R6 812	84%	The balance of R6 812ml is retention that will be claimed during the current financial year on the shelters erected in OR Tambo and Alfred Nzo, upon the approval of the rollover the funds will be spent.	

EMERGENCY HOUSING GRANT - ANNUAL REPORT APRIL 22 TO MARCH 2023							
Table on the summary for financials							
CURRENT MONTH: JANUARY TO MARCH 2023				ACCUMULATIVE: CURRENT FINANCIAL YEAR- 22/23			
Amount Transferred Current month (Roll Over Approved) R'000	Expenditure Current Month R'000	Variance Month R'000	Current	Accumulative Funds Received R'000	Accumulative Expenditure R'000	Accumulative Variance R'000	
Service Providers appointed/ providing a service	Roles and Functions	Budget allocated	Expenditure to date	Contract Balance	Percentage spent	Reason for deviation	
Takela Group	Contractor	R80 520	R67 248	R13 272	84%	Claim for value created submitted late in March, Application will be done for roll over funds to pay for value created that was not paid in March.	

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 2022/23 there were no donors received by the Department.

Donor Fund for 2022/23: 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 (DPW) implements the Capital, investment, and Asset Management Plans and the Department of Human Settlements is responsible for the assessment of the leased assets. The Department is the user on assets leased by Department of Public Works and a User Asset Management Plan was drafted, completed, and submitted on Immovable Assets. Once the assessment of these assets is conducted, a report with findings is submitted to the Department of Public Works for actioning.

- **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 2022/23, there were 484 properties on the Asset Register i.e. 419 Vacant Land, 10 sectional title flats, 12 individual standing dwellings, 28 garages, 4 farms and 5 other properties such as businesses and churches.

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

There are no infrastructure projects handled by the Department of Human Settlements

- **Plans to close or down-grade any current facilities,**

The Department of Public Works is mandated with the provisioning of office accommodation. The Department is in use of 4 leased buildings and 3 state-owned facilities. The movement in office accommodation is mainly informed by the lease agreements between the landlord and Public Works. There are plans in place to move Kokstad office to EmaXesibeni Prescient, but the project is still at earlier stages. There are also plans to move Head Office to Bisho Prescient, however, the bid is still at evaluation stage. BCM and ADM lease have expired, a new landlord has been contracted, the new building is under renovation.

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

Maintenance plans are the responsibility of Public Works as the Custodian. Human Settlements as the User department has conducted inspections in terms of Occupational Health and Safety Act, and non-compliance matters have been escalated to Public Works.

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

In the event of the movement of offices from one building to the other, the department might incur transportation costs of state furniture.

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

At the beginning of 2022/23 financial year, the department had 5 592 assets from those received from Department of Public Works. There was no movement during the year under review. Therefore, the closing balance as of 31 March 2023 is still 5 592

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

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**

The current state of 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**

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

- **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**

The department has since embarked on a sales campaign to transfer Own Title dwellings in addition to the Sectional Title Units to beneficiaries. Maintenance that was reported by the tenants on the properties was performed. The backlog on maintenance has decreased due to the sale and transfer of these properties to qualifying beneficiaries.

Infrastructure projects	2022/2023			2021/2022		
	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	12 000	6 560	5 440	10 000	10 535	(535)
Infrastructure transfer	-	-	-	-	-	-
- Current	-	-	-	-	-	-
- Capital	-	-	-	-	-	-
Total	12 000	6 560	5 440	10 000	10 535	(535)

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

ANNUAL REPORT 2022/23

1. INTRODUCTION

The Department remains committed to the principles of good governance as one of its four outcomes. Good governance is the main outcome driver across all departmental programmes to ensure provision of the strategic direction and leadership to support core programmes. In addition, the outcome strengthens the governance arrangements of the department to ensure provision of the strategic direction and leadership to support the core programmes to deliver the mandate of Human Settlements. Throughout the strategy cycle, the department has taken governance and systems of accountability very seriously, both as a means of strengthening its internal control mechanisms and ensuring accountability to citizens and oversight bodies. 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.

- The department has an approved Risk Framework that is reviewed after three years and comprises of the Policy, Strategy and Charter.
- 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.
- 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.
- 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.
- 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 has submitted procurement memo.
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**
 - 7 awareness sessions were conducted during 2021/22 on Fraud Prevention Plan
 - Approved Implementation Plan in place.
 - Reviewed Fraud Prevention Plan.
 - Quarterly reports submitted to Office of the Premier, Audit and Risk Management Committees
 - Reviewed Investigation Policy
 - 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**
 - National Anti – Corruption Hotline (0800701701)
 - Walk-ins (Internal and External)
 - Anonymous submission to the office of the ethics officer/MEC/HOD etc.
- **How these cases are reported and what action is taken**
 - Cases are reported through the Hotline number and referred to the Department for further investigation
 - The Department records incoming cases on the database
 - The Department investigates and report its findings to the relevant stakeholders
 - 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
 - Cases are referred to Law Enforcement Agencies in terms of departmental fraud and corruption prevention and response plan

4. MINIMISING CONFLICT OF INTEREST

Brief description on the processes implemented to minimise conflict of interest. Discuss the process followed where conflict of interest has been identified

- SMS members have disclosed their financial interests (100% compliance) for 2022/23 financial year.
- 7 Awareness Sessions on Fraud and Corruption were conducted during 2022/23 financial year.
- OSD, MMS and Other Officials from SCM, Finance have submitted their e-Disclosures (100% compliance) during 2022/23 financial year.
- 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 commits itself to adhering to the Code and provides awareness sessions and campaigns to encourage acceptable behaviour and adherence to the Code.

In 2022/23 Financial year there were few reported cases of transgressions to the Code which were dealt with in terms of the Disciplinary Code and Procedures. Transgressors were sanctioned accordingly to discourage would be offenders.

This has resulted in improved employee/employer relations, as well as improved staff morale. It also mirrors the role to which awareness campaigns play 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 facie 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 appoints 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

Provide a brief description and nature of Health Safety and Environmental issues and the effect it has on the department:

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. First aiders are provided with first aid boxes to provide first aid to injured employees and fire extinguishers and hose reels are serviced annually.

The department ensures emergency evacuation drills take place at 6-month intervals at 4 of the 6 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.

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 and 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: 8 & 25 November 2022

Programme 1: Administration

Matters raised by the Portfolio Committee	How will the Department address the matters raised
The vacancy rate is at 10, 7% which includes critical vacancies such as the Chief Financial Officer (CFO) and Senior Management Services positions. The vacancy rate is negatively compromising service delivery.	The Department notes and acknowledges the recommendations of the Committee. - Out of 27 vacancies, 24 have been filled and the remaining three posts will be filled by 01st of July 2023. - The CFO post filled on the 01 Jan 2023. - The Chief Director of Delivery Planning and Performance. - The Corporate Services post will be filled by 01st of June 2023. - The Regional Director post filled on the 01st of Feb 2023. - The Director: Land Acquisition post filled on the 01st of Feb 2023. The department is in the final stages of filling of the 27 prioritised posts which will reduce the vacancy rate.
The Department failed to pay all its creditors within the stipulated 30 day period, which will threaten the existence of the businesses of these creditors.	The Department notes and acknowledges the recommendations of the Committee. To date the department is 91% compliant on payment of suppliers within 30 days of receipt of invoice. The 9% that is outstanding at the end of the financial year, Conditional grant accruals are paid late due to the late transfer of funds by the transferring department. The transfer is linked to business plan approval which is usual signed in the month of April. Also, the changing of details by service providers and their details not updated on CSD.
Some officials are yet to be held accountable for fruitless and wasteful expenditure with regard to cancellation of traffic fines, travel bookings, standing time for contract time and interests paid on court orders.	The Department notes and acknowledges the recommendations of the Committee. There is irregular, Fruitless and Wasteful Expenditure Committee in place that deals with investigations and make recommendations of all cases. Furthermore, consequence management is being implemented.

Programme 2: Human Settlements Delivery Planning and Performance

Matters raised by the Portfolio Committee	How will the Department address the matters raised
There is no information of the plans that the Department have with regard to the provision of support to municipalities and this affects oversight over them.	The Department notes and acknowledges the recommendations of the Committee. The Department had a plan in 2022/23 Financial Year to support municipalities as such Thirty-Four (34) municipalities were supported on implementation of human settlements programs namely BCMM, Senqu, Walter Sisulu, Elundini, Winnie Madikizela, Ntabankulu, Umzimvubu, KSD, Nyandeni, Ingquza Hill, PSJ, Mhlontlo, Makana, Intsika Yethu, Engcobo, Enock Mgijima, Emalahleni, Dr Beyers Naude, Mbhashe, Raymond Mhlaba, Sundays River, Koukamma, Ngqushwa, Matatiele, Ndlambe, Inxuba Yethemba, Blue Crane, Mquma, Great Kei, Sakhisizwe, Chris Hani, OR Tambo, Kouga and Amahlathi. Municipalities that were supported on establishment of National Housing Register were Ntabankulu, Ingquza Hill, Mhlontlo, KSD, Ngqushwa, Makana, Koukamma, Sundays River, Mquma, Mbhashe, BCMM, Walter Sisulu, Elundini, Dr Beyers Naude, Great Kei, Sakhisizwe and Raymond Mhlaba. Four Accredited Short Learning Programs were implemented for Councillors, Traditional Leaders and Municipal Officials on Theory of Land Use Planning, 2030 Vision and Organisational Designs,

Matters raised by the Portfolio Committee	How will the Department address the matters raised
	social Housing Facilitation and Management & Housing Finance for Human Settlements Practitioners.
The Department developed 2 research papers which was about Innovative and Sustainable Human Settlement Development projects in the Eastern Cape Province and investigating the extent to which the Local Building Material Sector in the Eastern Cape Province is transformed.	The Department notes and acknowledges the recommendations of the Committee. Contributions of Innovative and Sustainable Building Technologies in Human Settlements Development Projects in the Eastern Cape Province” and “Study to Investigate the Extent to which Building Material Supply Sector is Transformed in the Eastern Cape and Factors that inhibit participation of Local Material suppliers in the industry. Both findings of the studies were presented to the Department and the relevant stakeholders. The Department has started roadshows with the stakeholders. Findings of the Study on Innovative and Sustainable Building Technologies were outlined based on four categories and Subcategories namely: 1. Economic contribution 1.1 Job Creation 1.2 Skills Development 1.3 Utility Cost Saving 1.4 Project Cost Saving 1.5 ISBT Material Supply 2. Contribution to the environment 2.1 Land Pollution 2.2 Air Pollution 2.3 Water Pollution 2.4 Energy usage 2.5 Transportation of materials to warehouse and to the project site (distances) 2.6 Cut offs or debris on project site 2.7 Water use during construction or assembly 2.8 Energy usage during construction or assembly 2.9 Chemical component of materials used (harmful or not harmful in case of fire) 3. Contribution to beneficiary communities: Social cohesion, risk/ safety net, health benefits 3.1 Social Cohesion 3.2 Safety net 3.3 Skills Development 3.4 Health benefits 3.5 Knowledge about new way of building (awareness) 3.6 New business ideas and opportunities (material supply and building or assembly) 4. Technical attributes contributed by the ISBT housing projects implemented by the ECDHS 4.1 Construction speed 4.2 Difficult terrain (ease transport) 4.3 Quality building 4.4 Ease of assembly or building 4.5 Structural performance 4.6 Conformity of materials to relevant building regulations and building standards (NHBRC, Agreement SA, BBCSA etc.) 4.7 Possibility of certification of a house by the Green Star Rating bodies Findings of the on the Study to Investigate the Extent to which Building Material Supply Sector is Transformed in the Eastern Cape and Factors that inhibit participation of Local Material suppliers in the industry findings have been outlined in tabular form and therefore cannot fit on the log frame is attached for ease of reference.

Matters raised by the Portfolio Committee	How will the Department address the matters raised
The Department plans to introduce the service providers for the Rural Development Centre in Port St John's before end of 2022/23 financial year.	The Department is not involved on the construction of the Port St Johns Rural Development Centre and it is not stated on the Annual Report under review. The focal areas of work undertaken by the Department were mainly on Prioritised Human Settlements and Housing Development Areas (PHSHDA) for Port St Johns has which has since been developed, there is a pending engagement with the Local Municipality to confirm authenticity of the comprehensive report scheduled for the first quarter of 2023/2024 Financial Year.
The Department is not executing its mandate of developing integrated sustainable human settlements.	The Department acknowledges and notes the recommendation of the committee. Indeed, all efforts of the Department are directed at the development of integrated sustainable human settlements. A case in point is the development of 12 Prioritised Human Settlements and Housing Development Areas (PHSHDAs) that allocated to the Eastern Cape by the National Department of Human settlements for the current Medium Term Strategic Framework (MTSF)) comprising the following municipalities BCMM (3), Nelson Mandela Metropolitan Municipality, (3), Port St Johns (1) Ingquza Hill LM (1), King Sabata Dalindyebo LM (1), Makana LM (1), Enoch Mgijima LM (1) and Mnquma LM (1). Two service providers were appointed to develop plans for the remaining 11 gazetted Priority Development Areas. Progress on development of Prioritised Human Settlements and Housing Development Areas (PHSHDAs) relates to the PHSHDA designated for Port St Johns has been completed and endorsed by the Local Municipality. The remaining eleven (11) Prioritised Human Settlements and Housing Development Areas (PHSHDAs) have since been developed and require to be endorsed by the respective Local Municipalities and the 2 Metropolitan Municipalities, Nelson Mandela Metropolitan Municipality and Buffalo City Metropolitan Municipality respectively. Municipalities with PHSHDA had to compile Development Plans i.e conglomerate of spatial plans shape and ensure sustainable development of the PHSHDA Department of Human Settlements takes its guidance from Local, Provincial and National Priorities as espoused on the PGDP, PSDP, SDFs and IDPs to advance integrated planning and development for the creation of sustainable human settlements. The Department strives to intensify human settlements development whilst confronted with major challenges encompassing disintegrated spatial patterns inherited from the past regime, increasing population, shrinking fiscal envelope, and fragmented planning and Prioritised Human Settlements and Housing Development Areas (PHSHDAs) implementation processes that set poorest of the poor and low income earners at the periphery of towns and cities. Advocating for 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 augmented by Private Investment for clearly defined targets within a designated geographic area.

Matters raised by the Portfolio Committee	How will the Department address the matters raised
	Central to the approach is the objective to mobilize human settlements delivery such that it is augmented by the essential services provided by sector departments and private sector to ensure an impact in an identified geographical area. Department participated in various Local, District and Provincial platforms include Provincial Clusters, IDP Contact Sessions and District Planning. Participated in various Provincial Working Groups dealing with Infrastructure, spatial planning and development coordinated by OTP, CoGTA and Treasury Tackling integration all human settlements projects 2023/24 HSDG Business Plan (viz a tool for capital funding for desired human settlements projects) has been spatially referenced (i.e. provide coordinates) for verification of location and ensure a spatial development and land use management approach that is informed and inclusive.

Programme 3: Housing Development

Matters raised by the Portfolio Committee	How will the Department address the matters raised
There is limited information with regard to catalytic projects which hampers the Committee's ability to oversight them.	The Department acknowledges and notes the recommendation of the committee, and a detailed report was attached relating to Catalytic projects.
The Department only managed to spend R8m of a budget of R20m with regard to FLISP.	The Department notes and acknowledges the recommendations of the Committee. FLISP has overachieved on both financial and non-financial targets for the financial year under review. The programme had an allocation of R10million 2021/2022 financial year and spent R14,8million. The target was 190 and delivered 228. The department has embarked on awareness across the province to ensure the programme reached all potential beneficiaries.
No social amenities were completed due to delays in securing additional funding and the slow pace of procurement processes towards the appointment of service providers.	The Department acknowledges and notes the recommendation of the committee and procurement processes have significantly improved since the advent appointment of the new Supply Chain Management (SCM) director and with the standardization of key procurement and Funding Application documentation.
There are still delays in the removal of underperforming contractors and replacing these underperforming contractors which delay the progress of the projects.	The Recommendations of the Committee are noted: - The Department is continuously close monitoring performance of contractors on sites and implement contract management as a result 5 Notices of Breach of Contract were issued and 6 Terminations were done during 2022/23 Financial Year. The Department has already awarded contracts to Professional Service Providers and contractors.
The Department had badly performed with regard to the provision of houses for military veterans because of the challenges of approvals.	The Department acknowledges and notes the recommendation of the committee. Department is in partnership with the Department of Military Veterans (DMV) to provide housing assistance to deserving Military Veterans. In trying to resolve system related challenges, a circular to override on the Housing Subsidy System (HSS) has been implemented.

