

Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

VOTE NO. 11

ANNUAL REPORT
2023/24

FINANCIAL YEAR





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VOTE NO.11

2023 | ANNUAL 2024 | REPORT

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Part A

GENERAL INFORMATION

ANNUAL REPORT 2023/24



Province of the
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1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

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

IFC	International Finance Corporation	QPMs	Quarterly Performance Management System
ISBT	Innovative Sustainable Building Technology	QPR	Quarterly Performance Report
PGDS	Provincial Growth and Development Strategy	RHLF	Rural Housing Loan Fund
PHDP	People Housing Development Programme	RMU	Revenue Management Unit
PILIR	Procedure on Incapacity Leave and Ill Health Retirement	RULIV	Rural Livelihoods Programme
PMDs	Performance Management and Development System	SANMVA	South African National Military Veterans Association
PMO	Project Management Office	SDIP	Service Delivery Improvement Plan
PMS	Performance Management System	SCM	Supply Chain Management
PMU	Project Management Unit	SCMU	Supply Chain Management Unit
PMQA	Project Management & Quality Assurance	SHI	Social Housing Institution
PPPFMA	Preferential Procurement Policy Framework Act	SHRA	Social Housing Regulatory Authority
PR	Public Relations	SITA	State Information Technology Agency
PSC	Project Steering Committee	SLA	Service Level Agreement
PSDP	Provincial Spatial Development Plan	SMME	Small Medium and Micro Enterprises
PSLVDC	Provincial State Land Vesting and Disposal Committee	UNDP	United Nations Development Programme
PVAS	Payment Voucher Administration System	USDG	Urban Settlements Development Grant
WSP	Workplace Skills Plan	WAN	Wide Area Network
		PSR	Public Service Regulation
		PSETA	Public Service Sector Education and



Introduction

The 2023/24 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 (NDP) 2030 and Provincial Development Plan (PDP).

The Department is guided by the programme of the ruling party, 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 with its mandate of creating integrated human settlement that contributes to changing the landscape of the Eastern Cape, serving the most vulnerable of our communities in realisation of the strategic priorities of the Provincial Development Plan and National Development Plan.

The provision of housing is seen as integral in restoring the dignity of South Africans, particularly after the injustices caused by apartheid regime. The democratic government has since committed to create sustainable communities and settlements that are aiming to integrate housing within its socio-economic context during the 6th administration and indeed the department is now effectively moving towards the end of the term. The Department remains resolute in implementing its broader policy priorities as demonstrated in the Annual Performance Plan and all resources at our arsenal, be it human as well as financial have been committed on the implementation of these priorities that will yield the greatest impact towards an attainment of vision 2030.

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

The performance of the department for the year under review and throughout the MTSF continues to improve, the Department wishes to share key service delivery highlights that it has embarked upon while providing political leadership in pursuance of strategic priorities. The department is in the positive trajectory as the number of interventions to turn around departmental performance were processed and are yielding results. 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 integrated sustainable human settlement and improved quality of household life.

The department continues to prioritise the provision of decent shelter to the destitute and vulnerable groups as the direct response to the needs of the poor. This financial year, the department has delivered 5 571

serviced sites with 3 850 rural and 1 721 urban and 6 736 units were completed to shelter destitute households against planned targets of 5 350 and 7 638, respectively. In the MTSF, the department has delivered 32 854 low-cost housing opportunities and 26 199 serviced sites. The department has a total of 469 military veterans that are approved in the Housing Subsidy System (HSS) and to date, 284 houses have been delivered.

The department continues to support communities that have been hit by disasters and some districts across the Province have been affected by multiple disaster. In the current financial year, 1 970 temporary shelters have been provided to homeless beneficiaries.

The change from Financed Linked Individual Subsidy Programme (FLISP) to First Home Finance is aimed to close the gap between rural and urban access to the subsidies that the department offer and there has

been a growing demand for the subsidy. In the year under review, 366 households have received subsidies through this programme and throughout the MTSF, 1 176 beneficiaries have benefited.

Social housing programme remain both National and Provincial priority and Social Housing Regulatory Authority is responsible for the implementation of all social housing developments in the country. The department continues to oversee the identification and packaging of social housing projects and as part of Small-Town Revitalization Programme. The program is being extended to secondary cities through identification of new restructuring zones that are aligned to Priority Human Settlements Housing Development Areas.

The department is continuing with unblocking of blocked projects and to date, 58 projects out of 87 across the Province are unblocked, and these projects will be implemented over multi-years. Some of the projects were blocked because of poor performance of the contractors and unavailability of bulk infrastructure.

The issuing of title deeds programme remains one of the department's priorities and the function relies on cooperation between the municipalities and the department. Our performance has not been desirable throughout the MTSF, however as part of the turnaround strategy, the department has increased the capacity for conveyancing and facilitated the collaboration with municipalities to address the backlog. The department managed to register 2 493 title deeds in the following categories pre-1994 (214), post-1994 (1 456) and post-2014 (823). In the current MTSF period, the department registered 11 093 title deeds across all categories.

The Human Settlements Indaba proposed that Innovative and Sustainable Building Technology (ISBT) should be an alternative option and solution to respond to the housing demand for all markets. A working group has been established to concretize the proposals that were made at the Indaba to progressively improve the utilization of ISBT in human settlements development. OR Tambo region has been leading in piloting various technologies in building and sanitation technology with 141 housing units completed in King Sabata Dalindyebo and Port St Johns municipalities.

The department hosted its maiden Human Settlements Indaba in the current financial year that was attended by over 300 participants from stakeholders in the sector. The Indaba resolved that a Programme of Action should be developed with due consultation of stakeholders and monitored annually. Various engagements have been held with stakeholders in the private sector, civil society and

government on themes identified from the Indaba resolutions with commitments for partnership and collaboration that will be followed up in the next financial year.

The department has developed a Social Facilitating Strategy to guide, implement and monitor public education and awareness on various human settlements 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 disputes between the landlord and tenants. The department has resolved 276 rental dispute cases, in the current financial year and this protects the rights of the people of the Province by providing communities with access to free legal services. In addition, 5 983 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 ensure that through care and maintenance, the product retains its growth value as well as affording consumer protection.

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

- o The shrinking of fiscal allocation had a negative impact on the implementation and delivery of the programmes of the department and hamper its efforts to deal decisively with the housing backlog.
- o 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 the Eastern Cape (Alfred Nzo, Or Tambo and Chris Hani regions) with major damages and leaving scores of the people homeless.
- o Access to funding is one of the key challenges facing our developers and contractors in general.

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

The Department remained resolute in the implementation of broad policy priorities of the Sixth Term of Administration which includes:

- Provision of the housing opportunities prioritising the Destitute, Vulnerable Groups and Military veterans;
- Systematic unblocking of historically blocked projects;
- Accelerated Registration and Issuance of Title Deeds to homeowners;
- Empowerment of designated groups, skills development and creation of work opportunities;
- Upgrading of informal settlements and 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. I further thank the Portfolio Committee, Audit Committee and Risk

Committee for their constructive oversight role to keep the department accountable and on track in realising its mandate.

I also wish to acknowledge and appreciate the Head of Department, Executive Management, Senior Management and entire staff of the Department for their remarkable support and dedication to the cause of providing care and support to the poor and vulnerable communities.

Lastly, 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.

Conclusion

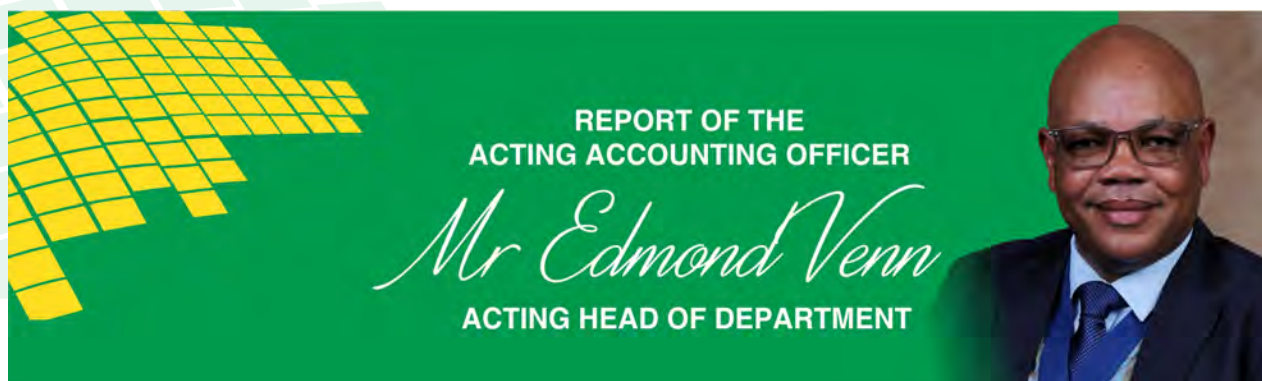
As a member of the Executive Council responsible for Human Settlements, I hereby present the 2023/24 Annual Report of the sixth administration, in line with our accountability prescripts which gives an account of the policy speech directives as contained in the Annual Performance Plan as well as National 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 2024



• Overview of the operations of the department

The Eastern Cape Department of Human Settlements hereby submits the 2023/24 Annual Report as part of its constitutional, legislative and civil responsibility to account on its performance against the allocated resources. The Department remains 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 Department's performance against targets set out in MEC Policy Speech and Annual Performance Plan which outlines how the departmental plans will generate the creation of sustainable Human Settlements and progressively advance the quality of household livelihood in the Province. 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 for the consecutive six (6) years with matters of emphasis for 2022/23 financial year audit, 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 6 736 housing units and developed 5 571 serviced sites against a target of 7 638 and 5 350, respectively. Furthermore, housing units at various stages of construction are attained as follows:

- o 1 671 Foundations
- o 1 025 Wall Plates
- o 1 483 Roofs
- o 644 finishes

Through housing construction, 5 639 jobs were created in the following categories.

Categories	Statistics
Adult Women	486
Adult Men	1 576
Female youth	1 430
Male youth	2 147
Persons with disability	0
Total	5 639

➤ Challenges for the Year

Inadequate bulk infrastructure in secondary and small towns had a negative impact in unlocking new projects and to unblock blocked projects. The Department continues to work with municipalities to prioritise bulk infrastructure for human settlements development within the District Development Model (DDM) framework. The Department will continue to co-fund 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 results 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.

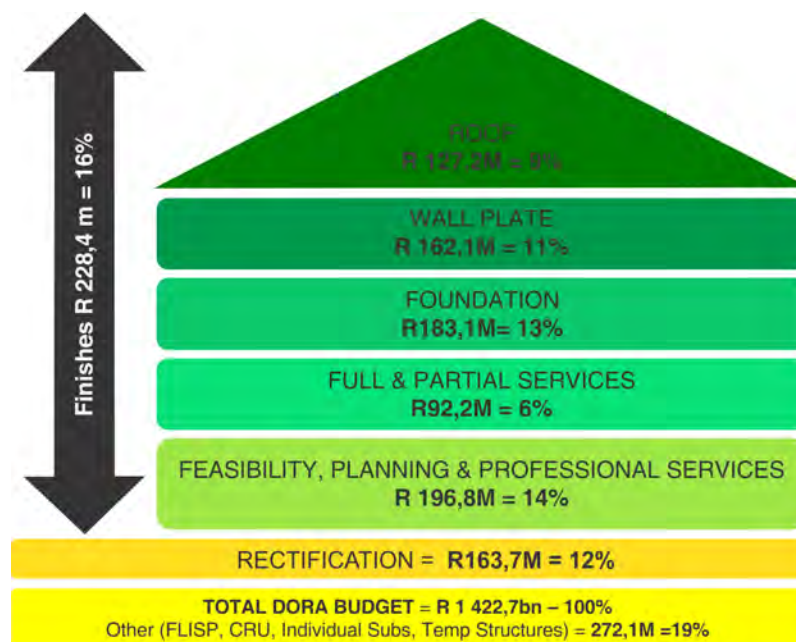
There is a lack of technical capacity for human settlements projects and non-existence of housing directorates in some municipalities, hence the department continues to provide support to municipalities through capacity building sessions and short learning programmes.