Programme 4: Human Settlement Property and Assets Management

Matters raised by the Portfolio Committee	How will the Department address the matters raised
The sub – programmes of Sales, Transfers and Assets as well as Land Acquisition and tenure had generally underperformed as most of the targets of these sub - programmes were not achieved.	The Department notes and acknowledges the recommendations of the Committee. The department has intensified beneficiary administration by augmenting the internal capacity with hands on support that is within these regions where these old stock properties are located. Encourage debtors to settle their accounts to enable transfer of these properties to the qualifying beneficiaries.
The Department is struggling to deal with the backlog of title deeds as municipalities are allegedly not cooperating.	The Department notes and acknowledges the recommendations of the Committee and the plan for Title Deeds was attached. The department has reduced its target from previous financial year target due to the pre-conveyancing activities that still need to be resolved Strengthen working relations with municipalities and collaboration with other affected departments such as Public Works, Deeds Office and Surveyor General. The department is working with the municipality to ensure all title deeds registered are issued to beneficiaries.
There are still instances of land invasions and illegal occupation of houses taking place.	The recommendations by the committee are noted and the department will make strides working with municipalities to curb these illegal invasions For Land invasion wherein the department is still facilitating the transfer process to the municipality and land is invaded a legal assistance for eviction order request is done through the departments' regional office to the Head of Department. A site visits to assess the magnitude of the illegal invasion is done by the department in collaboration with the municipality and the community leadership of the ward where the incident has happened Community leadership (Councillors) assist with the information i.e. is the names of the illegal invaders The department open a case to the nearest police station with the assistance of municipality law enforcement. On obtaining a case number, the application for eviction is initiated through the State Attorney. When the eviction order is obtained eviction, process is initiated through the Sherriff in collaboration with Law.

General finding

Matters raised by the Portfolio Committee	How will the Department address the matters raised
The Department spent R2 554 276 billion (98, %) of its total budget which translate into an under expenditure of R58 505million.	The Department acknowledges and notes the recommendation of the committee. Current expenditure and commitments trends of the budget indicate that the department will spend its allocation inclusive of the rollover by the financial year end.
There has been an over performance in a number of targets across a number of programmes which is largely because of poor target setting which is a result of poor planning.	The Department notes and acknowledges the recommendations of the Committee. Over performance is caused by achievement of targets that were not met in the previous years. The Department is working towards achieving its MTSF targets hence the acceleration of its performance. The Department will ensure that targets a properly set to prevent the over performance.
The Department had again received an unqualified audit opinion again with matters of emphasis because of irregular expenditure.	The Department notes and acknowledges the recommendations of the Committee.

Matters raised by the Portfolio Committee	How will the Department address the matters raised
	The department is making strides working towards clean audit through audit improvement plan.
The Department received R270 494m through a rollover.	The Department notes and acknowledges the recommendations of the Committee. Department has spent the rollover as per approved conditions.
There are a number of repetitive findings which are an indication that there is no progress to resolve them.	The Department notes and acknowledges the recommendations of the Committee and is monitoring and reporting on the implementation of the Audit Improvement Plan monthly to Top Management and Quarterly to the Audit Committee to in effort to improve the audit outcome.
The Department is handing over title deeds at a very slow pace due to lack of a mechanism to trace and find beneficiaries.	The Department notes and acknowledges the recommendations of the Committee. The department has improved in handing over of title deeds. As of February 2023, the department has handed over 2 024 title deeds to the rightful owners and continues to trace the missing beneficiaries.

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 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 an assessment criterion that was not stipulated in the terms of reference, bids that were not awarded to suppliers scoring the highest points, and procurement processes were not followed. Repeat finding	The Supply Chain Management Policy was reviewed to address this discrepancy. However, due to the movement of multi-year contracts previously identified as irregular in prior financial years, R291.9 million (of the disclosed R 296.1 million) expenditure was incurred in the 2021/22 financial year. Irregular Expenditure identified in the 2021/22 financial year relates to: - A R3,1 million was in respect of additional costs incurred to complete a project. The application for additional costs was not approved by Provincial Treasury - A R1.0 million payment to a cessionary for the completion of units that were at various stages of completion. This took place after the liquidation of the main contractor resulting in a deviation from normal procurement processes as approval was not granted by Provincial Treasury when requested- to appoint the cessionary. - Internal control measures linked to the review of the SCM Policy has contributed to an improved control environment. The department will continue to strengthen its control environment as and when risks are identified. Ongoing training is planned to improve general compliance (including the Base Control Self-Assessment [BCAS] tool) within the SCM unit and to keep abreast with new developments within the SCM environment.	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. Payments were made before goods were received, in contravention with Treasury Regulation 15.10.1.2(c) Effective internal controls were not in place for the approval	The department paid 91% of suppliers within 30 days of receipt of invoices/claims. This is attributable to the following: - Budgetary constraints due to limited equitable share budget. - Insufficient documentation submitted by service providers to substantiate value created. - Suppliers changing banking details without notifying the Department, which take long to change the banking information on the Centralised Supplier Database (CSD),	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		and processing of payments, as required by Treasury Regulation 8.1.1 Repeat finding.	System Down- time and errors because of load shedding Advance payments were made in line with contractual arrangements. These advances were made to enable the implementing agencies to initiate projects that it was contracted to implement on behalf of the department including appointment of contractors/ service providers and the professionals that must monitor these projects. Invoices/ claims are recorded, monitored, and aged to ensure timely settlement. A weekly invoice register is submitted to all directorates to monitor outstanding accruals. Further, monthly reporting is made at the monthly departmental In-Year Monitoring meeting to address any outstanding issues with invoices/ claims.	
3	Fruitless and wasteful expenditure	- Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R5.8 million, 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 inadequate monitoring of projects.	A Project Management Manual is in place for the management of project related activities Investigations on fruitless and wasteful have not yet been finalised due to the process of gathering sufficient and accurate information. Investigations are expected to be finalised by the end of the third quarter (December 2022) and consequence management will be implemented where deemed necessary. - Inadequate monitoring of projects activities on site and the poor quality of contracts - Delays in the approval of variation orders which contribute to charges on standing time - Interest charged on late payments due to disputes that arise between the parties - Delays in payment of final accounts	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
4	Consequence Management	The Auditor General 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 on irregular expenditure were not finalised for 2020/2021 financial year. Sufficient appropriate audit evidence could not be obtained that disciplinary step 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 fruitless and wasteful expenditure were not performed.	Investigations into all the cases from previous years have been finalised. However, outstanding consequence management relating to ex departmental employees who had transferred before disciplinary action could be taken was not available for submission. Investigations for fruitless and wasteful expenditure are still in progress Disciplinary steps for some of the officials responsible for incurring irregular expenditure were implemented. For the remaining officials, the estimated turnaround time to institute consequence management is the end of November 2022. Of the disciplinary processes against the ten (10) officials previously reported, eight (8) cases were finalised, and warning letters were issued to the officials. The remaining two (2) officials did not accept this sanction and the formal process of a disciplinary hearing is now in process. This is anticipated to be finalised by the 15th of November 2022.	
5	Underspending of the Conditional Grant	As disclosed in note 3.2 to financial statement, R870, 5 million (Included in the total of 2.1 billion for the transfers and subsidies) was used as a pre-payment to the implementing agencies of which R721, 5 million has not been spent at the year end and was not refunded to the department.	The department has utilised a model of advance payments to implementing agents. R 599mil was in respect of advance payments to HDA in line with contractual arrangements, which is expected to be converted into value created on the contracted projects in respect for informal settlement upgrading. The same model has been utilised for the HSDG to the value of R 122mil for projects in Umzimvubu LM, Ndlambe LM, BCM and NMBM. Advance payments were made to implementing agents in line with contractual arrangements. These advances were made to enable the implementing agents to initiate projects that they are contracted to implement on behalf of the department, including appointment of contractors/ service providers and	

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			the professionals that must monitor these projects. The view of the department in the disclosure of these payment was in terms of Chapter 9, paragraph 6 of the Modified Cash basis Standards, which states that, A Department may recognize a prepayment or an advance in the statement of financial performance in accordance with Chapter 8 on Expenditure if the prepayment or the advance is material and was budgeted for as an expense in the year in which the actual prepayment or advance was made. At the end of the financial year, these funds had not yet been converted to value created and the balance held by the implementing agents in an interest-bearing trust account was disclosed as a note in the book of accounts of the department.	
6	Internal control deficiencies	Leadership did not adequately perform its 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. Management did not implement daily, and monthly controls as designed for department's business processes and did not have a proper system of records management that provides for the maintenance of information to be reported in financial statements. Management did not implement the external audit's recommendations,	It is further acknowledged that the weaknesses identified are indeed relating to the general control environment, systems and SCM environment resulting in the stagnation of the department's audit outcomes for the past three years. These were because of weaknesses in the internal control environment which the departments have subsequently revised to mitigate future recurrence. It is acknowledged that these are indeed relating to the general control environment, systems and SCM environment resulting in the stagnation of the department's audit outcomes for the past three years. These were because of weaknesses in the internal control environment which the departments have subsequently revised to mitigate future recurrence. Constant monitoring conducted through meetings with the MEC, Top Management, monthly IYM and service delivery meetings.	

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		resulting in repeat audit findings in performance information.	The appointment of a panel of professionals for upscaling delivery of title deeds The findings relating to performance information are not recurring for the same indicators, however, to address the root causes of audit findings, performance agreements of senior managers incorporate measures to address external audit findings.	
7	Material irregularities identified during the audit	Contract not awarded to the highest-scoring bidder- The department made an award of R16,8 million for 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. Contract not awarded to the highest-scoring bidder- The department made an award of R30,9 million for 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. Contract not awarded to the highest-scoring bidder - The department made an award of R21,4 million for 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 accounting officer applied to the high court to have the contracts set aside for the contracts not awarded to the highest scoring bidder for R16,8 million and R30,9 million. The High Court ordered on the 6th of April 2021 and 29th June 2021 respectively that the service level agreement entered into between the department and the successful bidders were invalid in terms of section 172 (1)(a) of the Constitution of the Republic of South Africa and that the contracts should be set aside from the date of the order. The court order was subsequently implemented. The accounting officer applied to the high court to have the contract set aside for the contracts not awarded to the highest scoring bidder for R21,4 million. The high court ordered on the 13th of April 2021 that the service level agreement 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 however the letter of appointment and SLA were not set aside. The department will not be able to prevent likely financial loss as the court has not set aside the SLA. The department and the successful bidder will have to honour the SLA entered. The accounting officer also instigated a conduct review of officials within the department and of the department's bid specifications, bid evaluation and bid adjudication committees to identify the officials responsible for non-compliance. Terms of Reference for all construction procurement (urban and rural) procurement have been reviewed and standardised to prevent the recurrence of weaknesses previously identified.	

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			Internal control measures linked to the review of the SCM Policy has contributed to an improved control environment. The standardised terms of reference in August 2021 and the SCM Policy was reviewed and implemented in October 2021. The monitoring is done by utilising the checklist before the awarding of bids to ensure compliance with prescribed legislation.	

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Qualifications:		
Adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance of the number of pre-1994 households registered against the predetermined indicators.	2021/22	The Department has improved systems and processes ensure consistent measurement and reliable reporting
Lack of complete and accurate records to confirm the reported achievement of 5300 households benefitting from Informal Settlement Upgrading	2021/22	The Department has standardised the format for the reporting of household benefitted and has improved quality assurance process for their records
Emphasis of matter: Underspending of the conditional grant		
Of the R870.5 million that was made as prepayments to implementing agencies, R721.5 million was not spent at year end.	2021/22	The department has enhanced the SLAs with the implementing agents to increase the spending levels and value created.
Matters of non-compliance		
Effective steps were not taken to prevent irregular expenditure	2020/21	The Department resolved the finding and no new cases were reported in the 2022/23 FY
Effective steps were not taken to prevent fruitless and wasteful expenditure	2021/22	These cases are caused by interest paid due to court orders.
Investigations into irregular expenditure were not finalized for 2020/21 financial year	2021/22	Investigations into these cases have been finalised.
Investigations into fruitless and wasteful expenditure were not performed for all fruitless and wasteful expenditure incurred.	2021/22	The Department is performing investigations for fruitless and wasteful expenditure and they are still in progress.
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)	2021/22	The Department has Organisational Performance Management System in place which is utilized as a monitoring and reporting tool of performance information on quarterly basis. Back-end audit was conducted for achieved targets to strengthen monitoring systems.

10. INTERNAL CONTROL UNIT

Discuss the work performed by internal control unit during the year.

The Internal Control Unit is an internally employed function that operates within the Chief Directorate: Financial Management Services. Annually, the unit prepares an operational plan that is designed to ensure the control environment is sound, considering the results of the department's risk assessments, the internal and external audit reports and the control weakness identified in the previous financial years.

With regards to Assurance Services, the unit performed pre-audit of procurement documents to ensure that the sourcing of goods and services is in line with the relevant policies, instruction notes and procedures. Pre-audit of claim documents to ensure that only valid and accurate claims are recorded and paid and that payments are in line with the approved contracts and relevant policies, instruction notes and procedures.

The Audit Improvement Plan (AIP), based on the Internal and External Audit recommendations, was developed together with the relevant directorates and the Internal Audit unit. Progress on implementation of the approved plans was reported monthly to Management (IYM), Provincial Treasury and quarterly to the Audit Committee.

The unit performed the following functions regarding Irregular, Fruitless and Wasteful expenditure: Report monthly on the status of Irregular, Unauthorised and Fruitless and Wasteful Expenditure (IYM). Manage Irregular, Unauthorised and Fruitless and Wasteful Expenditure case files. Perform assessments on Irregular, Unauthorised and Fruitless and Wasteful Expenditure. Facilitated committee meetings for consideration of assessed Irregular, fruitless and wasteful expenditure cases. Requested condonations from the relevant authorities when cases had been finalised.

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:

- Evaluation of 2021/22 draft Annual Financial Statements
- Evaluation of 2021/22 draft Annual Report
- Evaluation of beneficiary strategy
- Follow-up Internal Audit Findings Register
- Evaluation of Upgrading of Informal Settlements processes
- Evaluation of Supply Chain Management processes
- Review of Financial management
- Evaluation of Interim Financial Statements
- Consulting review on the AIP
- Evaluation of title deeds processes
- Gap analysis review on the implementation of POPI Act conditions and compliance requirements
- Information and Communication Technology
- Risk Management maturity assessment

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. Nonetheless, there is concerted effort from management to continuously improve the general internal control environment of the department. Improvements were noted in some business processes such as Supply Chain Management, Financial Management and risk management as management has put some efforts in ensuring that adequate internal controls are designed adequately and operating effectively. However, in some business processes although internal controls are adequately designed but they were partially effective.

In improving corporate governance of ICT, the departmental Policy on Corporate Governance of ICT and ICT Security Policy were reviewed whilst the ICT governance maturity assessment and Cyber Security vulnerability assessments were also conducted.

- **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**

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	5
Adv. S. Peter	Bachelor of Law	External	N/A	1 December 2020	N/A	5
Ms. T. Cumming	CA(SA)	External	N/A	1 December 2020	N/A	5

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2023.

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

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 several years. This is concerning for the Audit Committee and, having raised several 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 stagnation 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. However, generally there are still challenges on the status of implementation of risk mitigation plans where, out of 35 mitigation plans for strategic risks, 26 were implemented and 9 were not implemented and out of 97 mitigation plans for operational risks, 83 were implemented and 14 not implemented.

There is also co-operation and willingness towards the implementation of the combined assurance framework, although it is still at the initial stages.

Improvement has been noted regarding the Supply Chain Management processes that were major contributors to the occurrence of irregular expenditure in the past. The revision of the Supply Chain Management Policy has contributed notably to the improvement.

The Audit Committee has noted the findings of internal audit as per the reports summarized in the internal audit section 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.

Slow implementation of internal audit findings forms part of the issues that were escalated to the MEC for intervention. There were also challenges that were faced by internal audit such as delays in filling the administration position that is

crucial for the effective functioning of the unit. Despite this, 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:

- There has been accumulated irregular expenditure emanating from prior years that has not yet been condoned by Provincial Treasury due to slow implementation of relevant processes towards consequence management. When the consequence management processes are adequately implemented, approval may be granted by Provincial Treasury to reduce the accumulated irregular expenditure balance.
- On the departmental Information and Communication Technology, the department has reviewed the ICT digital strategy as well as the Corporate Governance of ICT Policy Framework 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. The Audit Committee is pleased that the consolidated ICT Security Policy has been reviewed as information security has 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 from 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 the department may improve in terms of its year-on-year audit findings.
- Slow implementation of the Protection of Personal Information Act 4 of 2013 (POPIA). Implementation will ensure that a compliance environment is created in managing information on records, personal information, and data.

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.

Whilst spending for the current year has improved on the Human Settlements Development Grant, there has been underspending on the Upgrading of Informal Settlements Partnership Grant and Provincial Emergency Housing Grant. This is 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 Audited Annual Financial Statements and Annual Performance Report

We have reviewed the annual financial statements prepared by the department.

The Audit Committee has reviewed and discussed the audited financial statements for the 2022/23 financial year with management. This process included a review of the accounting policies and practices, and any changes thereto. The Audit Committee has also reviewed and discussed the audited performance report for the 2022/23 financial year with management.

Certain shortcomings and weaknesses were highlighted in both the financial statements and performance report. 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.

Auditor General's Report

We have reviewed the department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters have been adequately resolved except for the following:

- Accumulated irregular expenditure.
- Supporting portfolio of evidence for number of households benefitted on the upgrading of informal settlements grant.
- Supporting portfolio of evidence for post-1994 title deeds registered
- Under expenditure on the Informal Settlements Upgrading Partnership grant and Provincial Emergency Housing grant.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

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 Services 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 July 2023

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

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 <i>(Include a discussion on your response and indicate what measures have been taken to comply)</i>
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 into 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

ANNUAL REPORT 2022/23

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

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.

2. OVERVIEW OF HUMAN RESOURCES

Provide commentary on the following:

The Status of Human Resources in the Department.

The Department of Human Settlements opened the financial year with a total establishment of 566 posts. 513 filled posts and 56 vacant posts which translated to a 9% vacancy rate and closed the financial year in March 2023 with 570 posts total establishment due to the changes in the Office of the MEC which occurred in Sept of 2022. as guided by the MEC handbook and the Office of the Premier directive. a total of 517 filled posts and 53 vacant posts translating to a 10% vacancy rate.

The department had 27 posts in the Annual Recruitment plan with 17 carry-over posts from 2021/22 financial year with a total of 44 posts to be filled. Out of these posts, 34 posts were filled mainly through promotions. The department is carrying over with 10 remaining posts in the 2023/24 financial year.

The department has continued to maintain the overall gender ratio of females higher than the males. where it registered 59% females against 41% of males. At SMS level, the ratio has been reduced to from 53% to 51% against 49% of males at the end of fourth quarter. The department, however has continued to reflect high levels of female employees at 70% females against 30% males at salary levels 7-8 throughout the financial year. The area at which the department has remained challenged during the financial year in terms of the gender ratio is in levels 11 and 12 where females have remained below 50% at 47% as against 53% of males.

Achievements during the Recruitment Process:

- The vacancy rate was reduced from 10% to 9%.
- The department realised a turnover rate of 6% in the financial year.

Challenges during the Recruitment Process:

- There was a delay in the approval of the SDM due to conducting the Organisational Functionality Assessment. The SDM will affect the reviewal of the Organisational Structure and thus affecting strategic changes to technical posts that were advertised.
- There were constant changes to the Guide to the Members of the Executive that affected the establishment of the department and the updating of the Persal system to effect the changes as and when they occurred. thus, the increase of the establishment from 566 to 570.
 - The allocated COE budget for the 2022/23 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 were delays caused during the shortlisting and interview periods. due to non-availability of panellists on scheduled dates due to conflicting priorities.

- **Human resource priorities for the year under review and the impact of these.**

Implementation of the HRP objectives

- Evaluation of jobs
- Attraction and retention of designated groups
- Training of technical staff
- Meeting EE targets
- Management of health and productivity of employees

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

- To meet departmental Employment Equity targets.
- To meet departmental Gender Equity targets.

- Fill vacancies within 180 days as planned.

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 to moderate assessment for 2021/2022 performance cycle in September 2022. The department did not pay any performance incentives due to the DPSA directive. The payment of the Performance pay progression was implemented and paid out in October 2022.

The departmental Moderation Committee for members of Senior Management Services (salary level 13) convened March 2023 to moderate 2021/2022 final assessments. Performance bonuses for SMS members were not paid during 2022/2023 financial year but deferred to first quarter of 2023/2024 financial year pending approval by the MEC as the delegated authority.

All submitted 2022/2023 PMDS documents, Performance Agreements and Semester reviews were captured on PERSAL. The validations of Performance Agreements were conducted, and the feedback was reported 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 AIDS, STI 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 and was procured during 2022/2023. Life Health Solutions was appointed to ensure staff has 24/7/365 workplace driven support for the next 3 financial years.

The department managed to re-introduce sport and recreational activities post COVID-19 to strengthen departmental team relations and to positively impact staff health, including mental health as the COVID-19 pandemic took a toll on staff mental health in general. Staff health screenings assisted staff members to monitor their health and promoted early intervention and had a positive impact on staff health. 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 2023/2024. 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 assist the employer to provide a safe working environment at all work sites. The department will finalise training of the first aiders and fire fighters during the 2023/2024 financial year.

Achievements in the provision of Employee Wellness Programmes:

The department managed to appoint an out-house counselling service provider to ensure staff has 24/7/365 workplace driven support for the next 3 financial years.

Challenges in the provision of Employee Wellness Programmes:

The department experienced a challenge with available service providers to effect health screenings in some work sites as the services of the Government Employee Medical Scheme (GEMS) was not always available and where available, not always reliable and of quality.

The Employee Wellness office experienced a limited budget to optimally effect strategic interventions, especially where there is a gap in available and quality services with regards to health screenings. The employee wellness office also requires an increase in budget for Health and Safety management to enhance such services in the department.

- **Future human resource plans /goals.**

- The department will continue to facilitate recruitment staff in line with the departmental approved Annual Recruitment Plan and Organisational Structure.
- Filling of SMS posts will be highly prioritised.
- Employment Equity goals will continue to be prioritised within the recruitment processes.
- Provision of Skills Development for the employees of the department.
- Management of Performance of the employees during the year.
- Stability within the department through management of employer-employee relations.
- Ensuring support of employees through Employee Health and Wellness programmes.
- Ensuring support of employees through conditions of service programmes.

3. HUMAN RESOURCES OVERSIGHT 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 2022 and 31 March 2023

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	194 718	114 837	0	0	59.0	63 097.25
Assets and Liabilities	0	0	0	0	0.0	0.00
Housing Asset Management	22 222	20 624	0	0	92.8	71 117.24
Housing Development	2 264 456	206 001	0	0	9.1	67 541.31
Housing Needs, Research & Planning	20 464	18 590	0	0	90.8	77 458.33
Total as on Bas	2 501 860	360 052	0	0	14.4	66 676.30

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

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)	2 005	0.6	11	18 227.27
Skilled (level 3-5)	12 336	3.8	41	30 087.80
Highly skilled production (levels 6-8)	70 015	21.3	159	44 034.59
Highly skilled supervision (levels 9-12)	211 935	64.5	250	84 774.00
Senior and Top management (levels 13-16)	54 616	16.6	43	127 013.95
Contracts L3-5	465	0.1	2	23 250.00
Contracts L6-8	2 668	0.8	28	9 528.57
Contracts L9-12	3 416	1.0	4	8 540.00
Contracts L>=13	2 596	0.8	2	129 800.00
Total	360 052	91.3	540	66 676.30

Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

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	94 035	88.9	133	0.1	7 032	6.6	4 630	4.4
Housing Asset Management	9 073	87.0	0	0.0	808	7.7	548	5.3
Housing Planning and Research	15 349	90.9	0	0.0	932	5.5	596	3.5
Housing Programme Facilities & Administration	174 849	89.4	40	0.0	12 408	6.3	8 381	4.3
Total	293 306	89.2	173	0.1	21 180	6.4	14 155	4.3

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

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
Skilled (level 1-2)	1 394	75.2	0	0.0	134	7.2	326	17.6
Skilled (level 3-5)	8 688	79.0	32	0.3	774	7.0	1 507	13.7
Highly skilled production (levels 6-8)	58 718	88.1	92	0.1	2 747	4.1	5 118	7.7
Highly skilled supervision (levels 9-12)	174 019	90.8	49	0.0	11 008	5.7	6 585	3,4
Senior management (level 13-16)	41 951	85.9	0	0.0	6 293	12.9	613	1,3
Contract (Levels 3-5)	430	97.9	0	0.0	9	2.1	0	0.0
Contract (Levels 6-8)	2 668	100.00	0	0.0	0	0.0	0	0.0
Contract (Levels 9-12)	2 935	93.7	0	0.0	192	6.1	6	0.2
Contract (Levels >=13)	2 503	99.1	0	0.0	23	0.9	0	0.0
Total	293 306	89.2	173	0.1	21 180	6.4	14 155	4.3

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	207	182	12.1	7
Housing Asset Management	20	16	20.0	2
Housing Planning and Research	28	24	14.3	1
Housing Programme Facilities and Administration	342	318	7.0	17
Total	597	540	9.6	27

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

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)	12	11	8.3	0
Skilled (3-5)	47	41	12.8	0
Highly skilled production (6-8)	177	159	10.2	0
Highly skilled supervision (9-12)	275	250	9.1	0
Senior management (13-16)	50	43	14.0	1
Contracts L3-5	2	2	0.0	0
Contracts L6-8	28	28	0.0	26
Contracts L9-12	4	4	0.0	0
Contracts >=13	2	2	0.0	0
Total	597	540	9.6	27

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	338	307	9.2	26
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	16	11.1	0
Client Inform Clerks (Switch, Receipt Inform Clerks)	2	2	0.0	0
Communication and Information Related	3	3	0.0	0
Engineering Sciences Related	1	1	0.0	0
Engineers and Related Professionals	94	89	5.3	0
Finance and Economics Related	1	1	0.0	0
Financial and Related Professionals	21	18	14.3	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Financial Clerks and Credit Controllers	4	4	0.0	0
Household Food and Laundry Services Related	1	1	0.0	0
Human Resources and Organisat Developm and Relate Prof	13	11	15.4	0
Human Resources Related	21	19	9.5	0
Information Technology Related	9	7	22.2	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 and Related Prof not class elsewhere	8	6	25.0	0
Secretaries and Other Keyboard Operating Clerks	1	1	0.0	0
Senior Managers	43	36	16.3	1
Total	597	540	9.6	27

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 2023

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	0.0
Salary Level 16	1	1	100	0	0.0
Salary Level 15	1	1	100	0	0.0
Salary Level 14	8	7	87.5	1	12.5
Salary Level 13	41	35	85.4	6	14.6
Total	51	44	86.3	7	13.7

Table 3.3.2 SMS post information as on 30 September 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	0.0
Salary Level 16	1	1	100	0	0.0
Salary Level 15	1	1	100	0	0.0
Salary Level 14	8	5	62.5	3	37.5
Salary Level 13	41	35	85.4	6	14.6
Total	51	42	82.4	9	17.7

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

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	3	0	2
Salary Level 13	7	0	3
Total	10	0	5

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 2022 and 31 March 2023

Reason for vacancies not advertised within six months
All the SMS posts of the department that were vacated were advertised within six months of being vacant.

Reasons for vacancies not filled within twelve months
- For posts to be advertised the department has to request an approval from the Office of the Premier -EC which has its own scheduled dates for sittings and advertising of posts. - Delays to fill the posts were due to the non-availability of the panel members as they are HOD's of other departments. - Changes of the MEC's of the department occurred in the month of August 2022, this delayed the recruitment processes. - The department must undergo internal approvals for the SMS posts to be filled before preparing them for the advertisements; approvals of the MEC as well as of the HOD to commence recruitment processes.

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 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
Not applicable as the department has advertised all its SMS posts within 6 months of being vacant.
Reasons for vacancies not filled within six months
None were taken as the reasons were all outside the departmental control.

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 2022 and 31 March 2023

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)	12	0	0	0	0	0	0
Skilled (Levels 3-5)	47	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)	275	0	0	0	0	0	0
Senior Management Service Band A	41	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
Contracts L3-5	2	0	0	0	0	0	0
Contracts L6-8	28	0	0	0	0	0	0
Contracts L9-12	4	0	0	0	0	0	0
Contract B and A	1	0	0	0	0	0	0
Contract B and C	1	0	0	0	0	0	0
Total	597	0	0	0	0	0	0

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

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 2022 and 31 March 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Nil	0	0	0	None
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 2022 and 31 March 2023

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 determine by job evaluation	Nil
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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 2022 and 31 March 2023

Salary band	Number of employees at beginning of period-1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	8	3	0	0.0
Skilled (Levels 3-5)	43	0	1	2.3
Highly skilled production (Levels 6-8)	166	0	8	4.8
Highly skilled supervision (Levels 9-12)	253	5	5	2.0
Senior Management Service Bands A	35	1	3	8.6
Senior Management Service Bands B	5	2	0	0.0
Senior Management Service Bands C	0	0	0	0.0
Senior Management Service Bands D	1	0	0	0.0
Contract (Levels 3-5) Permanent	2	2	2	100
Contract (Levels 6-8) Permanent	29	3	3	10.3
Contract (Levels 9-12) Permanent	3	5	4	133.3
Contract Band A Permanent	0	1	0	0.0
Contracts Band C Permanent	1	0	0	0.0
Total	546	22	26	4.8

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Critical occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	313	13	16	5.1
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	14	3	1	7.1
Client Inform Clerks (Switch, Receipt Inform Clerks)	2	0	0	0.0
Communication and Information Related	3	0	0	0.0
Engineering Sciences Related	1	0	0	0.0
Engineers and Related Professionals	90	0	1	1.1
Finance and Economics Related	1	0	0	0.0
Financial and Related Professionals	20	1	3	15.0
Financial Clerks and Credit Controllers	4	0	0	0.0
Household Food and Laundry Services Related	1	1	1	100
Human Resources and Organisational Development and Related Prof	12	0	1	8.3
Human Resources Related	20	0	0	0.0
Information Technology Related	6	0	0	0.0
Logistical Support Personnel	5	0	0	0.0
Motor Vehicle Drivers	8	0	0	0.0
Other Administrative Policy and Related Officers	1	0	0	0.0

Critical occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Other Occupations	1	0	0	0.0
Quantity Surveyors and Related Prof not class elsewhere	6	0	0	0.0
Secretaries and Other Keyboard Operating Clerks	1	0	0	0.0
Senior Managers	34	4	3	8.8
TOTAL	546	22	26	4.8

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 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death	1	3.8
Resignation	13	50.0
Expiry of contract,	5	19.2
Dismissal – operational changes	0	0.0
Dismissal – misconduct	0	0.0
Dismissal – inefficiency	0	0.0
Discharged due to ill-health	1	3.8
Retirement	6	23.1
Transfer to other Public Service Departments	0	0.0
Other	0	0.0
Total	26	100
Total number of employees who left as a % of total employment		4.8