- Overview of the financial results of the department:**

The total adjusted allocation for the 2023/24 financial year is R 2,370 billion which decreased by 8.71% from R 2,596 billion in the 2022/23 financial year. The department has spent 99.75% of the allocated budget in the current financial year compared to 96.4% spent in the previous financial year.

The table demonstrates expenditure per milestones of construction and percentage breakdown

MILESTONES	AMOUNT R'000	PERCENTAGES
Feasibility, Planning & Professional fees	196 760	14%
Services	91 214	6%
Foundation	183 140	13%
Wallplates	162 106	11%
Roof	127 242	9%
Finishes	147 908	10%
Completions	78 491	6%
Rectification	163 682	12%
Other	149 988	11%
Projects implemented by public entities	122 167	9%
Sub Total	1 422 698	100%
UISPG	492 917	99%
GRANTS GRAND TOTAL	1 915 615	99,5%



Equitable Share

The equitable share allocation for 2023/24 was R448,845 million which has decreased by 1.94% compared to R 457,709 million in 2022/23 financial year.

Compensation of Employees

For the 2023/24 financial year the department allocated R 372,494 million for compensation of employees which increased by 2.43% from R 363,633 million in the 2022/23 financial year, and the department spent 99.99% of the allocation in the current financial year.

Goods and Services

The Goods and Services allocation for 2023/24 financial year was R 64,626 million which decreased by 18.01% as compared to R 78,818 million allocated for 2022/23 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 2023/2024 financial year was R2,216 million, which decreased by 25.81% compared to R2,987 million in the previous financial year and 106.68% of this allocation was spent.

Capital Assets

The budget for capital assets allocated for 2023/24 financial year is R 11,632 million which decreased by 28.18% compared to R 16,197 million in the 2022/23 financial year. The department spent 77% and a roll over application of R 2,525 million has been submitted to Provincial Treasury for the procurement of the upgrading of the telephone system.

Transfers and households

The total allocation for Human Settlements Development Grant for the 2023/24 financial year was R 1,406 billion which decreased by 11.74% from R 1,593 billion in the 2022/23 financial year. The department spent 99.99% of the allocation in the current financial year.

The allocation for the Informal Settlements Development Grant for the 2023/24 financial year was R 496,371 million which increased by 8.34% from R 458,151 million in the 2022/23 financial year. The department has spent 99.30% of the allocation in the current financial year.

The allocation for the Provincial Emergency Housing Grant for the 2023/24 financial year was R 16,860 million, which was a rollover from the previous financial year. The department has spent 99.96% of its allocation.

➤ Departmental receipts

Departmental receipts	2023/2024			2022/2023		
	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	398	332	66	383	301	82
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	801	25 197	(24 396)	765	1 472	(707)
Sale of capital assets	624	278	346	597	364	233
Financial transactions in assets and liabilities	-	69	(69)	-	1 455	(1 455)

Departmental receipts	2023/2024			2022/2023		
	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
Total	1 823	25 876	(24 053)	1 745	3 592	(1 847)

The department over collected revenue by R 24,053 million for the 2023/24 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 assets, 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	2023/2024			2022/2023		
	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	174 221	171 547	2 674	199 613	194 718	4 895
Housing Needs Planning & Research	21 010	21 010	-	20 464	20 464	-
Housing Development	2 154 951	2 151 395	3 556	2 353 421	2 264 457	88 964
Housing Asset Management	20 004	20 004	-	22 223	22 222	1
Total	2 370 186	2 363 956	6 230	2 595 721	2 501 861	93 860

Programme 1: Administration has spent 98.47% 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 99.83% of its final budget

Programme 4: Housing Asset Management has spent 100% 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	124 156	-	(4 371)	119 785
Goods & Services	40 973	-	1 541	42 514
Households	201	-	(4)	197
Machinery & Equipment	15 243	-	(3 611)	11 632
Payment for financial assets	-	-	93	93
Total	180 573	-	(6 352)	174 221

A virement of R 10,055 million was made from Programme 1:

- To fund over expenditure of Social Benefits items within Programmes 2 and 3, the over expenditure within the Goods & Services of Programme 3 and write-off of irrecoverable debt
- To fund the over expenditure within the Goods & Services item within Programme 3
- To fund over expenditure of Social Benefits of Programme 2
- Recognition of the operating costs of the finance lease for cell phones

A virement of R 3,703mil was made to Programme 1:

- To write-off of irrecoverable debt
- To recognise operating costs of the finance lease for cell phones

The net effect of these virements was R 6,352 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	19 431	-	(493)	18 938
Goods & Services	978	-	210	1 188
Households	261	-	623	884
Total	20 670	-	340	21 010

A virement of R 493k was made from Programme 2:

- To fund the over expenditure within the Goods & Services and Social Benefits within Programme 2

A virement of R 833k was made to Programme 2:

- To fund the over expenditure of goods & services within Programme 2
- To fund over expenditure of Social Benefits of Programme 2

The net effect of these virements was R 340k

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	216 188	(1)	(1 493)	214 694
Goods & Services	12 330	1	7 666	19 997
Households - current	411	-	696	1 107
Households - capital	1 919 153	-	-	1 919 153
Total	2 148 082	-	6 869	2 154 951

A virement of R 1,493 mil was made from Programme 3:

- To fund the over expenditure of goods & services in Programme 3

A virement of R 8,363mil was made to Programme 3:

- To fund the over expenditure of goods & services in Programme 3
- To fund over expenditure of Social Benefits of Programme 3

The net effect of these virements was R 6,870mil.

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	20 068	-	(991)	19 077
Goods & Services	753	-	174	927
Households	40	-	(40)	-
Total	20 861	-	(857)	20 004

A virement of R 1,032mil was made from Programme 4:

- To fund the over expenditure of goods & services in Programme 3 and 4
- To fund over expenditure of Social Benefits of Programme 2

A virement of R 174k was made to Programme 4:

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

The net effect of these virements was R 858k.

➤ **Unauthorized, irregular, fruitless and wasteful expenditure**

Irregular expenditure opening balance of R2.836 billion includes R1.928 billion relating to advance payments that was disclosed as under assessment in 2022/23 but was confirmed during 2023/24, the Irregular Expenditure is due to non-compliance with the requirements of DORA 16(3) on advance payments. The Irregular Expenditure identified and disclosed for the year under review is R148.366 million which includes R60.836 million relating to advance payments and R87.530 million due to contracts that were identified as irregular in the previous financial years. Irregular Expenditure of R2.263 billion has been condoned.

Fruitless and wasteful expenditure of R2.982 million has been identified and disclosed. The expenditure is mainly due to:

- interest paid because of court orders.

The expenditure disclosed is still under determination. 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 2024/25 financial year is as follows:

- o Construction of 6 284 houses
- o Install services on 6 624 sites
- o Register the following title deeds categories; pre-1994 (500), post-1994 (2 847), post-2014 (4 130) and new (1 095)
- o Create 5 000 job opportunities through EPWP compliant projects
- o Rectification of 1 277 Pre and Post units
- o Deliver 330 housing units for Finance Linked Individual Subsidies Programme (FLISP) currently known as First Home Finance
- o Provision of 2 Socio-economic facilities
- o Handover 65 houses to Military Veterans and verify 1 053 destitute persons
- o 150 empowerment opportunities to be created for youth through youth brigade programme
- o 33 youth will be supported for artisan development programme (apprenticeship and learnership)
- o Upgrade 29 informal settlements to phase 3
- o 85 SMMEs contractors provided with training towards sustainable business enterprise
- o 40 individual subsidies paid, close 30 historical project and 6 Innovative and Sustainable Building Technologies (ISBT) projects supported
- o Support 20 municipalities on Human Settlements Programmes
- o Implement four (4) Human Settlements short learning programmes for Councillors, Traditional Leaders and Municipal Officials

• **Public Private Partnerships**

The Department hosted the first Eastern Cape Human Settlements Indaba in July 2023 attended by more than 300 participants from various stakeholders in the sector. The objective of the Indaba was to create a platform for constructive engagement on departmental priorities, gaps and potential solutions to the challenges of the sector through partnerships and collaboration.

Through the Human Settlements Indaba, support has been lobbied from private, non-government and government sectors towards key priorities of the department that include:

- Unlocking of bulk infrastructure
- SMME development and growth
- Unlocking local materials supply
- Innovative Sustainable Building Technologies

- Mobilising human settlements investments and
- Facilitating land availability, release and assembly

A Departmental Turnaround Strategy has since been implemented to respond to the challenges and solutions proposed at the Indaba. The four pillars that underline the Strategy are:

- Improve effective leadership, Accountability, team spirit, shared culture of excellence,
- Good corporate governance practices towards improved productivity and clean audit,
- Improving the diagnosis of key challenges and having credible catch-up plans to enable improved performance, and
- Significantly improving the delivery of Human Settlements in the Eastern Cape.

The Department will monitor the implementation of the Turnaround Strategy through its institutional arrangements and has continued to maintain and extend its research partnerships with Higher Learning Institutions and has concluded Memoranda of Understanding that will expire in 2025 with the following institutions:

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

Furthermore, through the Indaba, the Department will be collaborating with other government research institutions to strengthen our research base for integrated sustainable human settlements.

The department is finalising a programme of action to realise the resolutions of the Indaba. This will yield intergovernmental collaboration and public-private partnerships with specific priorities and programmes. These will be monitored annually to check progress and resolve challenges that arise.

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

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

- **New or proposed key activities**

- o None

- **Supply chain management**

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

- **Challenges experienced in SCM and how they were resolved.**

Challenges in SCM	How they were resolved
o The department faced a challenge of non-responsive bids.	• The Department advertised an invitation for the Framework Agreement to track the process of procurement and appointment of competent contractors. • The Department has reviewed and standardized the terms of reference.
o Percentage of HSDG construction budget allocated to women, youth SMME's contractors	• The department has made awards to companies owned by women and youth SMMEs in the current financial year and will fast-track procurement processes to ensure more women and youth SMME contractors are awarded in the next financial year.

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

Household furniture and linen were received from contractors for handover to some destitute and vulnerable groups houses for the year under review. These are direct gifts to beneficiaries of the units that have been

handed over and Departmental officials did not benefit. The details are contained in annexure 1C of the Annual Financial Statements.

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

There were no exemptions from financial reporting requirements received from National Treasury for the financial year 2023/24

- **Events after the reporting date**

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

- **Other**

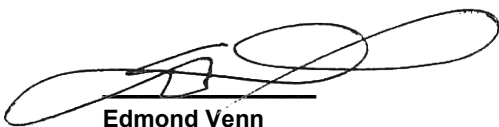
None

- **Acknowledgement/s or Appreciation**

I wish to express a word of gratitude to the Executive Authority for her leadership and continued guidance, 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 2023/24 Financial Year



Edmond Venn
Acting Accounting Officer
Department of Human Settlements
Date: 31 July 2024

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.