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

Occupation	Employees 1 April 2022	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	313	5	1.6	210	67.1
Architects Town and Traffic Planners	2	0	0.0	1	50.0
Cashiers, Tellers, and Related Clerks	1	0	0.0	1	100
Cleaners in Offices, Workshops, Hospitals etc	14	0	0.0	11	78.6
Client Inform Clerks (Switch, Receipt Inform Clerks)	2	0	0.0	2	100
Communication and Information Related	3	0	0.0	2	66.7
Engineering Sciences Related	1	0	0.0	0	0.0
Engineers and Related Professionals	90	1	1.1	50	55.6
Finance and Economics Related	1	0	0.0	1	100

Occupation	Employees 1 April 2022	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
Financial and Related Professionals	20	0	0.0	18	90.0
Financial Clerks and Credit Controllers	4	0	0.0	3	75.0
Household Food and Laundry Services Related	1	0	0.0	0	0.0
Human Resources and Organisat Developm and Relate Prof	12	1	8.3	8	66.7
Human Resources Related	20	1	5.0	18	90.0
Information Technology Related	6	0	0.0	4	66.7
Logistical Support Personnel	5	0	0.0	3	60.0
Motor Vehicle Drivers	8	0	0.0	7	87.5
Other Administrative Policy and Related Officers	1	0	0.0	1	100
Other Occupations	1	0	0.0	0	0.0
Quantity Surveyors and Related Prof not class elsewhere	6	0	0.0	1	16.7
Secretaries and Other Keyboard Operating Clerks	1	0	0.0	1	100
Senior Managers	34	0	0.0	0	0.0
TOTAL	546	8	1.5	342	62.6

Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	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)	8	0	0.0	5	62.5
Skilled (Levels 3-5)	43	0	0.0	33	76.7
Highly skilled production (Levels 6-8)	166	1	0.6	124	74.7
Highly skilled supervision (Levels 9-12)	253	5	2.0	180	71.2
Senior Management (Level 13-16)	41	2	4.9	0	0.0
Contracts L3-5	2	0	0.0	0	0.0
Contracts L6-8	29	0	0.0	0	0.0
Contracts L9-12	3	0	0.0	0	0.0
Contracts >=L13	1	0	0.0	0	0.0
Total	546	8	1.5	342	62.6

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 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	2	1	0	17	1	0	0	37
Professionals	75	0	0	3	72	1	1	5	157
Technicians and associate professionals	114	3	0	2	181	5	3	5	313
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	15	0	0	0	16
Total	214	5	1	5	292	7	5	11	540
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 2023

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	18	2	1	0	20	1	0	0	42
Professionally qualified and experienced specialists and mid-management	114	1	0	5	119	1	2	8	250
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	47	2	0	0	101	5	2	2	159
Semi-skilled and discretionary decision making	16	0	0	0	23	0	1	1	41
Unskilled and defined decision making	0	0	0	0	11	0	0	0	11
Contracts (Top Management)	0	0	0	0	1	0	0	0	1
Contracts (Senior Management)	1	0	0	0	0	0	0	0	1
Contracts (Professionally Qualified)	1	0	0	0	3	0	0	0	4
Contracts (Skilled Technical)	16	0	0	0	12	0	0	0	28
Contracts (Semi-skilled)	1	0	0	0	1	0	0	0	2
Total	214	5	1	5	292	7	5	11	540

Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

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	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	1	0	0	0	4	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
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)	2	0	0	0	3	0	0	0	5
Contract (Skilled Technical)	1	0	0	0	2	0	0	0	3
Contract (Semi-skilled)	1	0	0	0	1	0	0	0	2
Total	8	0	0	0	14	0	0	0	22
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2022 to 31 March 2023

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	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	79	1	0	3	93	1	2	6	185
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	39	2	0	0	78	4	1	1	125
Semi-skilled and discretionary decision making	12	0	0	0	19	0	1	1	33
Unskilled and defined decision making	0	0	0	0	5	0	0	0	5
Total	132	3	0	3	195	5	4	8	350
Employees with disabilities	2	0	0	0	2	0	0	0	4

Table 3.6.5 Terminations for the period 1 April 2022 to 31 March 2023

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	0	1	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	3	0	0	0	2	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	6	0	0	0	8
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified)	2	0	0	0	2	0	0	0	4
Contracts (Skilled Technical)	3	0	0	0	0	0	0	0	3
Contracts (Semi-skilled)	1	0	0	0	1	0	0	0	2
Total	12	0	1	0	13	0	0	0	26
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	1	0	0	0	0	0	0	0	1
Suspension without pay (two months)	2	0	0	0	0	0	0	0	2
Total	3	0	0	0	0	0	0	0	3

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	0	0	0	2	0	0	0	4
Professionals	24	0	0	0	18	1	0	0	43
Technicians and associate professionals	50	0	0	0	33	1	1	0	85
Clerks	37	0	0	0	65	3	0	0	105
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	8	0	0	0	7	0	0	0	15
Total	121	0	0	0	125	5	1	0	252
Employees with disabilities	0	0	0	0	0	0	0	0	0

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 2022

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
Salary Level 16	0	0	0	0
Salary Level 15	1	1	1	100
Salary Level 14	8	7	5	71.4
Salary Level 13	43	37	33	89.2
Total	52	45	39	86.7

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 2022.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023

Reasons
2 Chief Directors were appointed in the 4 th quarter of 2023.
1 Director not complied with the PMDS policy as at 31 March 2023

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 2023

Reasons
- The newly appointed Chief Directors expected to comply in the first quarter of 2023. - None were taken against the non-compliant SMS member.

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 2022 to 31 March 2023

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	3	212	1.4	136.32	45 440.00
Female	3	290	1.0	93.29	31 096.67
Asian					
Male	0	1	0.0	0	0.0
Female	0	5	0.0	0	0.0
Coloured					
Male	0	5	0.0	0	0.0
Female	0	7	0.0	0	0.0
White					
Male	0	5	0	0	0.0
Female	0	11	0	0	0.0
Employees with a disability	0	4	0	0	0.0
Total	6	540	1.1	229.61	38 268.33

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 to 31 March 2023

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)	0	11	0.0	0.00	0.00	0.0
Skilled (level 3-5)	0	41	0.0	0.00	0.00	0.0
Highly skilled production (level 6-8)	1	159	0.6	3.33	3 330.00	0.0
Highly skilled supervision (level 9-12)	0	250	0.0	0.00	0.00	0.0
Contract L3-5	0	2	0.0	0.00	0.00	0.0
Contract L6-8	0	28	0.0	0.00	0.00	0.0
Contract L9-12	0	4	0.0	0.00	0.00	0.0
Total	1	495	0.2	3.33	3 333.00	0.0

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2022 to 31 March 2023

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	0	4	0.0	0.00	0.00
Household Food and Laundry Services Related	0	1	0.0	0.00	0.00
Human Resources & Organisat Development & Relate Prof	0	11	0.0	0.00	0.00
Logistical Support Personnel	0	5	0.0	0.00	0.00
Finance And Economics Related	0	1	0.0	0.00	0.00
Other Occupations	0	1	0.0	0.00	0.00
Financial And Related Professionals	0	18	0.0	0.00	0.00
Architects Town And Traffic Planners	0	2	0.0	0.00	0.00
Administrative Related	2	307	0.7	49.67	24 835.00
Communication and Information Related	0	3	0.0	0.00	0.00
Secretaries & Other Keyboard Operating Clerks	0	1	0.0	0.00	0.00
Cleaners In Offices Workshops Hospitals Etc.	0	16	0.0	0.00	0.00
Human Resources Related	0	19	0.0	0.00	0.00
Cashiers Tellers and Related Clerks	0	1	0.0	0.00	0.00
Other Administrative Policy and Related Officers	0	1	0.0	0.00	0.00
Senior Managers	4	36	11.1	179.94	44 985.00

Critical occupation	Beneficiary Profile		Cost		
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Client Inform Clerks (Switchb Receipt Inform Clerks)	0	2	0.0	0.00	0.00
Engineers And Related Professionals	0	89	0.0	0.00	0.00
Engineering Sciences Related	0	1	0.0	0.00	0.0
Motor Vehicle Drivers	0	8	0.0	0.00	0.00
Quantity Surveyors & Rela Prof Not Class Elsewhere	0	6	0.0	0.00	0.00
Information Technology Related	0	7	0.0	0.00	0.00
Total	6	540	1.1	229.61	38 268.33

Table 3.8.4 Performance Related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2022 to 31 March 2023

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	4	36	11.1	181.97	45 492.50	0.4
Band B	1	7	14.3	44.31	44 310.00	0.5
Band C	0	1	0.0	0.00	0.00	0
Band D	0	1	0.0	0.00	0.00	0
Total	5	45	11.1	226.28	45 260.00	0.4

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 2022 and 31 March 2023

Salary band	01 April 2022		31 March 2023		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)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 20YY and 31 March 2023

Major occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and managers	0	0	0	0	0	0

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 2022 to 31 December 2022

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)	31	80.7	7	1.8	4.4	17.00
Skilled (levels 3-5)	289	79.6	31	8.0	9.3	268.00
Highly skilled production (levels 6-8)	1041	75.6	133	34.5	7.8	1 706.00
Highly skilled supervision (levels 9 -12)	1 322	81.1	185	47.9	7.2	3 948.00
Top and Senior management (levels 13-16)	164	93.9	20	5.2	8.2	780.00
Contract (L6-8)	24	79,2	10	2,6	2.4	7.00
Total	2 871	79.7	386	100	7.4	6 726.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

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	0	0
Skilled (Levels 3-5)	0	0.0	0	0.0	0	0
Highly skilled production (Levels 6-8)	65	100	3	50.0	22	110.00
Highly skilled supervision (Levels 9-12)	73	100	2	33,3	37	190.00
Senior management (Levels 13-16)	84	100	1	16,7	84	468.00
Total	222	100	6	100	37	768.00

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 2022 to 31 December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	193	17.6	11.00
Skilled Levels 3-5)	973	22.6	43.00
Highly skilled production (Levels 6-8)	4 037	23.8	170.00
Highly skilled supervision (Levels 9-12)	6 818	26.4	258.00
Senior management (Levels 13-16)	900	23.7	38.00
Contract (Levels 6-8)	327	11.3	29.00
Contract (Levels 9-12)	15	7.5	2.00
Contract (Levels 13-16)	5	5.0	1.00
Total	13 268	24.0	552.00

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

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 2023
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	64.3
Highly skilled production (Levels 6-8)	0	0	0	65.7
Highly skilled supervision (Levels 9-12)	0	0	0	79.4
Senior management (Levels 13-16)	0	0	0	88.8
Total	0	0	0	76.5

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

Table 3.10.5 Leave payouts for the period 1 April 2022 and 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - Discounting With Resignation (workdays)	19.00	2	9 500.00
Leave payout for 2022/23 due to non-utilisation of leave for the previous cycle	0.00	0	0.00
Capped leave payouts on termination of service for 2022/23	1 408.00	6	234 666.66
Current leave payout on termination of service for 2022/23	566.00	8	70 750.00
Total	1 994,00		

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 95 546.18
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) - 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 PC Peter, Ms MN Banda, Mr G Malapane, Ms T Shweni, Ms P Gangqa, Mr N Mabindisa and Mr S Bodoza, Ms A Mdledle, Ms T Ngewu, Ms F Maposa-Nyangiwe, Ms G Ngobozana, Mr U Luwaca, Mr M Plaatjie, Ms A Manyela
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 you achieved.	X		Confidential counselling and testing is provided. The department tested 187 employees .
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health	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,

Question	Yes	No	Details, if yes
promotion programme? If so, list these measures/indicators.			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 2022 and 31 March 2023

Subject matter	Date
None	None

Notes

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

Total number of Collective agreements	Nil
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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 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	2	67
Fine	0	0
Demotion	0	0
Dismissal	1	33
Not guilty	0	0
Case withdrawn	0	0
Total	3	100

Notes

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

Total number of Disciplinary hearings finalised	3
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Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of total
Sexual Harassment	1	33.33
Failure to obey lawful instruction/insubordination	1	33.33
Misuse of State Property	1	33.33
Total	3	100%

Table 3.12.4 Grievances logged for the period 1 April 2022 and 31 March 2023

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 2022 and 31 March 2023

Disputes	Number	% of Total
Number of disputes upheld	1	100%
Number of disputes dismissed	0	0
Total number of disputes lodged	1	100%

Table 3.12.6 Strike actions for the period 1 April 2022 and 31 March 2023

Total number of persons working days lost	0
Total costs working days lost	0.00
Amount recovered as a result of no work no pay (R'000)	0.00

Table 3.12.7 Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Number of people suspended	None
Number of people who's suspension exceeded 30 days	None
Average number of days suspended	None
Cost of suspension(R'000)	0.00

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 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	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	22	0	0	2	2
	Male	22	0	0	2	2
Professionals	Female	49	0	18	2	20
	Male	63	0	19	4	23
Technicians and associate professionals	Female	103	0	36	16	52
	Male	73	0	23	10	33
Clerks	Female	115	0	58	4	62
	Male	40	0	28	15	43
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and Related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	17	0	2	6	8
	Male	12	0	3	4	7
Sub Total	Female	306	0	114	30	144
	Male	210	0	73	35	108
Total		516	0	187	65	252

Table 3.13.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	22	0	6	2	8
	Male	16	0	5	2	7
Professionals	Female	48	0	18	3	21
	Male	62	0	19	4	23
Technicians and associate professionals	Female	107	0	58	21	79
	Male	83	0	27	65	62
Clerks	Female	111	0	130	28	158
	Male	40	0	78	7	85
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and Related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	14	0	2	6	8
	Male	10	0	3	4	7
Sub Total	Female	302	0	214	60	274
	Male	211	0	132	82	184
Total		513	0	346	142	458

3.14 Injury on duty

Table 3.14.1 Injury on duty for the period 1 April 2022 and 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	11	100%
Permanent Disablement	0	0
Fatal	0	0
Total	11	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 2022 and 31 March 2023

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 2022 and 31 March 2023

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 2022 and 31 March 2023

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 2022 and 31 March 2023

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 2022 and 31 March 2023

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

PFMA COMPLIANCE REPORT



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

ANNUAL REPORT 2022/23

1. IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	797 043	481 662
Add: Irregular expenditure confirmed	111 105	315 381
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	908 148	797 043

R315 381 includes R19 282 that was under assessment in 2021/22 and confirmed in 2022/23.

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	19 282
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	291 941
Irregular expenditure for the current year	111 105	4 158
Total	111 105	315 381

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	1 928 022	19 282
Irregular expenditure under determination	213	-
Irregular expenditure under investigation	-	-
Total 1	1 928 235	19 282

Irregular expenditure under assessment relates to advanced payments made to implementing agencies (R870 517 for 2021/22 and R1 057 505 for 2022/23). R213 relates to the payment made after the contract has ended.

c) Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

No condonations were granted.

¹ Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

No removal of irregular expenditure effected.

e) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

No irregular expenditure has been recovered as value was created on all irregular expenditure cases.

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

No irregular expenditure was written off.

Additional disclosure relating to Inter-Institutional Arrangements**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

Description
None
Total

None

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/2023	2021/2022
	R'000	R'000
None		
Total		

None

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Warning letters were issued to bid committee members and SCM secretariat where irregular expenditure was caused by the use of assessment criteria that was not stipulated in the terms of reference. To resubmit for condonation.
- Warning letters were issued to bid committee members and SCM secretariat where irregular expenditure related to bids not awarded to tenderer with the highest points. To submit for condonation. - For participation in National Human Settlements contracts, the ex-employee had resigned from the public service before disciplinary action was finalised. Submitted for condonation. - For procurement processes not followed (redirections), the ex-employee had resigned from the public service before disciplinary action was finalised. To submit for condonation.

None

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	17 098	11 358
Add: Fruitless and wasteful expenditure confirmed	12 085	5 783
Less: Fruitless and wasteful expenditure written off	(255)	(40)
Less: Fruitless and wasteful expenditure recoverable	-	(3)
Closing balance	28 928	17 098

An amount of R254 525 incurred in 2017/18 financial year was written off during 2022/23 financial year.

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	16 843	11 315
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	12 085	5 783
Total	28 928	17 098

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description ²	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment	16 843	11 315
Fruitless and wasteful expenditure under determination	12 085	5 783
Fruitless and wasteful expenditure under investigation	-	-
Total³	28 928	17 098

An amount of R11 634 344 relates to cases that were referred to arbitration, it is included on R12 084 500 determined in 2022/23 financial year.

² Group similar items

³ Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	3
Total	-	3

None

d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	255	40
Total	255	40

The 2022/23 balance includes 2 court cases referred to arbitration.

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
None
Total

None

1.3. Unauthorised expenditure**a) Reconciliation of unauthorised expenditure**

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	-	-
Add: unauthorised expenditure confirmed	-	-
Less: unauthorised expenditure approved with funding	-	-
Less: unauthorised expenditure approved without funding	-	-
Less: unauthorised expenditure recoverable	-	-
Less: unauthorised not recovered and written off ⁴	-	-
Closing balance	-	-

None

⁴ This amount may only be written off against available savings

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Unauthorised expenditure that was under assessment in 2021/22	-	-
Unauthorised expenditure that relates to 2021/22 and identified in 2022/23	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

b) Details of current and previous year unauthorised expenditure (under assessment, determination, and investigation)

Description ⁵	2022/2023	2021/2022
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total⁶	-	-

None

1.4. Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii))**a) Details of current and previous year material losses through criminal conduct**

Material losses through criminal conduct	2022/2023	2021/2022
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

None

b) Details of other material losses

Nature of other material losses	2022/2023	2021/2022
	R'000	R'000
<i>(Group major categories, but list material items)</i>	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

None

⁵ Group similar items⁶ Total unconfirmed unauthorised expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Other material losses recovered

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

None

d) Other material losses written off

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

Include discussion here where deemed relevant.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	1 647	R82 772 704,68
Invoices paid within 30 days or agreed period	1 488	R71 620 443,19,
Invoices paid after 30 days or agreed period	159	R11 152 261,49
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	98	R1 504 062,10
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	0	0

- Delays in sorting out administrative issues by end users (i.e preparation of new expenditure approvals and commitment registers as the payments are made in the funding for new financial year).
- Delays in end users signing GRV's confirming to having enjoyed services, satisfactory.
- System downtime as a result of load shedding.
- Budgetary constraints.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Nil	Nil	Nil	Nil	Nil
Total				

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Lubisi 1000 EPHP - Appointment of a Community Resource Organisation for construction of 1000 units at Lubisi	LIMA Rural Development Foundation	Double handling of materials	SCMU 11-15/16-d0003	R146 779 000	Nil	R11 160 984
Appointment of 31 Emerging Contractors to construct 27 units each at cala 841 rural housing project in respect of cala ward 2 (8 & 9) & cala ward 4 (1,3 & 6) at Sakhisizwe Local Municipality- Chris Hani District	Esesizwe Trading Enterprise	Double handling of materials	SCMU 11-17/18-I0002(p):	R3 700 806,30	Nil	R680 532,98
Appointment of 31 Emerging Contractors to construct 27 units each at cala 841 rural housing project in respect of cala ward 2 (8 & 9) & cala ward 4 (1,3 & 6) at Sakhisizwe local municipality- Chris Hani district	Zikhulu Trading	Double handling of materials	SCMU 11-17/18-I0002(p):	R3 700 806,30	Nil	R702 520
Qumbu 500 Housing Project- Appointment of a turnkey contractor for construction of 500 units in Qumbu	I & R Welding Supplies	Request to change from 40m ² house to 45m ² house for 3 disabled beneficiaries in Qumbu 500 project	SCMU 11-13/14 d031	R74 141 300	R4 971 364	R121 809,12
Orange Groove 3500 Housing Project- Appointment of a turnkey contractor for pre-planning, planning activities, provision of infrastructure for 3500 sites and	Rencor Trading (Pty) Ltd	Request for additional scope of work	SCMY 11-14/15-0013	R199 890 000	Nil	R19 800 000

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
construction of 1000 units at Orange Groove						
Ebenezer 1000 (ward 25-200 units) housing project	Ezuluweni Construction (Pty) Ltd	Double handling of materials	SCMU 11-19/20-rfq008	R28 688 000	R8 393 700	R3 611 089,67
Mampondomiseni 300 (114) and Nyandeni 77 housing project - Appointment of a turnkey contractor for construction of 114 units in Mampondomiseni and 77 units in Nyandeni	Real Deal Investors	Difficult terrain	SCMU 11-19/20-rfq0015	R30 207 049,19	Nil	R4 520 372,15
Zimbane Valley 702 housing project: appointment of turnkey contractor for Zimbane Valley electrification project	Nebavest 46 (Pty) Ltd	New Air dec Cable for 194 units, meter box pads & heavy-duty cables	SCMU 11-13/14-0064	R89 867 491,62	R17 670 244,71	R2 032 000
Construction of 690 units at Ilinge	7 Sirs Group T/A Victory Parade	Price escalation that affected raw materials, construction material and professional fees	SCMU 11-176/17-d00004	R96 389 550	Nil	R19 121 377,54
Ward 19 Kwa-Hala (1000)-500 anti-poverty sites	Quantum Leap Investments	Double handling, accessibility and scattered ervens	SCMU 11-13/14-0072	R47 933 837,70	Nil	R3 591 162,30
Bhetshwana 1000 rural housing project - Appointment of a turnkey contractor	Kamo Business Enterprise cc	Double handling, accessibility and scattered ervens	SCMU 11-14/15-d0071	R140 301 290	Nil	R5 726 161,97
OR Tambo 2016 destitute housing project- Appointment of a turnkey contractor for construction of 684 units in O.R Tambo: enhancement of three (3) units for disabled beneficiaries	Jordan Construction	Enhancement of three (3) units for disabled beneficiaries	SCMU 11-13/14-d0018	R76 608 000	R29 240 303,10	R210 124,80
Frankfort 300 housing project- Appointment of a contractor for construction of 300 units in Amahlathi Local Municipality	GS United Holdings	Inclusion of professional fees into existing contract of the contractor and adjustment of the direct costs to accommodate price escalation	SCMU 11-20/21-030	R43 266 546,82	Nil	R4 815 653,18
Appointment of a professional service provider for planning, contract monitoring & construction	BMK Group cc	Inclusion of Land Surveys items, addition of more detail on Geotechnical Investigation & inclusion of subsidy for a person	SCMU 11-21/22-040	R1 846 686,75	Nil	R327 992,85

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
supervision on installation of services to 300 sites- in Kati-Kati		with a visual impediment.				
Chris Hani Heritage enhance people's housing project- appointment of a CRO for the implementation of 489 units in Chris Hani	Vukani Construction and Transport services	Price escalation	SCMU 11-15/16-d0009	R82 552 814,67	Nil	R14 400 304.29
Zwartwater 1000 EPHP project	Mosegedi & Associates (Pty) Ltd	Difficult terrain	SCMU 11-15/16-d0002	R146 779 261	Nil	R12 319 470
Bhetshwana 1000 rural housing project - appointment of a turnkey contractor	Kamo Business Enterprise cc	Construction of additional 77 units	SCMU 11-14/15-d0071	R140 301 290	R5 726 161,97	R14 148 499,75
Keubeng 290 housing project	Jade Africa Developments	Construction of additional 23 units	SCMU 11-17/18-d0009	R45 366 753,77	Nil	R4 112 285
Appointment of a turnkey contractor for the construction of 150 units at Sinako Zwelethemba, 100 units at Tendergate Village, and 100 units at Zola in Chris Hani Region	Unik Civil Engineering	Construction of additional 63 units at Sinxako	SCMU 11-18/19-d0006	R57 880 000	Nil	R10 456 200
Supply, transportation, and erection of temporary shelters	Takela Group	Expansion of scope by 100 units	SCMU 11-21/22-048	R32 200 000	Nil	R6 440 000
Supply, transportation, and erection of temporary shelters	Takela Group	Expansion of scope by 100 units	SCMU 11-21/22-049	R32 200 000	Nil	R9 660 000
Mbidlana 300 rural housing project - appointment of a professional service provider for provision of project inception, planning/ design and construction services on 300 units with partial services in Mbidlana at Elundini Local Municipality under Joe Gqabi region	Lilitha Project Managers	Expansion of the scope of work by inception, planning & design, construction monitoring and close out in Mbidlana project by 57 units	SCMU 11-21/22-064	R2 661 000	Nil	R505 590
Mqokolweni 305 rural housing project - appointment of a professional service provider	MSBR consulting	Expansion of the scope of work by inception, planning & design, construction monitoring and close out in	SCMU 11-21/22-065	R2 699 250	Nil	R513 300

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
for provision of project inception, planning/ design and construction services on 305 units with partial services in Mqokolweni at Elundini Local Municipality under Joe Gqabi region		Mqokolweni project by 57 units				
Ngangelizwe 200 (141) housing projects	Hydroform SA Pty Ltd	Quantum adjustment, reconstruction of 41 units & expansion of scope of work	SCMU 11-17/18-007	R16 470 116	Nil	R3 231 376,84
Nyandeni destitute 669 housing projects	Summerlane Trading	Double handling	SCMU 11-13/14-d019	R87 471 750	R18 700 441,01	R6 496 553,52
Appointment of 31 Emerging Contractors to construct 27 units each at Cala 841 rural housing project in respect of Cala ward 2 (8 & 9) & Cala ward 4 (1,3 & 6) at Sakhisizwe Local Municipality- Chris Hani district	New Heights 1274 cc	Double handling	SCMU 11-17/18-10002(d):	R3 700 806,30	Nil	R619 297,11
Alfred Nzo disaster 147 disaster housing project	Brainwave projects 848 cc t/a Masakhane Project Managers	Construction of 29 units for destitute	SCMU 11-20/21-068	R25 716 843	Nil	R5 073 390,79
Ebenezer 1000 (ward 25-200 units) housing project	Ezuluweni Construction (Pty) Ltd	Construction of seven units for military veterans	SCMU 11-19/20-rfq008	R28 688 000	Nil	R1 665 300
Appointment of 31 emerging contractors to construct 27 units each at cala 841 rural housing project in respect of cala ward 2 (8 & 9) & cala ward 4 (1,3 & 6) at Sakhisizwe local municipality- Chris Hani district	Liyabona Financial Services	Double handling of materials	SCMU 11-17/18-10002(t)	R3 700 806,30	Nil	R733 820
Appointment of a turnkey contractor for construction of 1250 units in Orange Groove (3500) housing project unit	GC Housing	Construction of 148 units	SCMU 11-14/15-0013	R139 375 000	Nil	R25 897 080
BCM-destitute 381 (378) housing project	Rencor Trading Pty	Double handling of materials	SCMU 11-13/14-003	R60 502 800	Nil	R7 042 431
Orange Groove 3500 housing project	Rencor Trading	Inclusion of infrastructure services	SCMU 11-13/14-003	R199 890 000	Nil	R10 282 140,95

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Sinxako 486 rural housing project-appointment of a turnkey for construction of 486 units at Sinxako in Elundini Local Municipality	Thamandla Cefu & Associates	Price escalation & retaining walls	SCMU 11-15/16-I0024	R66 922 200	R5 391 844.21	R2 641 592,75
Appointment of 31 Emerging Contractors to Construct 27 units each at Cala 841 rural housing project in respect of Cala ward 2 (8 & 9) & Cala ward 4 (1,3 & 6) at Sakhisizwe Local Municipality- Chris Hani district	Amabhele T/A Petatron cc	Double handling of materials	SCMU 11-17/18-I0002(q)	R3 700 806,30	Nil	R692 620
Appointment of 31 Emerging Contractors to construct 27 units each at cala 841 rural housing project in respect of cala ward 2 (8 & 9) & cala ward 4 (1,3 & 6) at Sakhisizwe Local Municipality- Chris Hani district	Happenahom DY Trading & Projects	Double handling of materials	SCMU 11-17/18-I0002(n)	R3 700 806,30	Nil	R702 532,98
Appointment of 31 Emerging Contractors to construct 27 units each at cala 841 rural housing project in respect of cala ward 2 (8 & 9) & cala ward 4 (1,3 & 6) at Sakhisizwe Local Municipality- Chris Hani district	Ikubantu Trading and Enterprise	Double handling of materials	SCMU 11-17/18-I0002(t)	R3 700 806,30	Nil	R680 532,98
Dordrecht 2000 housing project rectification of 1001 units	Mageba Projects cc	Price escalation	SCMU 11-13/14d0135	R129 179 872	Nil	R4 437 050,94
appointment of 31 emerging contractors to construct 27 units each at cala 841 rural housing project in respect of cala ward 2 (8 & 9) & cala ward 4 (1,3 & 6) at Sakhisizwe local municipality- Chris Hani district	Sida Building and Civil Contractors	Double handling of materials	SCMU 11-17/18-I0002(d)	R3 700 806,30	Nil	R687 470
Appointment of 31 Emerging Contractors to	Ezakuthi Civil and	Double handling of materials	SCMU 11-17/18-I0002(d)	R3 700 806,30	Nil	R659 032,98

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
construct 27 units each at Cala 841 rural housing project in respect of Cala ward 2 (8 & 9) & Cala ward 4 (1,3 & 6) at Sakhisizwe Local Municipality- Chris Hani district	Construction Pty Ltd					
Sterkspruit 400 (539) phase 3 housing project- appointment of a turnkey contractor for construction of 539 units in Sterkspruit	Kentey and Temper	Enhancement of three (3) units for disabled beneficiaries	SCMU 11-15/16-0026	R71 956 500	Nil	R138 000
Kei road Northern Node Housing Project- Appointment of a turnkey contractor for installation of internal services to 421 sites and construction of 200 units at Kei road Northern Node in the Amahlathi Local Municipality.	Norland Construction	Inclusion of standpipes on individual yards	SCMU 11-22/23-022	R43 928 002	Nil	R1 480 835,77
Total				R2 451 303 141,22		R227 313 113,22



Part F

FINANCIAL INFORMATION



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

ANNUAL REPORT 2022/23

Report of the auditor-general to 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 set out on pages 172 to 210 which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, and cash flow statement and 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 2023, and its financial performance and cash flows for the year then ended in accordance with modified cash standard (MCS) and the requirements of Public Finance Management Act of South Africa, 1999 Act No. 1 of 1999 PFMA and the Division of Revenue Act of South Africa, Act No. 5 of 2022 (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 responsibilities of the auditor-general 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 sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Underspending of conditional grant

7. As disclosed in note 7 to the financial statement, included the total of R2 billion transfer and subsidies is R1,1 billion that was made as a prepayment to implementing agencies of which R388,4 million was not spent at year end and was not refunded to the department.

Other matters

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

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework.

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 22 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Eastern Cape department of Human Settlements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
10. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Unaudited supplementary schedules

11. The supplementary information set out on pages 211 to 222 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

12. 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 of South Africa, 1999 (Act No. 1 of 1999) and the Dora, (Act No. 9 of 2022) 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.
13. 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.

Responsibilities of the auditor-general for the audit of the financial statements

14. 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.

15. 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

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 3- Housing Development	53 - 66	To manage effective and efficient Human Settlements facilitation programme
Programme 4 – Human Settlements Property and Asset Management	67 - 76	To oversee efficient and effective management of Human Settlements properties and assets.

18. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

21. The material findings on the performance information of the selected programmes are as follows:

Programme 3- Housing Development

Various indicators

22. Based on audit evidence, the actual achievements for 2 indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially. Consequently, the targets were not achieved, the under achievements on the targets were more than reported and the achievements against the targets were lower than reported

Indicator	Target	Reported achievement
Number of Households benefited from informal settlements upgrading	8 000	9 626
Number of defective houses rectified	1 120	731

Programme 4 - Human Settlements Property and Asset Management

Number of Post-1994 title deeds registered

23. An achievement of 2145 was reported against a target of 3500. I could not determine if the reported achievement was correct, as the processes established to consistently measure and report achievements were inadequate. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement. This information should be considered in the context of the material findings on the reported performance information.