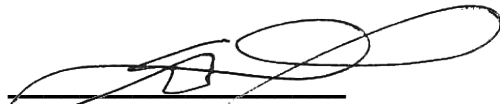
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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 2024.

Yours faithfully



Edmond Venn
Acting Accounting Officer
Department of Human Settlements

Date: 31 July 2024

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 (Act No. 19 of 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 (Act No. 95 of 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 (Act No. 50 of 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 2008, (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 (Act No. 63 of 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 (Act No. 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, 2008 (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, 2011 (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, 2011 (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, 2000 (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, 2003 (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 , 1999 (Act No. 1 of 1999) as amended	This Act regulates financial management in National Government and Provincial Government
Spatial Planning and Land Use Management Act , 2013 (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

LEGISLATIVE MANDATE	BRIEF DESCRIPTION
	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



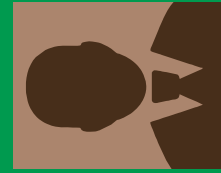
▶ **Ms. Siphokazi Lusithi**
MEC for Human Settlements



▶ **Mr Edmond Venn**
Acting Accounting Officer



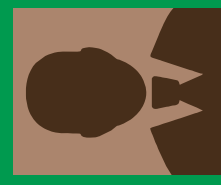
▶ **Mr M Dyushu**
CD: Financial
Management &
Services



▶ **Mr B Panda**
Acting CD: District
Coordination &
Project Management



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



▶ **Mr L Scholtz**
Acting CD:
Human Settlements
Incremental Programs



▶ **Mr L Van Zuydam**
CD: Corporate
Services



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



▶ **Ms N Kettledas**
CD: Human Settlements
Property & Assets
Management



▶ **Ms T Tindleni**
CD: Human Settlements
Delivery Planning
and Performance

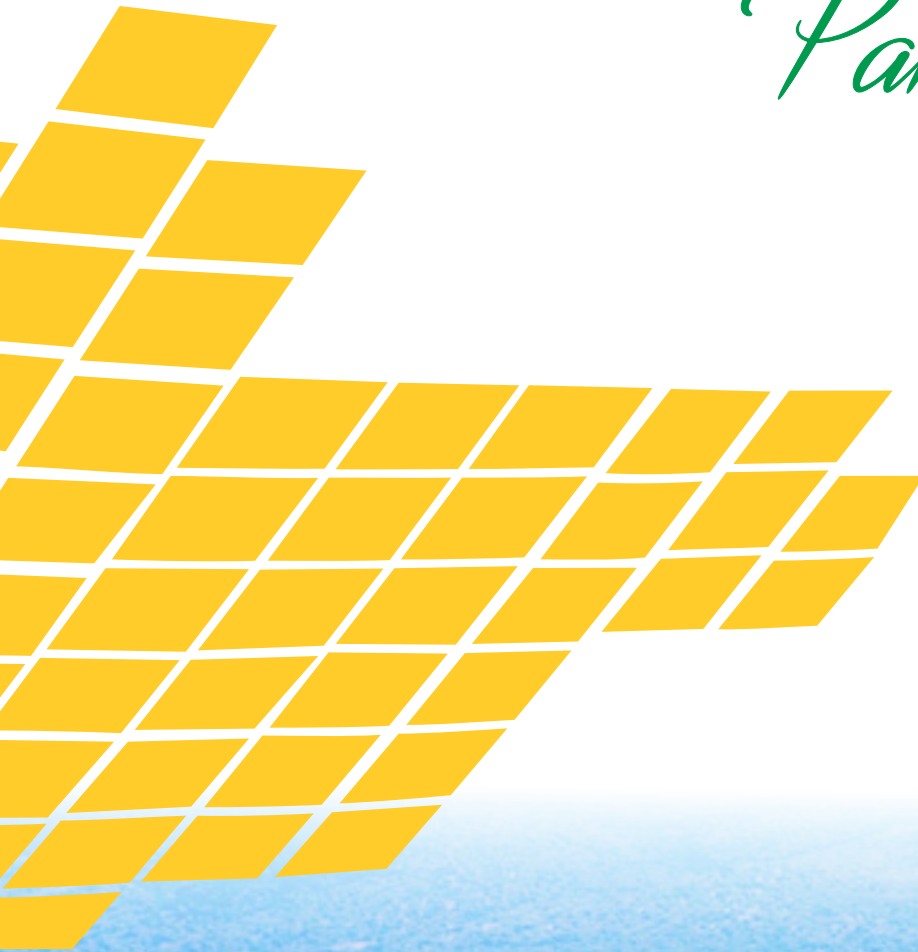
9. ENTITIES REPORTING TO THE MEC

There are no entities reporting to the MEC.

Part B

PERFORMANCE INFORMATION

ANNUAL REPORT 2023/24



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report. Refer to page 139 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 in 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 2023/24 financial year and the department remain resolute in the implementation of broad policy priorities which include:

- Provision of housing opportunities prioritising 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 SMME's including women and youth;
- Upgrading of informal settlements and provision of social and economic amenities;
- Progressive adoption of Innovative and Sustainable Building Technologies (ISBT);
- Enhance Partnerships and Collaborations with social partners; and
- The improvement of the Functionality of the department for improved service delivery outcomes.

The above priorities have been translated to targets as illustrated in the Annual Performance Plan and their performance has been monitored and reported in the Annual Report performance information section. In areas where the department has underperformed, strategies to overcome areas of underperformance are provided and will be closely monitored to improve the next financial year performance.

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. In addition to that, some contractors surrender sites resulting to increase in stalled or blocked projects and 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 2024 for Equitable Share expenditure is 99.37% and Conditional Grant Expenditure is 99.82% of the adjusted budget. The main contributors to the underspending are:

- Informal Settlements Upgrading Partnership Grant (ISUPG) - Under expenditure is within an immaterial variance of 0.5%. A rollover request has been submitted to Provincial Treasury for ISUPG.
- 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 2023/24 financial year.

KEY DELIVERY OUTPUTS	2023/24 ANNUAL TARGET	2023/24 ACTUAL OUTPUT
Housing Subsidies (low-cost housing)	7 638 houses	6 736
Individual Subsidies (facilitated for payment)	38	38
FLISP (allocated)	320	366
Socio-economic facilities	2	1
Informal Settlements upgraded to phase 3	115	115 informal settlements are progressing as follows: Phase 2: 86 Phase 3: 29
Title Deeds (Pre- 1994) (Post- 1994) (Post -2014) (New title deeds)	500 4 723 1 351 1 173	214 1456 823 0
Job Opportunities	7 500	5 639
Rectification	832	935
Access to Basic Services	5 350	5 571
Youth empowerment opportunities	200	150
SMME contractors provided with training	80	85
Unblocking of historical projects	60	0
Projects supported on innovative and sustainable buildings technologies	8	8
Municipalities supported on human settlements programmes	20	22
Short learning programmes implemented	4	0
Verification of destitute persons	1 100	1 108
Houses handed over to Military Veterans	230	16

Note: The Department has revised targets in the business plan for BNG units (low-cost housing) from 7 638 to 6 676 as a result of top slicing of the 2023-24 budget at National Level.

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

Breaking New Ground (BNG) is a comprehensive plan for the development of sustainable human settlements, which guides the 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 NDP, 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 as well as 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 from 136 designated geographical areas referred to as Prioritised Human Settlements and Housing Development Areas (PHSHDA) by the National Department of Human Settlements

The Eastern Cape Province is allocated with 12 Prioritised Human Settlements and Housing Development Areas (PHSHDAs) against the 136 in the following municipalities: BCMM (3), Nelson Mandela Bay 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 developing the development plans for the Prioritized Human Settlements and Housing Development Areas (PHSHDAs), 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) are in the process of being endorsed by the respective Local Municipalities and the 2 Metropolitan, Nelson Mandela Bay Metropolitan Municipality and Buffalo City Metropolitan Municipality, respectively.

The Department continues to make strides for integration by inclusion of projects spatial referenced (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 Local, District and Provincial platforms coordinated by OTP, CoGTA and Treasury to strengthen integrated spatial planning.

Districts Performance

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

The implementation of the programme entails delivery of Breaking New Grounds (BNG) houses that has 88% performance, service sites delivered 104% and houses with defects that were rectified has achieved 112% of across all 8 regions during the year under review. The annual planned targets for BNG houses were revised from 7 638 to 6 676 due to top slicing of budget at National Level and that resulted in reduction of allocated budget for 2023/2024 financial year.

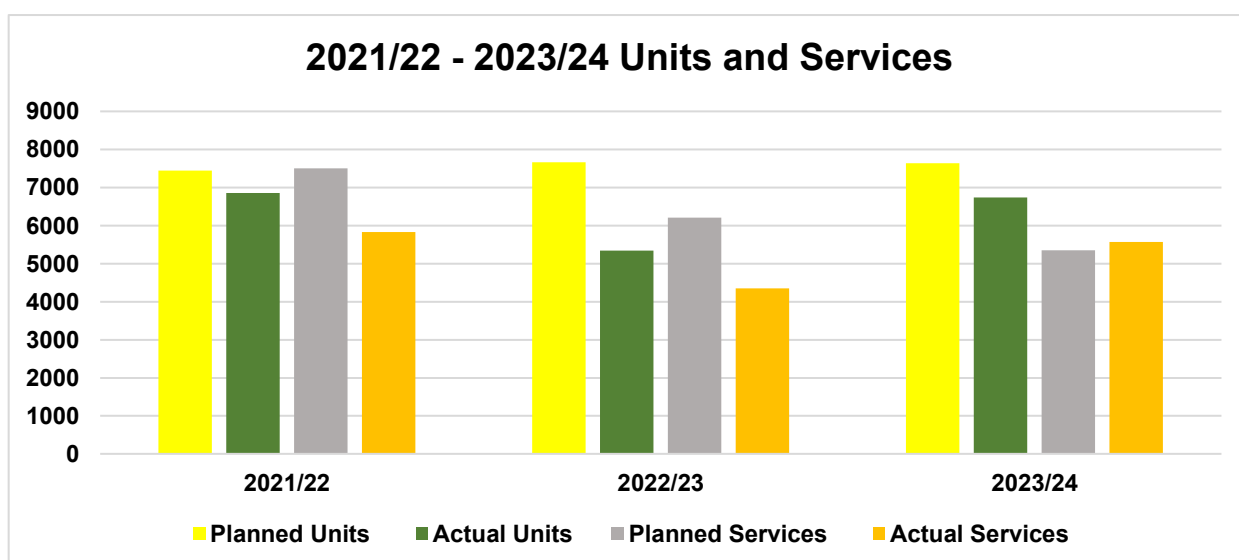
Amathole and Chris Hani regions have exceeded their annual initial targets on delivery of BNG units and services. OR Tambo region has exceeded their targets on units and BCM region on services. BCM and Joe Gqabi regions has achieved 97% and 99% on BNG units, respectively. The performance of NMBM is 64%, Alfred Nzo is 29% and Sarah Baartman is 17% on BNG units. The major contributors to under performance on units and services for Alfred Nzo is poor performance of the contractors and implementing agent as well as inclement weather conditions which has affected access roads in rural villages where rural housing programme was implemented and minimal project pipeline. Sarah Baartman under performance was due to inadequate bulk infrastructure and non-availability of bulk infrastructure on land earmarked for construction. Under performance in Nelson Mandela Metro was due to construction mafia that demanded protection fees in most projects.

The Department will continue to engage law enforcement authorities for backup and protection purposes and will participate in IGR platforms to encourage municipalities to facilitate conducive construction working environment. 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 Sarah Baartman region. Furthermore, contractors and Implementing Agents are continuously engaged to augment production capacity and ensure production before rainy season.