26. The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 3- Housing Development		
<i>Targets achieved: 59%</i>		
<i>Budget spent: 96%</i>		
Number of informal settlements upgraded to phase 3 of the upgrading of Informal Settlements Programme (UISP)	115	0
Number of socio economic facilities provided	2	0
Number breaking New Ground (BNG) houses delivered	7 666	5 344
Number of serviced sites delivered	6 205	4 352
Number of defective houses rectified (Pre and Post)	1 120	731

27. Reasons for the underachievement of targets are included in the annual performance report on pages 56 to 66.

Material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Housing development and Human settlements property and asset management programmes. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
30. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
31. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Consequence management

33. 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 some investigations into irregular expenditure were not completed.

Strategic planning

34. 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 in the annual report

35. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to 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 this auditor's report.
36. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. Based on the work I have performed, I conclude that there is a no material misstatement in this other information, I am required to report that fact.
39. When I do receive and read the audit committee report, if 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

40. I considered internal control relevant to my audit of the annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
41. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

42. Management did not fully implement their oversight responsibility as there were internal controls deficiencies identified in performance and compliance reporting that resulted in material findings on these two components.
43. There is lack of oversight by top management as there is no consequence management policy in place which lead to slow progress in finalising investigations of irregular expenditure to ensure that officials responsible for irregular expenditure are held accountable.

Material irregularities

44. 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 as previously reported in the auditor's report.

Material irregularities in progress

45. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in next year's auditor's report.

AUDITOR-GENERAL

East London

31 July 2023



Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the 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.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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.

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.

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Date authorised for issue: _____

Authorised by: _____

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Appropriation per programme									
Programme	2022/23					2021/22			
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual Expenditure R'000
1. ADMINISTRATION	200,211	-	(2,694)	197,517	192,622	4,895	97.5%	164,107	158,975
2. HOUSING NEEDS, RESEARCH AND PLANNING	20,496	-	(32)	20,464	20,464	-	100.0%	19,832	19,808
3. HOUSING DEVELOPMENT	2,350,666	-	2,755	2,353,421	2,264,457	88,964	96.2%	2,395,816	2,342,845
4. HOUSING ASSET MANAGEMENT	22,252	-	(29)	22,223	22,222	1	100.0%	31,048	30,670
Subtotal	2,593,625	-	-	2,593,625	2,499,765	93,860	96.4%	2,610,803	2,552,298
Statutory Appropriation	2,096	-	-	2,096	2,096	-	100.0%	1,978	1,978
Members' remuneration	2,096	-	-	2,096	2,096	-	100.0%	1,978	1,978
TOTAL	2,595,721	-	-	2,595,721	2,501,861	93,860	96.4%	2,612,781	2,554,276

APPROPRIATION STATEMENT
for the year ended 31 March 2023

	2022/23			2021/22	
	Final Budget R'000	Actual Expenditure R'000		Final Budget R'000	Actual Expenditure R'000
TOTAL (brought forward)	2,595,721	2,501,861		2,612,781	2,554,276
Reconciliation with statement of financial performance					
ADD					
Departmental receipts	1,846	-		-	-
Actual amounts per statement of financial performance (total revenue)	2,597,567			2,612,781	
Actual amounts per statement of financial performance (total expenditure)		2,501,861			2,554,276

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Appropriation per economic classification									
Economic classification	2022/23					2021/22			
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
Economic classification									
Current payments	437,550	-	4,901	442,451	438,870	3,581	99.2%	398,817	397,970
Compensation of employees	363,775	1	(143)	363,633	360,052	3,581	99.0%	352,512	351,665
Goods and services	73,775	(1)	5,044	78,818	78,818	-	100.0%	46,305	46,305
Transfers and subsidies	2,136,930	-	52	2,136,982	2,048,026	88,956	95.8%	2,202,352	2,149,407
Public corporations and private enterprises	-	-	5	5	5	-	100.0%	-	-
Households	2,136,930	-	47	2,136,977	2,048,021	88,956	95.8%	2,202,352	2,149,407
Payments for capital assets	21,241	-	(5,044)	16,197	14,874	1,323	91.8%	11,612	6,899
Machinery and equipment	21,241	-	(5,044)	16,197	14,874	1,323	91.8%	11,612	6,899
Payments for financial assets	-	-	91	91	91	-	100.0%	-	-
Total	2,595,721	-	-	2,595,721	2,501,861	93,860	96.4%	2,612,781	2,554,276

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 1: ADMINISTRATION									
2022/23									
Sub programme	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Budget %	Final Budget R'000	Actual expenditure R'000
1. OFFICE OF THE MEC	7,758	-	(224)	7,534	6,929	605	92.0%	6,581	6,386
2. CORPORATE SERVICES	192,453	-	(2,470)	189,983	185,693	4,290	97.7%	157,526	152,589
Total for sub programmes	200,211	-	(2,694)	197,517	192,622	4,895	97.5%	164,107	158,975
Economic classification									
Current payments	178,870	-	2,202	181,072	177,500	3,572	98.0%	150,287	149,868
Compensation of employees	117,312	-	(999)	116,313	112,741	3,572	96.9%	113,136	112,717
Goods and services	61,558	-	3,201	64,759	64,759	-	100.0%	37,151	37,151
Transfers and subsidies	100	-	57	157	157	-	100.0%	2,208	2,208
Households	100	-	57	157	157	-	100.0%	2,208	2,208
Payments for capital assets	21,241	-	(5,044)	16,197	14,874	1,323	91.8%	11,612	6,899
Machinery and equipment	21,241	-	(5,044)	16,197	14,874	1,323	91.8%	11,612	6,899
Payments for financial assets	-	-	91	91	91	-	100.0%	-	-
Total	200,211	-	(2,694)	197,517	192,622	4,895	97.5%	164,107	158,975

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 2: HOUSING NEEDS, RESEARCH AND PLANNING									
2022/23					2021/22				
Sub programme	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
1. ADMINISTRATION	953	31	(27)	957	957	-	100.0%	1,137	1,137
2. POLICY	6,408	151	(94)	6,465	6,465	-	100.0%	6,063	6,063
3. PLANNING	7,140	(265)	(5)	6,870	6,870	-	100.0%	5,853	5,850
4. RESEARCH	5,995	83	94	6,172	6,172	-	100.0%	6,779	6,758
Total for sub programmes	20,496	-	(32)	20,464	20,464	-	100.0%	19,832	19,808
Economic classification									
Current payments	19,576	-	108	19,684	19,684	-	100.0%	19,409	19,385
Compensation of employees	18,576	-	14	18,590	18,590	-	100.0%	18,991	18,967
Goods and services	1,000	-	94	1,094	1,094	-	100.0%	418	418
Transfers and subsidies	920	-	(140)	780	780	-	100.0%	423	423
Households	920	-	(140)	780	780	-	100.0%	423	423
Total	20,496	-	(32)	20,464	20,464	-	100.0%	19,832	19,808

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 3: HOUSING DEVELOPMENT									
2022/23									
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
Sub programme									
1. ADMINISTRATION	2,409	(1,985)	1,732	2,156	2,156	-	100.0%	2,803	2,803
2. FINANCIAL INTERVENTIONS	268,097	58,982	(64)	327,015	327,003	12	100.0%	294,871	293,905
3. INCREMENTAL INTERVENTIONS	1,225,071	61,572	-	1,286,643	1,197,691	88,952	93.1%	1,199,907	1,149,252
4. RURAL INTERVENTION	855,089	(118,569)	1,087	737,607	737,607	-	100.0%	898,235	896,885
Total for sub programmes	2,350,666	-	2,755	2,353,421	2,264,457	88,964	96.2%	2,395,816	2,342,845
Economic classification									
Current payments	215,271	-	2,947	218,218	218,210	8	100.0%	205,757	205,657
Compensation of employees	204,754	-	1,255	206,009	206,001	8	100.0%	197,772	197,672
Goods and services	10,517	-	1,692	12,209	12,209	-	100.0%	7,985	7,985
Transfers and subsidies	2,135,395	-	(192)	2,135,203	2,046,247	88,956	95.8%	2,190,059	2,137,188
Households	2,135,395	-	(192)	2,135,203	2,046,247	88,956	95.8%	2,190,059	2,137,188
Total	2,350,666	-	2,755	2,353,421	2,264,457	88,964	96.2%	2,395,816	2,342,845

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 4: HOUSING ASSET MANAGEMENT									
	2022/23					2021/22			
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
Sub programme									
1. ADMINISTRATION	2,811	1	-	2,812	2,812	-	100.0%	2,292	2,292
2. SALE AND TRANSFER OF HOUSING PROPERTY	6,382	(7)	(86)	6,289	6,289	-	100.0%	6,164	6,060
3. DEVOLUTION OF HOUSING PROPERTIES	3,754	(76)	-	3,678	3,677	1	100.0%	8,344	8,142
4. SOCIAL AND RENTAL INTERVENTION	9,305	82	57	9,444	9,444	-	100.0%	14,248	14,176
Total for sub programmes	22,252	-	(29)	22,223	22,222	1	100.0%	31,048	30,670
Economic classification									
Current payments	21,737	-	(356)	21,381	21,380	1	100.0%	21,386	21,082
Compensation of employees	21,037	1	(413)	20,625	20,624	1	100.0%	20,635	20,331
Goods and services	700	(1)	57	756	756	-	100.0%	751	751
Transfers and subsidies	515	-	327	842	842	-	100.0%	9,662	9,588
Public corporations and private enterprises	-	-	5	5	5	-	100.0%	-	-
Households	515	-	322	837	837	-	100.0%	9,662	9,588
Total	22,252	-	(29)	22,223	22,222	1	100.0%	31,048	30,670

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Statutory appropriation per economic classification									
2022/23							2021/22		
Economic classification	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
Current payments	2,096	-	-	2,096	2,096	-	100.0%	1,978	1,978
Compensation of employees	2,096	-	-	2,096	2,096	-	100.0%	1,978	1,978
Total	2,096	-	-	2,096	2,096	-	100.0%	1,978	1,978

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2023

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, and Annexure 1A-B of the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

Detail of these transactions 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

Programme	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
Administration	199,613	194,718	4,895	2.45
Housing Needs, Research and Planning	20,464	20,464	-	-
Housing Development	2,353,421	2,264,457	88,964	3.78
Housing Asset Management	22,223	22,222	1	-
Total	2,595,721	2,501,861	93,860	3.62

Social and Rental Intervention was disclosed as a sub programme under Housing Development in the prior financial year and this has now been moved to Housing Asset Management.

4.2 Per economic classification

Economic classification	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
Current payments				
Compensation of employees	363,633	360,052	3,581	0.98
Goods and services	78,818	78,818	-	-
Transfers and subsidies				
Public corporations and private enterprises	5	5	-	100.0
Households	2,136,977	2,048,021	88,956	4.16
Payments for capital assets				
Machinery and equipment	16,197	14,874	1,323	8.17
Payments for financial assets				
	91	91	-	-
Total	2,595,721	2,501,861	93,860	3.62

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2023

Under expenditure of Compensation of Employees is due to fifty-two (52) vacancies at year-end due to delays in filling of the vacant positions as recruitment processes took longer than anticipated.

The under expenditure of Payments for Capital Assets is due to delays in the delivery of ICT equipment that has been committed and procured. A rollover application has been requested in order to settle commitments.

Under expenditure of Transfers and Subsidies is due to claims for the procurement of land and management fees with respect to ISUP being received late due to administrative processes within HDA. A rollover request for the funds has been made as there are commitments already in place. The final tranche for Provincial Emergency Housing Grant was only paid to the department in the latter half of March and the department was unable to process all commitments with the remaining payment runs of the financial year. A rollover application will be made.

4.3 Per conditional grant

	Final Budget	Actual Expenditure	Variance	Variance as a percentage of Final Budget
Conditional grant	R'000	R'000	R'000	%
Human Settlement Development Grant	1,592,766	1,592,762	4	-
Expanded Public Works Programme	2,987	2,988	(1)	(0.03)
Informal Settlements Upgrading Partnership	458,151	386,059	72,092	15.74
Provincial Emergency Housing Grant	84,108	67,248	16,860	20.05
Total	2,138,012	2,049,057	88,955	4.16

Under expenditure of Transfers and Subsidies is due to claims for the procurement of land and management fees with respect to ISUP being received late due to administrative processes within HDA. A rollover request for the funds will be made as there are commitments already in place. The final tranche for Provincial Emergency Housing Grant was only paid to the department in the latter half of March and the department was unable to process all commitments with the remaining payment runs of the financial year. A rollover application will be made.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
REVENUE			
Annual appropriation	1	2,593,625	2,610,803
Statutory appropriation	2	2,096	1,978
Departmental revenue	3	1,846	-
TOTAL REVENUE		2,597,567	2,612,781
EXPENDITURE			
Current expenditure			
Compensation of employees	4	360,052	351,665
Goods and services	5	78,818	46,305
Total current expenditure		438,870	397,970
Transfers and subsidies			
Transfers and subsidies	7	2,048,026	2,149,407
Total transfers and subsidies		2,048,026	2,149,407
Expenditure for capital assets			
Tangible assets	8	14,874	6,899
TOTAL EXPENDITURE FOR CAPITAL ASSETS		14,874	6,899
Payments for financial assets	6	91	-
TOTAL EXPENDITURE		2,501,861	2,554,276
SURPLUS FOR THE YEAR		95,706	58,505
Reconciliation of Net Surplus for the year			
Voted funds		93,860	58,505
Annual appropriation		4,904	5,560
Conditional grants		88,956	52,945
Departmental revenue and NRF receipts	12	1,846	-
SURPLUS FOR THE YEAR		95,706	58,505

STATEMENT OF FINANCIAL POSITION
as at 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
ASSETS			
Current assets		96,067	70,843
Cash and cash equivalents	9	95,198	70,098
Receivables	10	869	745
TOTAL ASSETS		96,067	70,843
LIABILITIES			
Current liabilities		96,067	70,843
Voted funds to be surrendered to the Revenue Fund	11	93,860	58,505
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	154	356
Payables	13	2,053	11,982
TOTAL LIABILITIES		96,067	70,843

STATEMENT OF CHANGES IN NET ASSETS
as at 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
Capitalisation reserves			
Opening balance		-	-
Transfers		-	-
Movement in equity		-	-
Movement in operational funds		-	-
Other movements		-	-
Closing balance		-	-
Recoverable revenue			
Opening balance		-	-
Transfers:		-	-
Irrecoverable amounts written off		-	-
Debts revised		-	-
Debts recovered (included in departmental revenue)		-	-
Debts raised		-	-
Closing balance		-	-
Revaluation reserve			
Opening balance		-	-
Revaluation adjustment (Human Settlements departments)		-	-
Transfers		-	-
Other		-	-
Closing balance		-	-
Unauthorised expenditure			
Opening balance		-	-
Unauthorised expenditure - current year		-	-
Relating to overspending of the vote or main division within the vote		-	-
Incurred not in accordance with the purpose of the vote or main division		-	-
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding and derecognised		-	-
Current		-	-
Capital		-	-
Transfers and subsidies		-	-
Less: Amounts recoverable		-	-
Less: Amounts written off		-	-
Closing Balance		-	-
TOTAL		-	-

CASH FLOW STATEMENT
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,598,948	2,613,244
Annual appropriation funds received	1.1	2,593,625	2,610,803
Statutory appropriation funds received	2	2,096	1,978
Departmental revenue received	3	1,755	461
Interest received	3.2	1,472	2
Net (increase)/decrease in net working capital		(10,053)	73
Surrendered to Revenue Fund		(62,298)	(366,444)
Current payments		(438,870)	(397,970)
Payments for financial assets		(91)	-
Transfers and subsidies paid		(2,048,026)	(2,149,407)
Net cash flow available from operating activities	14	39,610	(300,504)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(14,874)	(6,899)
Proceeds from sale of capital assets	3.3	364	446
Net cash flow available from investing activities		(14,510)	(6,453)
Net increase/(decrease) in cash and cash equivalents		25,100	(306,957)
Cash and cash equivalents at beginning of period		70,098	377,054
Unrealised gains and losses within cash and cash equivalents		-	1
Cash and cash equivalents at end of period	15	95,198	70,098

PART A: ACCOUNTING POLICIES

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.