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

DISTRICTS	UNITS				SERVICES			RECTIFICATION		
	Initial target	Revised target	Actual	% Progress	Plan	Actual	% Progress	Plan	Actual	% Progress
Alfred Nzo	999	873	285	29%	1,004	285	28%	-	-	-
Amathole	811	709	919	113%	944	963	102%	-	-	-
BCMM	1,241	1085	1,198	97%	431	549	127%	125	160	128%
Chris Hani	1,186	1037	1,597	135%	838	2,380	284%	92	462	502%
Joe Gqabi	429	375	425	99%	500	425	85%	-	-	-
NMBM	1,411	1082	906	64%	-	-	-	262	47	18%
OR Tambo	1,238	1233	1,351	109%	1,073	969	90%	235	171	73%
Sarah Baartman	323	282	55	17%	560	-	-	118	95	81%
TOTAL	7,638	6,676	6,736	88%	5,350	5,571	104%	832	935	112%

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



The graph above demonstrates the three-years performance of units and serviced sites as from 2021/22 to 2023/24 financial years. The BNG units delivery was 92%, 70% and 88% and serviced site performance was 78%, 70% and 104% as from 2021/22 to 2023/24 financial years, respectively. The Departmental turnaround plans implemented has improved its performance as compared to previous financial year and the department will continue to develop and implement strategies that will improve and exceed its performance.

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

In responding to the National Development Plan (NDP), Provincial Development Plan (PDP) and Policy Priorities, the department is continuing to implement its programmes and provide empowerment opportunities through Expanded Public Work Programme (EPWP) as vital weapon in the fight against unemployment. A total of 5 639 jobs were created through 65 EPWP compliant running projects in the following categories: 486 adult women, 2 147 adult men, 1 430 female youth, and 1 576 male youth.

In addition, the Department created 150 empowerment opportunities for youth through provision of skills development on housing construction of which 111 were youth females and 39 were youth males, in the following regions and projects:

REGION	PROJECT NAME	PARTICIPANTS
Buffalo City Metropolitan Municipality	Orange Groove 3500 project	49
Amathole	Katberg 180 project	51
	Komga 570 Project	50
TOTAL	-	150

Upgrading of Informal Settlements

Upgrading Informal Settlements Programme (UISP) is one of the interventions identified by the Department of Human Settlements for implementation in the Medium-Term Strategic Framework (MTSF) as well as the National Development Policy and the Sustainable Development Goal of 2030. The Eastern Cape Department of Human Settlements upgrading of informal settlements programme has appointed Housing Development Agent (HDA) to implement phases 1 to 3 upgrading activities and. In the year under review, Ndlambe, Kouga and Raymond Mhlaba local municipalities were also appointed as implementing agents and 115 informal settlements are now in phases 2 & 3 upgrading activities whilst an additional 45 Informal settlements are in Phase 1 for upgrading. The department is focusing on the delivery of basic services (Water, Sanitation, Refuse Collection, Access roads and Electricity) in improving the living conditions and dignity of households residing in these settlements as part of the Provincial Development Framework.

The additional package has also been introduced to the programme for Security of Tenure and Formalisation (Including Title Deeds), Human Rights Package (including Emergence response and basic Community Safety), Social Economic Amenities (including Neighbourhood Park) and Permanent Infrastructure (Including Bulk-Link Infrastructure)

In the MTSF, the department has also delivered three (3) Social-Economic Amenities with the Multi-Purpose Community Centre (MPCC) being Reeston MPCC in 2020/21, Uitenhage MPCC in 2020/21, Ntabankulu MPCC 2023/24. The main objective of the MPCC is to facilitate development by promoting provision of certain basic social/community amenities and economic facilities within existing and new housing areas.

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 subsidized 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 successful implementation of the programme requires the cooperation between the municipalities and the Department. The performance of the programme is affected by impediments inclusive of pre-conveyancing activities that had to be resolved before the transfer of title deeds could take place, 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; incomplete and never done township establishment; and non-opening of township registers. The department is implementing the turnaround strategy of increasing the capacity of conveyancers and facilitate the collaboration with municipalities to address the backlog. In the 2023/24 financial year, the Department has achieved 2 493 from all title deeds categories (Pre-1994 Post 1994 and Post 2014) and will continue to utilize the appointed conveyancers as well as consulting engineers to address pre conveyancing activities with the aim to improve performance.

Social housing programme

The programme is the national and provincial priority, Social Housing Regulatory Authority is responsible for the implementation of all social housing developments whilst the department continues to oversee the identification and packaging of new projects. As part of the Small-Town Revitalisation Programme, the Department is extending the programme to secondary cities through identification of new Restructuring Zones that are aligned to Priority Human Settlements Housing Development Areas.

The programme has intervened by creating awareness of social housing to enhance the development of social housing in the province. The following municipalities have submitted motivations for declaration of Restructuring Zones in their respective municipalities:

- Intsika Yethu Local Municipality;
- Enoch Mgijima Local Municipality;
- Umzimvubu Local Municipality; and
- Ndlambe Local Municipality.

The motivations in support of declaration of Restructuring Zones in respect of the above-mentioned municipalities have been supported by the Member of Executive for consideration by the National Minister of Human Settlements. The approval of Restructuring Zones in the identified secondary towns will enhance social housing development opportunities. The creation of awareness sessions at local municipal level is on-going encouraging municipalities to prioritize declaration of Restructuring Zones in their respective areas.

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

- Walter Sisulu Municipality
- Ntabankulu Local Municipality

Finance Linked Individual Subsidy Programme

The focus of the intervention is the approval of Finance Linked Individual Subsidies to qualifying beneficiaries with a gross household income of between R3 501 and R22 000 per month. During the 2023/24 financial year a total of three hundred and sixty-six (366) subsidies were disbursed to qualifying first time buyers in various districts of the province. The programme has seen an over achievement by forty-eight (48) disbursements. This remarkable increase in demand is necessitated by extensive awareness creation on the target market at both private and public sector. The awareness campaigns are continuing to reach potential beneficiaries.

The Fairwest Village in Fairview, Gqeberha which has been born out of a Land Availability Agreement between the Provincial Human Settlements and Imizi Housing Utility has completed phase 1 which comprises of 140 affordable housing units for first time buyers. The Developer Imizi is currently commencing with Phase 2 of the project. The beneficiaries approved in this period under review were approved by the National Housing Finance Corporation (NHFC).

The province has entered into an agreement with NHFC to implement the new regulation of First Home Finance in the 2024/25 financial year.

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 for 2023/24 financial year.

Main services and standards

Main services	Beneficiaries	Current/Actual standard of service 2022/23	Desired standard of service 2023/24	Actual achievement 2023/24
First service: Allocation of quality houses to qualifying beneficiaries.	Eastern Cape Communities	4 918 destitute beneficiaries approved for housing opportunities.	800	6 177 destitute beneficiaries have been approved for housing opportunities. Over performance was due to disaster and destitute projects that required urgent approvals OR Tambo, Chris Hani, Alfred Nzo, BCM and Amathole regions
Second service: Registration of Title Deeds for ownership of property (house) handed over to qualifying beneficiaries	Eastern Cape Communities	70 Pre-1994 Title Deeds registered. 2 145 Post- 1994 Title Deeds registered. 6 Post- 2014 Title Deeds registered. 394 New Title Deeds issued to beneficiaries.	500 Pre-1994 Title Deeds registered. 4 723 Post- 1994 Title Deeds registered. 1 351 Post- 2014 Title deeds registered. 1 173 new Title deeds registered.	214 Pre 1994 Title Deeds were registered, and underperformance was due to expired contracts of the appointed conveyancers and the delays by some municipalities in providing the department with a confirmed beneficiary lists for pre-1994. 1 456 Post-1994 Title Deeds and 823 Post 2014 title deeds were registered, under performance was due to pre conveyancing activities that are required to be dealt with before any actual transfer could take place in some projects. 0 New Title Deeds registered and under performance was due to pre conveyancing activities that are required to be dealt with before any actual transfer could take place in some projects.

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/Actual arrangements 2022/23	Desired arrangements 2023/24	Actual achievements 2023/2024
6 765 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 4 500 housing beneficiaries before the projects starts, during and after completion of the project	5 983 beneficiaries were consulted before the projects start, during and after completion of projects. Over performance was due to the following: - Title Deeds verification, Provincial Women's Celebration, and the Presidential Imbizo in Chris Hani Region - Disaster that occurred in Joe Gqabi Region - Youth Expo in NMBM Region
17 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.	19 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.

Current/Actual arrangements 2022/23	Desired arrangements 2023/24	Actual achievements 2023/2024
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 308 rental dispute cases were resolved. Moreover, all 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 19 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 procurement to translate all pamphlets in all languages spoken in the Eastern Cape has been concluded.
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 procurement to translate all pamphlets in all languages spoken in the Eastern Cape has been concluded. The Departmental Newsletters and social media 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	19 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 stations.

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 308 rental dispute cases were resolved and grievance cases were finalised within an average of 30 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) and a switchboard for Head Office: 086 000 0039.

2.3 Organisational environment

The Departmental establishment has 571 posts with 506 filled posts including MEC post. The functional structure was last reviewed in 2018 and its review focused on alignment of functions, the core functions and implementation of Support Services Generic Structure that was introduced by the Department of Public Services and Administration. There has been no significant increase in the post establishment in the past five 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.

The Department conducted the Organizational Functional Assessment (OFA) that is assisting in identifying and improving the functionality, process, capacity of the Department to deliver service to the people. The outcomes of the OFA are currently being implemented. The Draft Service Delivery Model was submitted to the MEC for approval, and she provided her inputs, which is being taken care of in order to conclude the process. 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 utilized the Skills Levy Budget continuously to 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 turnaround time frame to ensure improvement of service delivery.

2.4 Key policy developments and legislative changes

The Minister of Human Settlements in 2023 announced the amendment of the National Housing Code. Subsequently to that, the National Department and Eastern Cape Department conducted a series of refresher workshops which were intending to provide information in relation to the new amendments throughout the province. These workshops were targeting the municipal housing officials, human settlements regional officials and all Sub-Programme located within the Head Office.

2.4.1 Impact

- Better understanding and implementation of the revised Housing Code.

2.4.2. Human Settlements Policies in progress

TITLE OF THE POLICY	PURPOSE OF THE POLICY	PROGRESS
The Eastern Cape Department of Human Settlements Beneficiary Management Policy	To ensure effective implementation of Beneficiary Management process by the ECDHS, Municipalities, and designated implementing agencies to fast-track housing delivery	Policy completed on the 31 March 2024, currently awaiting approval
Policy on Implementation of Housing Assistance for Military Veteran in the Eastern Cape Province	To provide a clear guidance on the provision of housing assistance for Military Veterans in the Eastern Cape Province	Policy completed on the 31 March 2024, currently awaiting approval
Rural Housing Delivery Policy in the Eastern Cape Province	To lay grounds for implementing the rural housing Subsidy in the Eastern Cape Province.	Policy completed on the 31 March 2024, currently awaiting approval

2.4.3. Assessing the living conditions of communities where government subsidized houses are constructed with asbestos materials in the Eastern Cape

Main Objective: to investigate the underlying conditions in the communities where houses are constructed with asbestos materials in the province.