Departmental revenue is measured at the cash amount received.

In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.

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
- 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.

Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value 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. Finance lease payments received are recognised as departmental revenue.

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 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 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 capital 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;
- when 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.

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.

16. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

17. Irregular expenditure

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and includes:

For the current financial year

- Amounts incurred and confirmed in that financial year;
- Payments made as it relates to multi-year contracts (if not condoned yet).

For the previous financial year

- Amounts confirmed in that financial year;
- Amounts that were under assessment in that financial year and confirmed in the current financial year;
- Amounts that were not identified in the previous year and are identified and confirmed in the current financial year.

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 any 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 National/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 Minister/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.

24. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.

The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

PART B: EXPLANATORY NOTES

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:

Programmes	2022/23			2021/22		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	200,211	200,211	-	164,107	164,107	-
Housing Needs, Research and Planning	20,496	20,496	-	19,832	19,832	-
Housing Development	2,350,666	2,350,666	-	2,395,816	2,395,816	-
Housing Asset Management	22,252	22,252	-	31,048	31,048	-
Total	2,593,625	2,593,625	-	2,610,803	2,610,803	-

The prior year amounts for Housing Development and Housing Asset Management have been restated due to the change in programmes during the financial year under review. Social and Rental Intervention was disclosed as a sub programme under Housing Development in the prior financial year and this has now been moved to Housing Asset Management.

1.2. Conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total grants received	30	2,138,012	2,200,739
Provincial grants included in total grants received		2,138,012	2,200,739

2. Statutory Appropriation

	Note	2022/23 R'000	2021/22 R'000
Members' remuneration		2,096	1,978
Total		2,096	1,978
Actual Statutory Appropriation received		2,096	1,978

3. Departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services other than capital assets	3.1	301	303
Interest, dividends and rent on land	3.2	1,472	2
Sales of capital assets	3.3	364	446
Transactions in financial assets and liabilities	3.4	1,454	158
Total revenue collected		3,591	909
Less: Own revenue included in appropriation	12	(1,745)	(909)
Total		1,846	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

3.1. Sales of goods and services other than capital assets

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services produced by the department		301	303
Other sales		301	303
Total	3	301	303

3.2. Interest, dividends and rent on land

	Note	2022/23 R'000	2021/22 R'000
Interest		1,472	2
Total	3	1,472	2

3.3. Sales of capital assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets		364	446
Buildings and other fixed structures		364	166
Machinery and equipment		-	280
Total	3	364	446

3.4. Transactions in financial assets and liabilities

	Note	2022/23 R'000	2021/22 R'000
Other receipts including Recoverable Revenue		1,454	158
Total	3	1,454	158

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

	Note	2022/23 R'000	2021/22 R'000
Domestic Furniture and Accessories		170	369
Total		170	369

4. Compensation of employees

4.1. Salaries and Wages

	Note	2022/23 R'000	2021/22 R'000
Basic salary		250,367	242,094
Performance award		568	1,630
Service based		20,041	19,590
Compensative/circumstantial		1,690	1,532
Other non-pensionable allowances		40,743	39,664
Total		313,409	304,510

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

4.2. Social contributions

	Note	2022/23 R'000	2021/22 R'000
Employer contributions			
Pension		32,354	33,615
Medical		14,210	13,437
Bargaining council		59	57
Insurance		20	46
Total		46,643	47,155
Total compensation of employees		360,052	351,665
Average number of employees		540	546

5. Goods and services

	Note	2022/23 R'000	2021/22 R'000
Administrative fees		168	204
Advertising		115	131
Minor assets	5.1	778	410
Bursaries (employees)		937	864
Catering		65	27
Communication		6,599	4,898
Computer services	5.2	15,337	10,142
Consultants: Business and advisory services		657	748
Legal services		13,538	3,631
Contractors		50	84
Agency and support / outsourced services		2,989	2,716
Audit cost - external	5.3	11,655	8,553
Inventories	5.4	-	63
Consumables	5.5	988	510
Operating leases		6,219	2,913
Travel and subsistence	5.6	15,572	7,923
Venues and facilities		394	259
Training and development		2,250	1,017
Other operating expenditure	5.7	507	1,212
Total		78,818	46,305

5.1. Minor assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets		778	410
Machinery and equipment		778	410
Total	5	778	410

5.2. Computer services

	Note	2022/23 R'000	2021/22 R'000
SITA computer services		15,337	10,142
Total	5	15,337	10,142

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

5.3. Audit cost - external

	Note	2022/23 R'000	2021/22 R'000
Regularity audits		11,655	8,553
Total	5	11,655	8,553

5.4. Inventories

	Note	2022/23 R'000	2021/22 R'000
Clothing material and accessories		-	63
Total	5	-	63

5.5. Consumables

	Note	2022/23 R'000	2021/22 R'000
Consumable supplies		315	204
Household supplies		315	165
IT consumables		-	18
Other consumables		-	21
Stationery, printing and office supplies		673	306
Total	5	988	510

5.6. Travel and subsistence

	Note	2022/23 R'000	2021/22 R'000
Local		15,572	7,923
Total	5	15,572	7,923

5.7. Other operating expenditure

	Note	2022/23 R'000	2021/22 R'000
Professional bodies, membership and subscription fees			
Resettlement costs		144	820
Other		363	392
Total	5	507	1,212

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

Name of Commission / Committee of Inquiry	No. of Members	Note	2022/23 R'000	2021/22 R'000
		5		
			-	-
Total			-	-

The prior year balance of R465 thousand pertaining to compensation to audit and risk committee members have been restated to zero which is in line with Treasury Regulations as these committees do not form part of what should be disclosed in this note.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

6. Payments for financial assets

	Note	2022/23 R'000	2021/22 R'000
Other material losses written off	6.1	91	-
Total		91	-

6.1. Other material losses written off

Nature of losses	Note	2022/23 R'000	2021/22 R'000
Losses due to debt that is irrecoverable		91	-
Total	6	91	-

7. Transfers and subsidies

	Note	2022/23 R'000	2021/22 R'000
Public corporations and private enterprises	Annex 1A	5	-
Households	Annex 1B	2,048,021	2,149,407
Total		2,048,026	2,149,407

Included in the total of R2,0 billion above for 22/23 financial year is R1,1 billion that was paid as a prepayment to implementing agencies of which R388,4 million was not yet spent at year end and was also not refunded to the department. For 2021/22 the total of R2,1 billion included R870,5 million that was paid as a prepayment to implementing agencies of which R721,5 million was not spent at year end nor refunded to the department.

8. Expenditure for capital assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets		14,874	6,899
Machinery and equipment	25	14,874	6,899
Total		14,874	6,899

8.1. Analysis of funds utilised to acquire capital assets - Current year

	2022/23	
	Voted funds	Total
Name of entity	R'000	R'000
Tangible capital assets	14,874	14,874
Machinery and equipment	14,874	14,874
Total	14,874	14,874

8.2. Analysis of funds utilised to acquire capital assets - Prior year

	2021/22	
	Voted funds	Total
Name of entity	R'000	R'000
Tangible capital assets	6,899	6,899
Machinery and equipment	6,899	6,899
Total	6,899	6,899

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

8.3. Finance lease expenditure included in Expenditure for capital assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets			
Machinery and equipment		6,112	4,714
Total		6,112	4,714

9. Cash and cash equivalents

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General Account		95,198	70,098
Total		95,198	70,098

The balance of R 95,1 million incorporates revenue collected for the month of March 2023, the bank buffer, amounts received from CETA, Government Employee Housing Scheme and subsistence and travel surplus amounts, unpaid amounts which were returned by the bank due to closed bank accounts and remaining unspent funds that have been paid over to the department by Provincial Treasury.

10. Prepayments and advances

10.1. Advances paid (Expensed)

	Amount as at 1 April 2022	Less: Received in the current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Public entities	649,558	-	(519,188)	762,070	892,440
Other entities	80,695	-	(158,594)	295,435	217,536
Total	730,253	-	(677,782)	1,057,505	1,109,976

	Amount as at 1 April 2021	Less: Received in the current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Public entities	-	-	(135,872)	785,430	649,558
Other entities	-	-	(4,392)	85,087	80,695
Total	-	-	(140,264)	870,517	730,253

11. Receivables

	Note	Current R'000	Non- current R'000	Total R'000	Current R'000	Non- current R'000	Total R'000
Claims recoverable	10.1	474	-	474	199	-	199
Staff debt	10.2	386	-	386	543	-	543
Other receivables	10.3	9	-	9	3	-	3
Total		869	-	869	745	-	745

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

11.1. Claims recoverable

	Note	2022/23 R'000	2021/22 R'000
Provincial departments		474	199
Total	10	474	199

11.2. Staff debt

	Note	2022/23 R'000	2021/22 R'000
Debt Account		386	543
Total	10	386	543

11.3. Other receivables

	Note	2022/23 R'000	2021/22 R'000
Sal: Tax Debt		1	1
Sal: Insurance Deduction		2	2
Sal: Medical Aid		6	-
Total	10	9	3

12. Voted funds to be surrendered to the Revenue Fund

	Note	2022/23 R'000	2021/22 R'000
Opening balance		58,505	365,859
Transferred from statement of financial performance (as restated)		93,860	58,505
Paid during the year		(58,505)	(365,859)
Closing balance		93,860	58,505

12.1. Reconciliation on unspent conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total conditional grants received	1.2	2,138,012	-
Total conditional grants spent		(2,049,057)	-
Unspent conditional grants to be surrendered		88,955	-
Due by the Provincial Revenue Fund		88,955	-

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

	Note	2022/23 R'000	2021/22 R'000
Opening balance		356	32
Transferred from statement of financial performance (as restated)		1,846	-
Own revenue included in appropriation		1,745	909
Paid during the year		(3,793)	(585)
Closing balance		154	356

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

14. Payables - current

	Note	2022/23 R'000	2021/22 R'000
Amounts owing to other entities		1,408	11,851
Clearing accounts	13.1	80	45
Other payables	13.2	565	86
Total		2,053	11,982

14.1. Clearing accounts

Description	Note	2022/23 R'000	2021/22 R'000
Sal: Income Tax		80	45
Total	13	80	45

14.2. Other payables

Description	Note	2022/23 R'000	2021/22 R'000
Debt Receivable Interest		-	3
Sal: GEHS Refund Control		468	45
Debt Receivable Income		96	38
Sal: Pension Fund		1	-
Total	13	565	86

15. Net cash flow available from operating activities

	Note	2022/23 R'000	2021/22 R'000
Net surplus as per Statement of Financial Performance		95,706	58,505
Add back non-cash/cash movements not deemed operating activities		(56,096)	(359,009)
(Increase)/decrease in receivables		(124)	(296)
Increase/(decrease) in payables – current		(9,929)	369
Proceeds from sale of capital assets		(364)	(446)
Expenditure on capital assets		14,874	6,899
Surrenders to RDP Fund/Donors		(62,298)	(366,444)
Own revenue included in appropriation		1,745	909
Net cash flow generating		39,610	(300,504)

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

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General account		95,198	70,098
Total		95,198	70,098

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

17. Contingent liabilities and contingent assets

17.1. Contingent liabilities

Liable to	Nature	Note	2022/23	2021/22
			R'000	R'000
Housing loan guarantees	Employees	Annex 2A	398	398
Claims against the department		Annex 2B	77,129	85,569
Intergovernmental payables		Annex 4	5,406	6,874
Total			82,933	92,841

Included in the claims against the department is R 77,1 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.

17.2. Contingent assets

Nature of contingent asset	Note	2022/23	2021/22
		R'000	R'000
Amount paid in error to developer – urban and rural		831	831
Hlalanathi Social Housing Association		150	150
Khumbula Properties		4,214	4,214
Mcwerha Construction		150	-
Reity Holdings & My Pride Smile Africa (PTY) Ltd		150	150
NM Yelani		-	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
Builnat Developers		150	150
Gqange Construction		86	-
Total		6,437	6,253

18. Accruals and payables not recognised

18.1. Accruals

Listed by economic classification	Note	2022/23			2021/22
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		4,599	727	5,326	7,379
Other		186	115	301	662
Total		4,785	842	5,627	8,041

Listed by programme level	Note	2022/23	2021/22
		R'000	R'000
Administration		3,025	6,577
Housing Needs, Research and Planning		183	123
Housing Development		2,202	1,045
Housing Asset Management		217	296
Total		5,627	8,041

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

18.2. Payables not recognised

Listed by economic classification	Note	2022/23		Total R'000	2021/22 Total R'000
		30 Days R'000	30+ Days R'000		
Goods and services		-	332	332	808
Transfers and subsidies		38,664	88	38,752	3,051
Other		-	398	398	398
Total		38,664	818	39,482	4,257

Listed by programme level	Note	2022/23 R'000	2021/22 R'000
Administration		399	1,021
Housing Needs, Research and Planning		31	19
Housing Development		39,046	3,217
Housing Asset Management		6	-
Total		39,482	4,257

Included in the above totals are the following:	Note	2022/23 R'000	2021/22 R'000
Confirmed balances with other departments	Annex 4	346	5,117
Total		346	5,117

19. Employee benefits

	Note	2022/23 R'000	2021/22 R'000
Leave entitlement		19,859	21,371
Service bonus		10,414	10,261
Capped leave commitments		10,261	11,473
Other (Long Service Awards)		54	109
Total		40,588	43,214

Included in the leave entitlement balance is the negative leave days amounting to R 48 thousand which emanates from employees taking leave between January and March which exceeds the number of leave days earned during the same period. 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.

Capped leave commitments and Long Service Awards current and prior period amounts have been moved from the Provisions disclosure note to the Employee Benefits disclosure note which is in line with the Modified Cash Standards.

20. Lease commitments
20.1. Operating leases

	2022/2023 Machinery and equipment R'000	Total R'000
Not later than 1 year	434	434
Later than 1 year and not later than 5 years	451	451
Total lease commitments	885	885

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

	2021/2022	
	Machinery and equipment	Total
	R'000	R'000
Not later than 1 year	744	744
Later than 1 year and not later than 5 years	17	17
Total lease commitments	761	761

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

20.2. Finance leases **

	2022/23	
	Machinery and equipment	Total
	R'000	R'000
Not later than 1 year	7,058	7,058
Later than 1 year and not later than 5 years	10,400	10,400
Total lease commitments	17,458	17,458

	2021/22	
	Machinery and equipment	Total
	R'000	R'000
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

**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.

21. Accrued departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Interest, dividends and rent on land		75,892	15,026
Other		22,523	22,441
Total		98,415	37,467

The balance of R 98,4 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 20.2 below.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

21.1. Analysis of accrued departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Opening balance		37,467	35,133
Prior period error		5,088	-
Restated balance		42,555	35,133
Less: amounts received		(1,492)	(50)
Add: amounts recorded		57,352	2,384
Closing balance		98,415	37,467

The opening balance was restated from R37,4 million to R42,6 million as information was only made available by HDA, Ntabankulu and Buffalo City Municipalities in 2022/23 financial year.

21.2. Impairment of accrued departmental revenue

	Note	2022/23 R'000	2021/22 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.

22. Irregular and Fruitless and wasteful expenditure

	Note	2022/23 R'000	2021/22 R'000
Irregular expenditure - current year		111,105	315,382
Fruitless and wasteful expenditure - current year		12,085	5,783
Total		123,190	321,165

Irregular expenditure relating to prior year was adjusted from R296 mil to R315 mil due to irregular expenditure that was under assessment in 2021/22 financial year but was confirmed to be irregular during the financial year under review. Information on any criminal or disciplinary steps taken as a result of irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

23. Related party transactions

There were no related party transactions for the financial year under review.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

24. Key management personnel

	2022/23 R'000	2021/22 R'000
Political office bearers (provide detail below)	2,096	1,978
Officials:		
Level 15 to 16	1,770	1,719
Level 14	10,905	11,885
Total	14,771	15,582

The posts for Chief Director: Corporate Services, Chief Director: Human Settlements Delivery Planning and Performance and Chief Financial Officer were vacant during some periods of the financial year. Relevant directors were tasked and some were 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.