Key Findings of the study are as follows:

- Widespread presence of asbestos-containing materials (ACMs) was confirmed in all surveyed communities, primarily in roofing but also found in walls, fences, and informal structures.
- The condition of existing asbestos roofing is a major concern, with significant deterioration observed (leaks, cracks, loose sheets). This increases the risk of fibre release.
- Reports of both authorized and unauthorized removal methods raise concerns about proper disposal regulations and potential illegal dumping, further exacerbating contamination risks
- ECDHS officials often demonstrated limited knowledge about asbestos hazards and proper handling

procedures, highlighting a need for training.

Recommendations of the study:

- Conduct thorough evaluations within each community to map the extent and condition of ACMs.
- Targeted awareness campaigns are essential to educate residents about the dangers of asbestos exposure and safe practices for handling these materials.
- Training programs for ECDHS officials are necessary to equip them with the knowledge and skills required to effectively manage asbestos risks within their communities.
- Investigate and address instances of unauthorized removal and improper disposal of ACMs.
- Foster a sense of ownership and program sustainability, engage residents in the planning, implementation, and monitoring of asbestos management programs.
- Foster collaboration between stakeholders, including government agencies, community organizations, healthcare providers, and asbestos abatement professionals.

2.4.4. A study to assess the conditions of mud houses in the rural areas of the Eastern Cape Province

Main Objective: The purpose of the study was to ascertain the prevalence of mud dwellings in the province's rural areas, as well as their structural conditions and the opinions of their inhabitants.

Key findings of the study are as follows:

- The Department does not have a database showing the number of mud houses in the rural areas of the Eastern Cape Province.
- Most mud houses in the rural areas of the province have serious structural defects.
- Occupants request that the Department of Human Settlements build them RDP houses. However, they do not support the idea of demolishing their existing mud structures as they have cultural value to them as Xhosas.
- The study revealed that each household in the study areas has an ablution facility provided by the Department or Municipality. However, all of them are pit latrines toilets and the users experience serious challenges when they are full.

Recommendations of the study:

- The Department working jointly with the relevant municipalities should develop a Provincial database showing the number of mud structures per region/ municipality.
- The department should work on a program that will equip mud houses occupants in the rural areas of the province with the skill of constructing solid mud structures starting from planning, foundations, floors, walls and house roofs and maintenance of mud structures.
- Considering the cultural aspect of mud houses among Xhosa people and perceptions by mud house occupants, the Eastern Cape Department of Human Settlements should not consider the route of eradicating mud houses in the rural areas of the province.
- Mud structures that are not deemed suitable for habitation should be eradicated and replaced with RDP houses.
- The Department should consider utilising Innovative Sustainable Building Technology products to provide ablution facilities in the rural areas of the province.

2.4.5. A study to assess conditions of mud houses in urban spaces of the Eastern Cape Province

Main Objective: The purpose of the study was to ascertain the prevalence of mud dwellings in the province's urban areas, as well as their structural conditions and the opinions of their inhabitants.

Key Findings of the study

- The study established that most mud houses settlements in urban areas existed more than ten years and, they are continuing to grow due to migration of people from rural areas to search for economic opportunities in major cities.
- Most mud houses in the urban areas of the province are not habitable due to structural challenges, and these houses are posing risk to the occupants.
- Occupants of mud houses in the urban settlements of the province are vulnerable to hazardous living condition namely mosquitos' bites, dilapidating mud houses.
- The roofs expose occupants to harm as they may sometimes fall into the house.

- The mud houses are found in the space where there is no township establishment, which deprives occupants from receiving title deeds.

Recommendations of the study

- The Department should through its Emergency Unit provide urgent intervention in mud house communities by providing temporal shelters which must be followed by permanent solutions.
- The Department must coordinate with municipalities and other departments, such as the Department of Water and Sanitation, to handle bulk infrastructure needs including dams and water treatment facilities.
- The Department should prioritise the urgent eradication of mud houses in urban areas of the province through its Destitute and Emergency Units.

2.4.6. Dissemination in the Green Building Research Conference in University (GBRC) of Ghana

Background And Context

The GBRC aimed to facilitate the sharing of research experiences, results, and knowledge in Science, Technology, and Innovations related to the built environment. The conference also provided a platform for collaborative research efforts and networking to promote economic and sustainable growth across African countries, including South Africa and specifically the Eastern Cape Province.

Departmental Contribution to the Conference

The MEC of the Eastern Cape Department of Human Settlements has identified priorities, including the progressive adoption of Innovative and Sustainable Building Technologies (ISBT) in her Budget and Policy Speech tabled for the 2023/24 financial year. The department has also lifted Progressive Adoption of ISBT as the priority to be presented at the Green Building Research Conference. The ECDHS in its long-term strategic goals has set some targets for the dissemination of the research product which include sharing of knowledge accumulated through both long-term, short-term, and collaborative in-house and commissioned research approaches. This GBRC also served as an international platform for the Department to achieve this Key Performance Area. In this case, the delegates from the ECDHS have presented the following research papers and formed part of the GBRC Plenary session.

- Innovative technologies projects demonstrably guide the procurement of government-subsidized housing in the Eastern Cape.
- Progressive Adoption of Innovations and Technologies in the Human Settlement Development Programmes in the Eastern Cape South Africa: insights from lived experiences.

Lessons Learnt from the Conference

The International Finance Corporation (IFC) World Bank Building in Accra, Ghana is an Excellence in Design for Greater Efficiency (Edge) certified green building because of its green components. Edge is an online computer program designed by the IFC it is free software that is a standard system for anybody to use to design homes, offices, and mixed-use buildings. There is also a greywater recycling system where water that has been used for washing of dishes and laundry is recycled and reused for flushing.

The government take the responsibility to ensure the provision of the infrastructure which includes water, sanitation, and access roads to the project site. Social housing in Ghana is done in a way that the developer is appointed by the government that funds the project and the developer manages all project stages including project maintenance after construction and allocation of beneficiaries.

The target beneficiaries for the social housing stock are government employees however, everyone is allowed to apply and access the program irrespective of levels. The design of houses observed includes three and four-bedroom walk-up structures with living room, kitchen, and laundry space with a balcony at the main bedroom. The beneficiaries in this program are allowed to buy houses and start to pay before the house is completed and would continue to pay until they pay off even when the house is already completed. This is done without having to apply for a bank bond and the beneficiaries pay directly to the developer's account which is a type of cash economy.

The construction industry consumes about 40% of energy whilst producing close to 30% of greenhouse gasses, specifically Carbon dioxide. If this continues, it is therefore a call for concern to achieve a target for the Paris Declaration of reducing global heat by 2% which may help in reducing the speed of climate change from extreme and catastrophic to moderate weather conditions.

- This calls for all sectors including construction to find measures within their activities to act towards the retrogression of carbon emissions.
- It is acknowledged that Climate Change is a new reality, consequently, sophisticated climate prediction models have been developed to project, simulate, and model the impact of climate change on society, environment, and livelihoods.

ISBT involves implementing advanced technologies in construction projects and has the potential to achieve:

- Increased efficiency & productivity;
- Improved safety;
- Sustainability;
- Better quality control and
- And Enhanced collaboration.

Physical infrastructure is a component of contemporary society. Procurement is critical to the infrastructure project lifecycle. Public infrastructure procurement is germane to improve achieving SDGs. For better sustainability, construction practitioners should consider environmentally friendly projects during procurement. The concept is a better way of achieving construction sustainability via integrating environmentally friendly components during the procurement process. Green procurement may enhance construction project sustainability to promote SDGs linked with sustainable infrastructure.

Green building processes and technologies get delayed and stalled due to a multiplicity of operational factors pertaining to the non-conventional nature of the solutions. Despite the deliberate intentions, the implementation of these technologies is not a straightforward process.

- There are barriers affecting the smooth adoption of the technologies.
- The construction sector is employing the fourth highest number of persons having no formal education, after agriculture, households, and mining.
- The procurement of building products is driven or determined by the price alone, often to the detriment of the long-term financial, social, and environmental performance of the building products.

The social, environmental, and economic impact of buildings on natural resources, social well-being and cohesion, and economic viability is poorly understood both inside and outside the human settlements development sector. It is therefore advised that: -

- Domestication of green technologies involves adopting and integrating environmentally friendly technologies within a country or region, industries, and infrastructure.
- It involves the localization, adaptation, and widespread use of green technologies to address environmental challenges and promote sustainable development.
- Domestication of green technologies often involves the transfer of technology and adaptation from developed countries or international organizations to the target country or region.
- These technologies are then adapted to suit local conditions, technological capabilities, resource availability, and socioeconomic factors.

For domestication to be effective, the following needs to be done:

- Supportive policy and regulatory frameworks;
- Research and Development support;
- Skilled and capable workforce;
- Capacity-building initiatives;
- Access to finance;
- Public awareness and stakeholder engagement;
- Engagement with local communities in decision-making processes; and
- Continuous monitoring and evaluation.

In appreciation of the lessons learnt in the GBRC, the Department will be developing a policy on ISBT in the financial year 2024/25. The policy will assist to fast-track the implementation of ISBT which will also feature the elements of green building in human settlements development in the province.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Department approved its 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 departmental plans and 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 their 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.

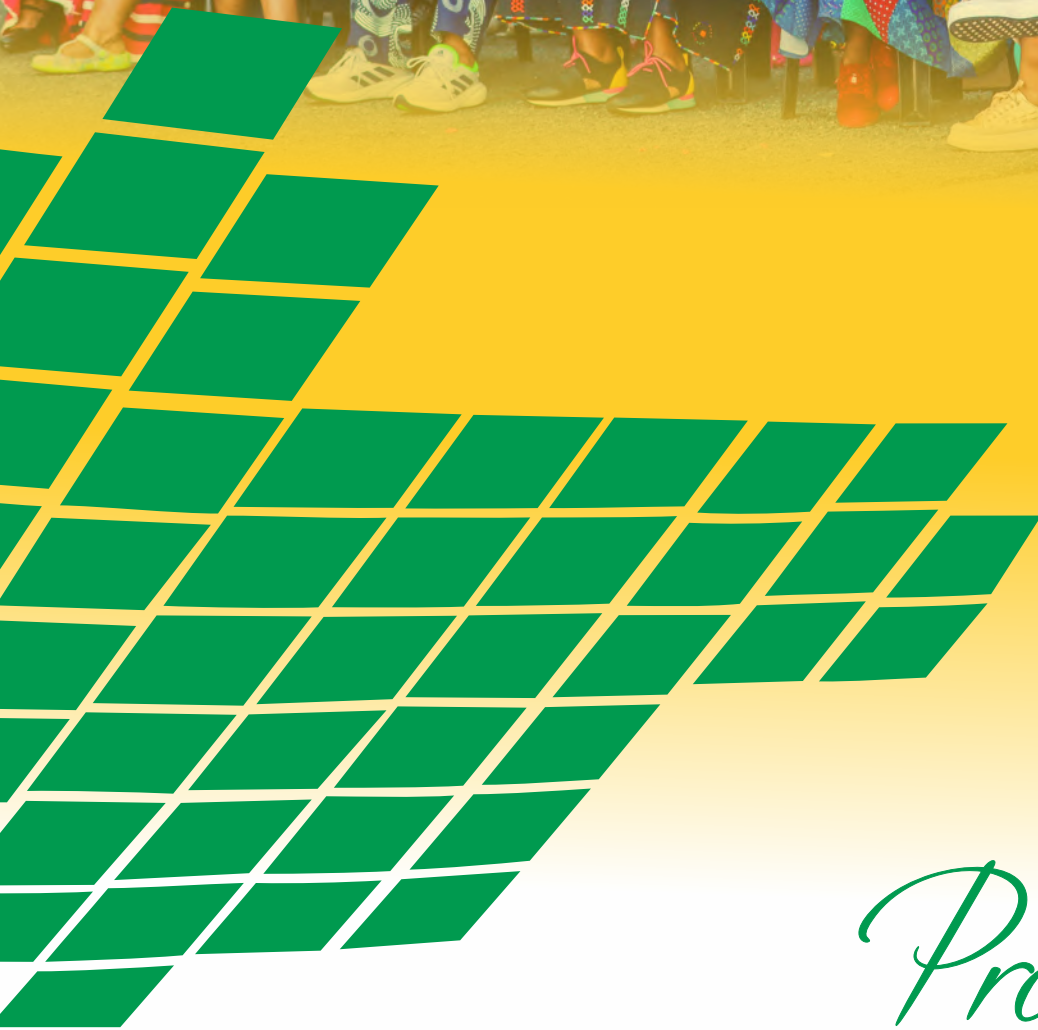
Impact statement	Sustainable Human Settlements and improved quality living environment through spatial integration
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Outcome	Outcome indicator	Baseline	Initial Approved 5-year targets 2020/25	Revised Five-year Targets 2020/25	Progress made towards achievement 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 as from 2019/20 to 2022/23 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 paid 91% creditors within 30 days of invoice receipt and the department will continue to improve its processes to ensure 100% payment of creditors withing 30 days
	Number of Human Resource 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 Planning Framework	5 policy frameworks were implemented
Evidence based integrated plans and Policies in line with the	Number of evidence Policies and Implementation Guidelines approved	7	8	8	7 evidence-based policies have been developed

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	8 Evidence-based research projects were approved
	Number of integrated Human Settlements Plans developed	10	10	10	5 integrated Human Settlements Plans were developed
	Number of Municipalities capacitated to perform Human Settlement function as per the Housing Code	39	39	39	38 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	5 Precinct development Plans for priority Development areas were completed
	Number of Priority Development Areas (PDA's) invested per year.	New indicator	New Indicator	3	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%	48% 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	31 215 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 been assisted	69 000	3 500	16 103 destitute beneficiaries have been approved to access adequate housing opportunities
	Number of individual subsidies facilitated for payment	857	New Indicator	193	197 individual subsidies were facilitated for payment
	Number of beneficiaries accessing empowerment opportunities through training	648 (training & work opportunities)	680 (training & work opportunities)	300 (training & work opportunities)	455 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
	& work opportunities				
	Number of incremental subsidies programmes implemented	8 Incremental subsidies program • EPHP • Emergency Housing • Informal Settlements upgrading • Social-Economic Facilities • Destitute and other vulnerable groups • Military Veterans • Remedial Works • Catalytic Projects	8 Incremental subsidies program • EPHP • Emergency Housing • Informal Settlements upgrading • Socio-Economic Facilities • Destitute and other vulnerable groups • Military Veterans • Remedial Works • Catalytic Projects	8 Incremental subsidies program • EPHP • Emergency Housing • Informal Settlements upgrading • Socio-Economic Facilities • Destitute and other vulnerable groups • Military Veterans • Remedial Works • Catalytic Projects	8 incremental subsidies programmes have been implemented.
	Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	0	New indicator	115	86 informal settlements projects are in phase 2, 29 projects are in phase 3 and the programme is expected to yield performance in the 2024/25 financial year
	Number of socio-economic facilities provided	3	New Indicator	8	3 socio-economic facilities were provided
	Number of households benefited from informal settlement upgrading	0	New Indicator	39 250	26 112 households benefited from informal settlement upgrading
	Number of fully subsidised houses delivered	60 159	52 251	33 459	32 854 fully subsidized houses delivered.
	Number of serviced sited delivered.	49 208	14 341	31 944	26 199 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	35 428 job opportunities have been created through EPWP compliant project.
	Number of empowerment opportunities created for youth through youth brigade programme	299	1 400	950	904 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	20	100	50	32 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
	building Technologies				
	Number of projects assessed for quality standards	64	320	250	259 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	1 423 pre-1994 title deeds registered
	Number of Post-1994 title deeds registered			25 000	8 309 Post 1994 title deeds have been registered.
	Number of Post-2014 title deeds registered	Post 2014 title deeds: 0	32 000	17 000	400 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%	The department is exempted to report about this indicator
	Number of states subsidised rental units transferred for security of tenure to qualifying Beneficiaries	409	48	48	14 state subsidised rental units transferred for security of tenure to qualifying beneficiaries.
	Number of rental housing units delivered	1 140	1 400	2 160	914 Social rental housing units have been accessed for qualifying beneficiaries and the department is exempted to report in this indicator for the 2023/24 and 2024/25 financial years
	Number of community residential units (CRU) delivered	0	550	50	The department was exempted to report during 2022/23, 2023/24 and 2024/25 financial years. No community residential unit accessed for 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	1 176 households received financial assistance and purchased units through Finance Linked Individual Subsidy Programme (FLISP)



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Programme **ADMINISTRATION**



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

ANNUAL REPORT 2023/24

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 and exceed their planned targets and their reports are used by the Audit Committee in its oversight function contributing to the improvement of governance, risk management and internal control processes.
- The Chief Directorate Strategy and Systems participated in 17 IGR forums and all corporate governance of ICT elements were implemented.
- The Chief Directorate Corporate Services managed to fill 20 vacant funded posts within 352 days against the target of 365 days because of improved working relations with stakeholders and recruitment processes.

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**
 - o In the 2023/24 financial year recruitment, 19 Posts were filled, of the 19 posts, 11 posts were filled by women, 5 posts were filled by youth and there were no posts filled by persons living with disabilities because those few that applied did not meet the minimum requirements of posts advertised. The department is below the required target for persons with disabilities, however it will continue to ring fence posts and encourage qualifying persons with disabilities to apply.
- **Provision of trainings**
 - o The department trained 309 women and 158 youth, including interns and experiential learners. The department has 4 employees with disability and 3 of them were trained during the financial year. 1 person living with disability was not trained due to lack of interest to attend the trainings and the department will continue to encourage all employees living with disability to attend trainings yearly. The main challenges with training are the limited training service providers for provision of technical trainings and this caused delays in implementation of trainings in quarter 1 and 2 due to non-response by accredited providers to advertised trainings. In addition, there is limited funds to provide required trainings in the year under review and this caused a backlog for capacitating staff.
- **Internship and learnership programme**
 - o The department had 25 women interns and 51 women experiential learners during the financial year. In addition, 43 interns and 62 learners are youth in the programme. There were no persons living with disability for internship and experiential learning Programme in the department. Disabled People of South Africa (DPSA) was engaged to assist with recruitment of interns and the department will continuously encourage persons with disabilities to apply for the Programme. Limited funds affected recruitment of Interns and compliance of department with DPSA directive of having at least 5% of staff establishment as Interns.
- **Bursaries**
 - o The department awarded 60 bursaries to women, 7 bursaries to youth and there were no bursaries awarded to persons with disabilities. We are currently having 89 Bursary holders in the database (2023/24). Lack of interest to apply for bursaries is a challenge for persons with disabilities and the department will continue to encourage persons living with disability to apply and further their studies. Employees/ Bursary holders who prolong their studies due to various reasons is also a challenge.
- **40% set aside for designated groups**
 - o The department awarded 74 contracts to women and 19 contracts to youth during the 2023/24 financial year. The Department has approved the framework agreement for the contractors and all the designated groups are always encouraged during the briefing sessions to participate when such opportunities come. More databases/framework agreements are underway, and this is done to ensure that all designated groups form part of such databases.

PROGRAMME 1:

Outcomes, outputs, outputs indicators, targets, and actual achievements
Table 2.4.4.2

ADMINISTRATION								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Good Governance	Vacant funded posts filled	Turnaround time to fill vacant funded posts from closure of advert (days)	135	266 days	365 days	352 days	13 days	Over performance was due to improved working relations with all stakeholders.
	Human Resource Plan Priorities Implemented	Number of Human Resource Plan priorities implemented	3	3	5	3	(2)	Under performance was due to the following: • Organogram that could not be reviewed due to delays in the approval of the Service Delivery Model • There is also a challenge of persons with disabilities that are not applying even when posts are ring-fenced for them.
	Invoices paid within 30 days from date of invoice receipt	Percentage of invoices paid within 30 days from date of invoice receipt	91%	90%	100% payment of creditors within 30 days of invoice receipt	91%	(9%)	Under performance was to due problematic invoices that could not be processed on time due to the following reasons: • Budget Constraint • Delays in the preparation of expenditure approvals and commitment registers
	Internal audits conducted	Number of internal audits conducted	15	13	10	11	1	Over performance was due to project management audit that was finalized in the first quarter of the financial year.
	Corporate Governance of ICT elements implemented	Number of Corporate Governance of ICT elements implemented	3	4	4	4	-	None

ADMINISTRATION									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	
	IGR forums reinforced	Number of IGR forums reinforced	25	26	16	17	1	Over performance was due to additional provincial IGR invitation that was received.	
	Departmental business continuity plan approved	Number of departmental business continuity plan approved	1	0	1	0	(1)	Under performance was due to non-availability of members because of conflicting departmental priorities	

Strategy to overcome areas of underperformance.

AREA OF UNDER PERFORMANCE	Planned Target 2023/2024	Actual Achievement 2023/2024	Comment on underperformance	Strategy to overcome areas of underperformance
Number of Human Resource Plan priorities implemented	5	3	Under performance was due to the following: - Organogram that could not be reviewed due to delays in the approval of the Service Delivery Model - There is also a challenge of persons with disabilities that are not applying even when posts are ring-fenced for them.	The Corporate Services sub-programme to facilitate the approval of Service Delivery Model by 31 March 2025, so that the organizational structure can be aligned to it. The Department will continue to ring fence 2% of the vacant posts on the 31 of March 2025 for persons with disabilities to apply.
Percentage of invoices paid within 30 days from date of invoice receipt	100	91%	Under performance was due to problematic invoices that could not be processed on time due to the following reasons: - Budget Constraint - Delays in the preparation of expenditure approvals and commitment registers	Several reminders were sent to end-users for the preparation of paperwork fortnightly and accruals were presented to IYM meetings monthly.
Number of departmental business continuity plan approved	1	0	Under performance was due to non-availability of members as a result to conflicting departmental priorities	A new committee (Governance Committee) has been established which now is formed by (Ethics Committee, POPIA committee, Security Committee and Business Continuity Committee) and the scope of the work of the committee include development of proper project plan with timeframes by the end March 2025.