25. Provisions

	Note	2022/23 R'000	2021/22 R'000
Retentions		715	8,962
Total		715	8,962

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.

Capped leave commitments and Long Service Awards current and prior period amounts have been moved from the Provisions disclosure note to the Employee Benefits disclosure note which is in line with the Modified Cash Standards.

25.1. Reconciliation of movement in provisions - Current year

	2022/23	
	Retentions R'000	Total provisions R'000
Opening balance	8,962	8,962
Increase in provision	54,181	54,181
Settlement of provision	(62,428)	(62,428)
Closing balance	715	715

Reconciliation of movement in provisions - Prior year

	2021/22	
	Retentions R'000	Total provisions R'000
Opening balance	22,852	22,852
Increase in provision	68,619	68,619
Settlement of provision	(82,509)	(82,509)
Closing balance	8,962	8,962

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

26. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

			2022/23		
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	48,842	-	8,762	(56)	57,548
Transport assets	1,632	-	-	-	1,632
Computer equipment	36,094	-	8,567	(56)	44,605
Furniture and office equipment	8,948	-	195	-	9,143
Other machinery and equipment	2,168	-	-	-	2,168
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	48,842	-	8,762	(56)	57,548

Movable Tangible Capital Assets under investigation

	Note	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation:			
Machinery and equipment		67	970
Total		67	970

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.

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

			2021/22		
	Opening balance	Prior period error	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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

26.2. Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23	
	Machinery and equipment	Total
	R'000	R'000
Opening balance	8,389	8,389
Additions	778	778
Total Minor assets	9,167	9,167

	2022/23	
	Machinery and equipment	Total
Number of R1 minor assets	641	641
Number of minor assets at cost	4,720	4,720
Total number of minor assets	5,361	5,361

Minor capital assets under investigation

	Note	Number	Value R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:		214	99
Machinery and equipment			

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 31 MARCH 2022

	2021/22	
	Machinery and equipment	Total
	R'000	R'000
Opening balance	8,007	8,007
Additions	410	410
Disposals	(28)	(28)
Total Minor assets	8,389	8,389

	2021/22	
	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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

27. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	483	-	-	483
TOTAL INTANGIBLE CAPITAL ASSETS	483	-	-	483

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

	2021/22				
	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

28. Principal-agent arrangements

28.1. Department acting as the principal

	Note	2022/23 R'000	2021/22 R'000
<i>Include a list of the entities acting as agents for the department, the fee paid as compensation to the agent and any other transactions undertaken</i>			
Housing Development Agency		17,586	127,209
Blue Crane Municipality		-	40
Makana Municipality		-	175
Ndlambe Municipality		-	212
Nelson Mandela Bay Metropolitan Municipality		-	1,618
Total		17,586	129,254

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

29. Changes in accounting estimates

During the year the following changes were made to the estimations employed in the accounting for transactions, assets, liabilities, events and circumstances

	Value derived using the original estimate R'000	Value derived using the amended estimate R'000	R-value impact of change in estimate R'000
<i>Accounting estimate change</i>			
Rate card used for calculation of fleet lease	8,088	14,221	6,133

Finance lease expenditure for the remainder of the contract was calculated using the new rate card approved in 2022/2023 financial year.

30. Prior period errors

30.1. Correction of prior period errors

		2022/23		
		Amount bef error correction R'000	Prior period error R'000	Restated R'000
	Note			
Accrued Departmental Revenue				
Opening Balance - understatement	20	37,467	5,088	42,555
Net effect		37,467	5,088	42,555
Expenditure: Remuneration of members of a commission or committee of enquiry				
Prior period balance - overstatement	5.8	465	(465)	-
Net effect		465	(465)	-
Liabilities:				
Provisions - overstatement due to inclusion of capped leave commitments and long service awards	24	11,582	(11,582)	-
Employee Benefits - understatement due to exclusion of capped leave commitments and long service awards	18	-	11,582	11,582
Provisions – understatement of retentions	24	4,554	4,408	8,962
Net effect		16,136	4,408	20,544

Accrued Departmental Revenue was understated in the prior period as information was only made available by HDA, Ntabankulu and Buffalo City Municipalities after the reporting period.

Remuneration of members of a commission or committee of enquiry - The prior year balance of R465 thousand pertaining to compensation to audit and risk committee members have been restated to zero which is in line with Treasury Regulations.

Capped leave commitments and Long Service Awards current and prior period amounts have been moved from the Provisions disclosure note to the Employee Benefits disclosure note which is in line with the Modified Cash Standards

Retentions, opening balance was understated by R4,4 mil, this has now been restated to correct this error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

31. Statement of conditional grants received

	2022/23						2021/22				
	GRANT ALLOCATION						SPENT				
	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- / (Overspending)	% of available funds spent by department	Division of Revenue Act / Provincial grants	Amount spent by department
Name of grant	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Human Settlement Development Grant	1,542,022	-	50,744	-	1,592,766	1,592,766	1,592,762	4	100%	1,761,713	1,708,805
Expanded Public Works Programme	2,987	-	-	-	2,987	2,987	2,988	(1)	100%	2,777	2,777
Title Deed Restoration Grant	-	-	-	-	-	-	-	-	-	3,821	3,819
Informal Settlements Upgrading Partnership	458,151	-	-	-	458,151	458,151	386,059	72,092	84%	432,428	432,393
Provincial Emergency Housing Grant	-	-	-	84,108	84,108	84,108	67,248	16,860	80%	-	-
TOTAL	2,003,160	-	50,744	84,108	2,138,012	2,138,012	2,049,057	88,955		2,200,739	2,147,794

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

32. Broad Based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

33. COVID 19 Response expenditure

	Note	2022/23 R'000	2021/22 R'000
Goods and services		-	60
Total	Annex 7	-	60

ANNEXURE 1A

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of public corporation / private enterprise	2022/23							2021/22	
	GRANT ALLOCATION				EXPENDITURE			Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred	Capital		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Private Enterprises									
Transfers									
Pd: Claims against the State	5	-	-	5	5	100%	-	-	-
Total	5	-	-	5	5	100%	-	-	-
Subsidies									
TOTAL	5	-	-	5	5	100%	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

ANNEXURE 1B

STATEMENT OF TRANSFERS TO HOUSEHOLDS

Household	2022/23						2021/22	
	TRANSFER ALLOCATION			EXPENDITURE			Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Human Settlements Development Grant (HSDG)	1,542,022	50,744	-	1,592,766	1,592,762	100%	1,761,713	1,708,806
Social Benefits	1,905	-	47	1,952	1,952	100%	4,390	4,389
Title Deeds Restoration Grant	-	-	-	-	-	-	3,821	3,819
Informal Settlements Upgrading Partnership	458,151	-	-	458,151	386,059	84%	432,428	432,393
Provincial Emergency Housing Grant	-	-	84,108	84,108	67,248	80%	-	-
TOTAL	2,002,078	50,744	84,155	2,136,977	2,048,021		2,202,352	2,149,407

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

ANNEXURE 1C

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2022/23 R'000	2021/22 R'000
Received in cash			
Subtotal		-	-
Received in kind			
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
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
Motheo 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

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Name of organisation	Nature of gift, donation or sponsorship	2022/23 R'000	2021/22 R'000
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 Etlofiyeni	-	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
SASSA	5 blankets to destitute families	2	-
Social Development	3 food parcels to destitute families	1	-
Docrine Construction	Double bed with linen; 2 x ¾ bed with linen and lounge suit to destitute families	21	-
Nata Construction	Double bed with linen; 2 x ¾ bed with linen and lounge suit to destitute families	21	-
Lima Construction	Double bed with linen; 2 x ¾ bed with linen and lounge suit to destitute families	21	-
Hydraform Construction	Double bed with linen; 2 x ¾ bed with linen and lounge suit to destitute families	22	-
SASSA	2 blankets donated to a childheaded family	1	-
Gaza Construction	1 double bed; 2 x ¾ beds; Lounge suit, curtain tracks to destitute families	20	-
Social Development	3 x food parcels to destitute family	1	-
AVBOB	Furniture to destitute family	14	-
Superloo	R500 food hamper to destitute family	1	-
Gift of the Givers	35 x food parcels to destitute family	6	-
Ntabankulu District Municipality	1 x couch; 2 x ¾ beds with linen; 1 x food parcel to destitute family	7	-
Department of Forestry and Fisheries	19 x trees to destitute family	4	-
Stedon Construction Group	1 x couch; 1 x double bed and 1 x ¾ bed with linen; curtains to destitute family	7	-
CBS Construction	1 x sleeper couch; 1 x double beds; 2 curtains; 1 x food parcel to destitute family	5	-
Department of Correctional Services	Vegetables and eggs for 15 destitute families	3	-
Kanteys K&T	1 x double bed; 1 x couch; 1 x kitchen cupboards and curtain rails to destitute family	6	-
Department of Forestry and Fisheries	5 x trees to destitute families	1	-
Social Development	5 x food parcels to destitute families	1	-
Old Mutual South Africa	Sanitary towels for 227 households affected by recent floods	5	-
TOTAL		170	369

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2023 - LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2022	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2023	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2023
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Housing	66	298	-	-	-	298	-	-
Absa	Housing	810	100	-	-	-	100	-	-
	Subtotal	876	398	-	-	-	398	-	-
	TOTAL	876	398	-	-	-	398	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Forensic Investigation	283	-	-	-	283
Breach of contract (KWTHA, Mandlethu), Athenkosi Diko	850	20	(20)	-	850
Khumbula Legal Fees	100	-	-	-	100
Summons - LZA Trading, Tremor Furniture, Bosch Stemele, Aveng Grinaker, Zale Developments	12,585	1,984	(8,856)	-	5,713
Arbitration Proceedings - Liyasakha Trading, Zingwazi, Mologadi A Nape, Taurus Garden Trading, Gqange	9,805	7,773	(14,849)	-	2,729
Legal Fees (Utshungu Urban & Rural, Pamela Nomathamsanga Madengwana	9	-	-	-	9
PSCBCC - Legal Fees - Nehawu obo Olwethu Tollie and Others	74	150	(223)	-	1
Application - Sandile Mgweba and Others; Coega Development Corporation; Zamazondo Construction; Nomboniso Lilian Dike	150	5,487	(5,187)	-	450
Notice of motion (legal fees) - Umuhle Developers, Hlalanathi Social Housing Association, Mcwerha Construction	299	502	(801)	-	-
Summons - TBR Engineering, Lamla Sithandiwe Jukuju, Thalami Imbawula Consortium, ECDHS (DCI Holdings)	1,540	3,664	(160)	-	5,044
Summons - Umpheme Development (Fairfield); SPM Trading Enterprise and Another; Coega Development Corporation	10,543	2,699	(2,739)	-	10,503
Notice of motion - WK Construction	4,601	-	(4,601)	-	-
Review - Ntema Investments, Gqange Construction; B. Mdolo	44,280	162	(2,666)	-	41,776
Application - Tshepega Civil Engineering, Centre for Local Community Rights, ECDHS (Reeston), Haviside (Sdumo)	150	13,820	(13,820)	-	150
Application - Legal Fees: Land invasion matter - Aliwal North, Amakhaya Construction; Thembisa Mankayi and Others, BCM	150	692	(842)	-	-
Arbitration - Ikhaya, Ngangala Construction, Quthing Construction, Seven Sirs Group	150	15,425	(6,054)	-	9,521
Disciplinary Enquiry – Legal Fees	-	21,161	(21,161)	-	-
Opinion – Public Audit Act; DORA	-	1,801	(1,801)	-	-
Interdict – Rautini S & 5 others	-	75	(75)	-	-
Subtotal	85,569	75,415	(83,855)	-	77,129
TOTAL	85,569	75,415	(83,855)	-	77,129

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

ANNEXURE 2B (continued)

Nature of liabilities recoverable (Contingent Assets)	Details of liability and recoverability	Opening balance 1 April 2022 R'000	Movement during the year R'000	Closing balance 31 March 2023 R'000
Amount paid in error to developer – Urban and Rural	Matter to be set down on trial	831	-	831
Khumbula Properties	Matter to be set down on trial	4,214	-	4,214
Simple Drummer Trading and Projects	Amount in favour of the department not yet quantified	100	-	100
Buildnat Developers	Amount in favour of the department not yet quantified	150	-	150
Taba Construction	Amount in favour of the department not yet quantified	100	-	100
Reity Holding & My Pride Smile Africa (PTY) LTD	Amount in favour of the department not yet quantified	150	-	150
NM Yelani	Amount in favour of the department not yet quantified	52	(52)	-
Hlalanathi Social Housing Association	Amount in favour of the department not yet quantified	150	-	150
Mcwerha Construction	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
Gqange Construction		-	86	86
TOTAL		6,253	184	6,437

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

ANNEXURE 3

CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23 *	
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	Receipt date up to six (6) working days after year end	Amount R'000
Department								
Department of Education	23	23	-	-	23	23	-	-
Office of the Premier	233	138	-	-	233	138	-	-
Provincial Treasury	-	36	-	-	-	36	-	-
Department of Public Works	2	2	-	-	2	2	-	-
Rural Development and Agrarian Reform	4	-	-	-	4	-	-	-
Subtotal	262	199	-	-	262	199	-	-
TOTAL	262	199	-	-	262	199	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

ANNEXURE 4

INTERGOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23 *	
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	Payment date up to six (6) working days after year end	Amount R'000
DEPARTMENTS								
Current								
Government Fleet Management Services	346	391	-	-	346	391	-	-
Department of Justice	-	4,677	5,406	6,874	5,406	11,551	-	-
Office of the Premier	-	49	-	-	-	49	-	-
Subtotal	346	5,117	5,406	6,874	5,752	11,991	-	-
Total Departments	346	5,117	5,406	6,874	5,752	11,991	-	-
OTHER GOVERNMENT ENTITIES								
Current								
Buffalo City Metropolitan Municipality	363	11,213	-	-	363	11,213	-	-
Subtotal	363	11,213	-	-	363	11,213	-	-
Total Other Government Entities	363	11,213	-	-	363	11,213	-	-
TOTAL INTERGOVERNMENT PAYABLES	709	16,330	5,406	6,874	6,115	23,204	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

ANNEXURE 5

INVENTORIES

Inventories for the year ended 31 March 2023

	Housing Inventory	Total
	R'000	R'000
Opening balance	1,452,191	1,452,191
Add: Additions/Purchases – Cash	1,289,963	1,289,963
(Less): Issues	(1,390,188)	(1,390,188)
Closing balance	1,351,966	1,351,966

Inventories for the year ended 31 March 2022

	Housing Inventory	Total
	R'000	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	1,452,191	1,452,191

ANNEXURE 6

DEPARTMENT OF HUMAN SETTLEMENTS HOUSING RELATED EXPENDITURE CLASSIFICATION

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Inventories			
Upgrading of Informal Settlements		683,767	373,669
Consolidated Support (Housing)		37,786	5,663
Rural Support-inf Land (Housing)		568,410	738,186
Subtotal		1,289,963	1,117,518

ANNEXURE 7

COVID 19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2022/23				2021/22
	Q1 R'000	Q2 R'000	Q3 R'000	Q4 R'000	Total R'000
Compensation of employees					
Goods and services					
Cons Hous Sup: Wash/Clean Dete	-	-	-	-	60
TOTAL COVID 19 RESPONSE EXPENDITURE	-	-	-	-	60





Eastern Cape Department of Human Settlements
Steve Tshwete Building | 31 - 33 Phillip Frame Road
Waverly Park | Chiselhurst | 5247 | East London
Contact: 043 711 9837
Customer Care Line: 086 000 0039
www.ecdhs.gov.za

PR205/2023
ISBN: 978-0-621-51337-0

Design & Printed by COPYWORLD 043 726 2516