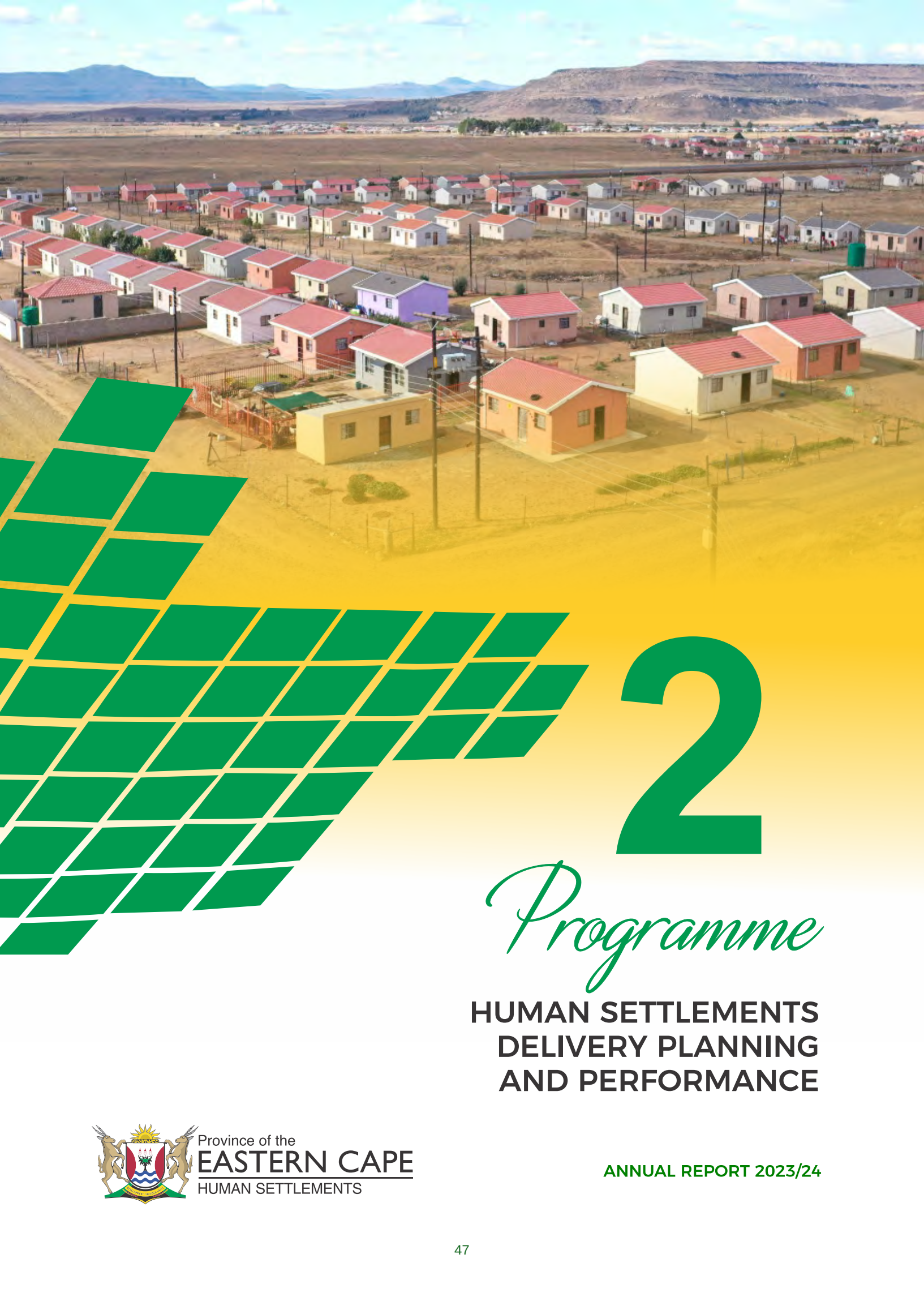
Linking performance with budget

Programme 1: has an overall achievement of 98.47% of its planned outputs as compared to 97.55% 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	2023/2024			2022/2023		
	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	11 638	11 638	-	9 630	9 025	605
Corporate Services	162 583	159 909	2 674	189 983	185 693	4 290
Total	174 221	171 547	2 674	199 613	194 718	4 895

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

- Three (3) research reports were developed in terms of the approved research studies and Publication exceeding the planned target of 2.
- Twenty-two (22) Municipalities were supported on the implementation of human settlement programmes against a target of 20 and other 15 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**
 - o 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.

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 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Evidence based Integrated plans and Policies in line with the District Development Model	Human Settlements research reports developed	Number of Human Settlements research reports developed	2	2	2	3	1	Over performance was due to additional research study to assess conditions of mud houses in urban spaces of the Eastern Cape province that was not planned to be conducted and was conducted due to the need identified during the financial year.
	Dissemination reports developed	Number of dissemination reports developed	-	2	2	2	-	None
	Human Settlements policies developed	Number of Human Settlements policies developed	1	1	1	0	(1)	Under performance was caused by delayed submission of inputs by Departmental main external stakeholders, which had a detrimental influence on the finalization of the policy document.

2.2 HUMAN SETTLEMENTS DELIVERY PLANNING									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	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	2	-	None	
	Investment of the total Human Settlements in PDAs	Percentage of investment of the total Human Settlements allocation in PDAs	-	8.14%	1%	9.7%	8.7%	Over performance was due to accelerated delivery on site as a result of continuous engagements with contractors to improve their performance	

2.3 CAPACITY BUILDING AND MUNICIPAL SUPPORT									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	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	34	17	20	22	2	Over performance was due to request from NHBRC to provide training for municipal officials in Sarah Baartman District and Koukamma Local Municipality.	
	Short Learning Programs implemented.	Number of Short Learning Programs	4	4	4	0	(4)	Under performance was due to the	

2.3 CAPACITY BUILDING AND MUNICIPAL SUPPORT								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
		implemented for Councilors, Traditional Leaders, and Municipal officials						limitation on utilisation of accreditation instrument in accordance with the Revised Accreditation Framework 2023.
	Municipalities supported towards fully functioning National Housing Needs Register	Number of municipalities supported towards fully functioning National Housing Needs Register	16	17	13	15	2	Over performance was due to requests from Sakhisizwe local municipality to conduct awareness campaigns and King Sabatha Dalindyebo local municipality to be trained on the National Housing Need Register.

Strategy to overcome areas of under performance

Area of Under Performance	Planned Target 2023/2024	Actual Achievement 2023/2024	Comment On under performance	Strategy to overcome areas of under performance
Number of Human Settlements policies developed	1	0	Under performance was caused by delayed submission of inputs by Departmental main external stakeholders, which had a detrimental influence on the finalization of the policy document.	Target will be achieved in the first quarter of the next financial year
Number of Short Learning Programs implemented for Councilors, Traditional Leaders and Municipal officials	4	0	Under performance was due to the limitation on utilisation of accreditation instrument in accordance with the Revised Accreditation Framework 2023.	Funding for the implementation of the Short Learning Programmes will be sourced from another instrument which will be implemented in the second quarter of the next financial year.

Linking performance with budget

Programme 2: This programme has spent 100% of its allocated budget.

Sub-programme expenditure

Sub-Programme Name	2023/2024			2022/2023		
	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	2 192	2 192	-	957	957	-
Policy	6 456	6 456	-	6 465	6 465	-
Planning	5 489	5 489	-	6 870	6 870	-
Research	6 873	6 873	-	6 172	6 172	-
TOTAL	21 010	21 010	-	20 464	20 464	-



3

Programme

HOUSING DEVELOPMENT



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

ANNUAL REPORT 2023/24

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

- 6 177 destitute beneficiaries were approved for human settlements subsidies against a target of 800 to ensure that needy beneficiaries access housing opportunities.
- A total of 23 municipalities were supported on beneficiary administration by conducting beneficiary correctness occupation of houses built by rightful beneficiaries and establishment of beneficiary allocation committees with the municipalities against a target of 18.
- The Consumer Education and Social Facilitation programme has reached 5 983 beneficiaries, thereby exceeding the planned target of 4 500 and 19 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 SMME's were provided through technical and managerial training of 85 SMMEs towards sustainable business enterprise against a target of 80.
- 1 970 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.
- 1 108 destitute and persons were assessed and verified for housing opportunities against a target of 1 100 with the aim to priorities acute destitute.
- District coordination has delivered 5 571 serviced sites against an annual target of 5 350 and 935 houses with defects were rectified against a target of 832. Despite the challenges faced by the sector, some of the regions performed very well on delivery of breaking new grounds units and serviced sites.

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.**
 - o The department has 4 403 women, 1 578 youth and 67 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 emphasised.
- **Individual Subsidies programme**
 - o The department has 25 women and youth that were facilitated for individual subsidies programme payment. 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 programme that accommodate all groups.
- **Provision of training for SMME contractors**
 - o In the year under review, out of 85 SMMEs provided with training, 55 were women and 25 were youth which were provided with technical and financial management trainings. The major challenge experienced in the implementation of the programme was the lack of financial resources, however the department-initiated partnerships with institutions namely the Small Enterprise Development Agency (SEDA), and National Home Builders Registration Council (NHBRC) to assist with trainings.
- **Youth artisans**
 - o The department through partnership with Construction Education Training Authority (CETA) has trained 21 youth learners on their 3-year apprenticeship programme and they completed apprenticeship, 08 of them were women and 13 of them were youth. Poor attendance and drop out by participants are the main challenge experienced by the programme and the department encouraged them to complete the programme so that they could be provided with required skill in the built environment.
- **Expanded Public Works programme**
 - o The department created EPWP job opportunities for 486 women and 3 577 youth during the year under review. 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 employ 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**
 - o The department mobilised 150 youth and provided empowerment opportunities for them through provision of technical skills development on housing construction of which 111 were females. The programme capacitates young people with knowledge and skills within the construction sector.

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 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Empowered and integrated sustainable communities	Destitute beneficiaries approved	Number of destitute beneficiaries approved	4 036	4 918	800	6 177	5 377	Over performance was due to disaster and destitute projects that required urgent approvals in OR Tambo, Chris Hani, Alfred Nzo, BCM and Amathole regions
	Municipalities supported on beneficiary administration	Number of municipalities supported on beneficiary administration	21	25	18	23	5	Over performance was due to the following: - Consistent engagements with Ngqushwa, Winnie Madikizela Mandela, Matatiele and Raymond Mhlaba Local Municipalities to assess the functionality of BACs in preparation for new projects. - Beneficiary Correct Occupation (BCO) was also conducted in Inxuba Yethemba Local Municipality that are alleged to have illegal occupation.
	Individual subsidies facilitated for payment	Number of individual subsidies facilitated for payment	41	74	38	38	-	None

3.1.2 SOCIAL FACILITATION AND CUSTOMER CARE									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	
Empowered and integrated sustainable communities	Communities engaged	Number of community engagements facilitated	-	-	10	16	6	Over performance was due to additional request to conduct community engagements from ADM, BCMM and Sarah Baartman (Coega).	
	Housing beneficiaries Educated	Number of housing beneficiaries educated	4 783	6 765	4 500	5 983	1483	Over performance was due to following: - Title Deeds verification, Provincial Women's Celebration, and the Presidential Imbizo in Chris Hani Region - Disaster that occurred in Joe Gqabi Region - Youth Expo in NMBM Region	
	Project steering committees supported	Number of project steering committees supported	13	17	12	19	7	Over performance was due to the following: - additional requests to establish and provide training to the PCSs in Alfred Nzo and BCM regions, respectively. - Two (2) contractors were appointed in Joe Gqabi and this necessitated establishment of PCSs.	
	Customer care cases referred/resolved	Turnaround time to customer care cases referred/resolved	30 (days)	30 (days)	30 (days)	30 (days)	-	None	

3.1.3 EMERGING CONTRACTOR DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Empowered and integrated sustainable communities	Training to SMME contractors provided	Number of SMME contractors provided with training towards sustainable business enterprise	-	85	80	85	5	Over performance was due to increased demand from external stakeholders and timely response through engagement with strategic partners to conduct training. Trainings were conducted as follows: 27 in BCMIM, 17 in Enoch Mgijima LM, 19 in Umzimvubu LM and 22 in Dr Beyers Naude LM
	Youths supported for the artisan development programme	Number of youths supported for artisan development programme (apprenticeship and learnership)	107	21	21	21	-	None

3.2 HUMAN SETTLEMENTS INCREMENTAL PROGRAMME

3.2.1 EMERGENCY HOUSING AND EPHP								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	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	525	1 166	456	1 970	1 514	Over performance was due to the floods that occurred in Chris Hani, OR Tambo, Alfred Nzo and Joe Gqabi during April 2022 to April 2023 financial year. These also includes special request that the

3.2.1 EMERGENCY HOUSING AND EPHP								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
								programme received from the Office of the Premier and MEC. Also, the appointment of additional contractors in 2022/23 and 2023/24 financial year contributed to over performance as contractors had to attend 2022/23 backlog and current disasters.

3.2.2 INFORMAL SETTLEMENTS UPGRADING								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	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 slow performance by the main implementing agent on the graduation of projects from phase 2 to 3
	Socio-economic facilities provided	Number of socio-economic facilities provided	0	0	2	1	(1)	Under performance was due to the Tsomo Ntsongeni MPCC that is still under construction because of disaster that happened in the Chris Hani region and the building collapsed. The Department had to demolish and re-design the project and resubmit the design for approval by the municipality

3.2.3 DESTITUTE & VULNERABLE GROUPS AND SPU								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Empowered and integrated sustainable communities	Military Veterans houses handed over	Number of houses handed over to Military Veterans	-	-	230	16	(214)	Under performance was due to the following: - The contractor has left the site due to disruption by Amabutho who were demanding that the department build them houses that are same as those built for Military Veterans, in Chatty whereas they are not registered on DMV database. - In O.R Tambo rural projects, progress is slow due to difficult terrain.
	Destitute persons verified	Number of destitute persons verified	1 480	1 053	1 100	1 108	8	Over performance was due to families who were left destitute due to disaster in some OR Tambo region.
	Gender mainstreaming reports	Number of Gender mainstreaming opportunities created for Youth, Women, Military Veterans and Persons with disabilities compliance reports	4	4	4	4	-	None

3.2.4 SPECIAL PROJECTS AND REMEDIAL WORKS								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	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 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Empowered and integrated sustainable communities	Breaking New Ground (BNG) houses	Number of Breaking New Ground (BNG) houses delivered	6 854	5 344	7 638	6 736	(902)	Under performance was due to top slicing of budget at National level that resulted in reduction of allocated budget for 2023/2024 financial year. The department adjusted targets in the business plan based on revised 2023/2024 budget allocation from National Human Settlements during Mid Term Budget Review, but re-tableting of APP was not done. Annual Planned Number of Breaking New Ground (BNG) houses to be delivered was therefore revised from 7638 to 6676
	Serviced sites	Number of serviced sites delivered	5 832	4 352	5 350	5 571	221	Over performance was due to continuous engagement with contractors, project management teams and

3.3.1 DISTRICT SUPPORT							
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024
	Defective houses rectified [Pre and Post]	Number of defective houses rectified (Pre and Post)	1 103	731	832	935	103
							close project monitoring in Amathole, Chris Hani regions as well as in projects where VIP Toilets have not been constructed.
							Over performance was due to continuous engagement with contractors and Implementing Agents to adhere to project implementation plans towards completion of housing units under this program.

3.3.2 PROJECT MANAGEMENT UNIT							
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024
Empowered and integrated sustainable communities	Historical projects closed	Number of historical projects closed	12	8	60	0	(60)
	Projects utilizing ISBT	Number of projects supported on innovative and sustainable building technologies	5	6	8	8	-
	Projects identified from the Business Plan	Number of projects assessed for quality standards	60	65	70	70	-
	Jobs opportunities	Number of job	7 056	6 489	7 500	5 639	(1 861)
							Under performance was due to the submitted documents that could not meet the requirements for project close-out by the regions.
							None
							None
							Under performance was

3.3.2 PROJECT MANAGEMENT UNIT								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
	created	opportunities reported through EPWP compliant projects						due to limited resources that will assist regions to fully implement the EPWP Programme
	Youth Empowered	Number of empowerment opportunities created for youth through youth brigade programme	150	264	200	150	(50)	Under performance was due the bid that was declared unresponsive in OR Tambo region for the project earmarked for the implementation of the youth brigade programme.

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2023/2024	Actual Achievement 2023/2024	Comment on under performance	Strategy to overcome areas of under performance
Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	115	0	Under performance was due to slow performance by the main implementing agent on the graduation of projects from phase 2 to 3	The department has appointed additional implementing agents to augment capacity and the programme will be continuously monitors as from the first quarter of the next financial year.
Number of socio-economic facilities provided	2	1	Under performance was due MPCC Tsomo Ntongeni that is still under construction because of disaster that happened in the Chris Hani region and the building collapsed. The Department had to demolished and re-design the project and resubmit the design for approval by the municipality.	Target will be achieved in the third quarter of the next financial year
Number of houses handed over to Military Veterans	230	16	Under performance was due to the following: - The contractor has left the site due to disruption by Amabutho who were demanding that the department build them houses that are same as those built for Military Veterans, in Chatty whereas they are not registered on DMV database. - In O.R Tambo rural projects, progress is slow due to difficult terrain.	The department is continuously engaging with relevant stakeholders to come up with amicable solutions by the end of quarter 1 of the next financial year.
Number of Breaking New Ground (BNG) houses delivered	7 638	6 736	Under performance was due to top slicing of budget at National level that resulted in reduction of allocated budget for 2023/2024 financial year. Department adjusted targets in the business plan based on revised 2023/2024 budget allocation from National Human Settlements during Mid Term Budget Review, but APP was not revised. Annual Planned Number of Breaking New Ground (BNG) houses to be delivered was therefore revised.	The department will also adjust Annual Performance Plan when adjustment is made to the business plan in future.
Number of historical projects closed	60	0	Under performance was due to the submitted documents that could not meet the requirements for project close-out by the regions.	The Project Management Unit is engaging Chief Directorate: District Coordination & Project Management to enhance the capacity of the responsible official for compilation and collection of documents from the Regional Offices and presentation thereof to the Project Close-Out Committee during the 1st Quarter of the next financial year.
Number of job opportunities reported through EPWP compliant projects	7 500	5 639	Under performance was due to limited resources that will assist regions to fully implement the EPWP Programme	The Department is in the process of recruiting data capturers to enhance capacity in the regions by the end of quarter 2 of the next financial year

AREA OF UNDER PERFORMANCE	Planned Target 2023/2024	Actual Achievement 2023/2024	Comment on under performance	Strategy to overcome areas of under performance
Number of empowerment opportunities created for youth through youth brigade programme	200	150	Under performance was due the bid that was declared non-responsive in OR Tambo region for the project earmarked for the implementation of the youth brigade programme.	The department has identified running projects for the implementation of the youth brigade programme in the second quarter of the next financial year

Linking performance with budgets:

Programme 3: Housing Development spent 99.83% 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 were not paid due to additional supporting documentation required by Provincial Treasury before the final payment run of the financial year. A rollover request for the funds has been made to Provincial Treasury.

Sub-programme expenditure

Sub- Programme Name	2023/2024			2022/2023		
	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	2 440	2 440	-	2 156	2 156	-
Financial Interventions	309 501	309 424	77	327 015	327 003	12
Incremental Interventions	1 181 706	1 178 245	3 461	1 286 643	1 197 691	88 952
Rural Interventions	661 304	661 286	18	737 607	737 607	-
TOTAL	2 154 951	2 151 395	3 556	2 353 421	2 264 457	88 964



4

Programme

**HUMAN SETTLEMENTS
PROPERTY AND ASSETS
MANAGEMENT**



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

ANNUAL REPORT 2023/24

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 366 households received financial assistance to purchase units through financed linked individual subsidy programme (FLISP) against a target of 320. 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**
 - o The department registered 147 title deeds to women and 17 to youth. The challenge encountered in the programme are as follows; non provision of beneficiary lists by the municipalities, resistance of beneficiaries to take ownership because of structural defect on houses and the delays in appointment of foster parents for child headed households. The department is continuously engaging with the municipalities regarding credible beneficiary lists and to assist with appointment of executor. Regarding the dilapidated houses, engagements to rectify these houses is on-going.
 - o **Post-1994 & post - 2014**
1 021 title deeds were registered for women and 145 for youth from post-1994 title deeds categories and 278 title deeds were registered for women and 81 for youth in the post – 2014 category.
- **Financed Linked Individual Subsidies Programme**
 - o 109 women and 166 youth households received financed linked individual subsidies programme during the 2023/24 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 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	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	70	500	214	(286)	Under performance was due delays in finalising the appointment of conveyancers.
	Rental units transferred	Number of rental units transferred	4	2	7	7	-	None
4.2 LAND ACQUISITION AND TENURE SERVICES								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Security of land tenure and affordable residential and rental Services	Title deeds registered post-1994	Number of post-1994 title deeds registered	1 258	2 145	4 723	1 456	(3 267)	Under performance was due to pre conveying activities that are required to be dealt with before any actual transfer could take place in some projects.
	Title deeds registered post-2014	Number of post-2014 title deeds registered	374	6	1 351	664	(687)	Under performance was due to pre conveying activities that are required to be dealt with before any actual transfer could take place in some projects. An additional 159 title deeds were registered in previous years and not reported to the department by municipalities, however title deeds were received in the current financial year.
	New title deeds registered	Number of new title deeds registered	54	394	1 173	0	(1 173)	Under performance was due to pre conveying activities that are required to be dealt with before any actual transfer could take place in some projects.

4.2 LAND ACQUISITION AND TENURE SERVICES								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
	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	1	(4)	Under performance was due to limited delivery because of the amendments requested by the Office of the state Attorneys in some files as well as non/late signing of documents by municipalities
	Acquired land during 2014-2019 falling within the PDAs rezoned	Percentage of land acquired during 2014-2019 within the PDAs rezoned	-	-	-	-	-	None

4.3 SOCIAL AND RENTAL HOUSING								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Security of land tenure and affordable residential and rental Services	Households received subsidies through FLISP	Number of households that received subsidies through FLISP	228	274	320	366	46	Over performance was to due increased demand for subsidy because of awareness campaigns that were conducted by the department for the programme
	Provincial Steering Committee for Social Housing seatings held	Number of Provincial Steering Committee for Social Housing seatings held	-	-	4	3	(1)	Under performance was due to the PSC meeting which was not held due to other competing departmental commitments.
	Community residential units (CRU) delivered	Number of Community Residential Units (CRU) delivered	-	-	-	-	-	None
	Rental social housing units delivered	Number of rental social housing units delivered	-	-	-	-	-	None

Strategy to overcome areas of under performance

AREA OF UNDER PERFORMANCE	Planned Target 2023/2024	Actual Achievement 2023/2024	Comment On under performance	Strategy to overcome areas of under performance
Number of pre-1994 title deeds registered	500	214	Under performance was due delays in finalising the appointment of conveyancers.	Conveyancers have been given the mandate to proceed with the pre conveyancing activities and opening of township register and lost title deeds and the process will commence in the first quarter of the next financial year.
Number of post-1994 title deeds registered	4 723	1 456	Under performance was due to pre conveyancing activities that are required to be dealt with before any actual transfer could take place in some projects.	Conveyancers have been given the mandate to proceed with the pre conveyancing activities and opening of township register and lost title deeds and the process will commence in the first quarter of the next financial year.
Number of post-2014 title deeds registered	1 351	664	Under performance was due to pre conveyancing activities that are required to be dealt with before any actual transfer could take place in some projects. An additional 159 title deeds were registered in previous years and not reported to the department by conveyancers, however title deeds were received in the current financial year.	Conveyancers have been given the mandate to proceed with the pre conveyancing activities and opening of township register and lost title deeds and the process will commence in the first quarter of the next financial year.
Number of new title deeds registered	1 173	0	Under performance was due to pre conveyancing activities that are required to be dealt with before any actual transfer could take place in some projects.	Conveyancers have been given the mandate to proceed with the pre conveyancing activities and opening of township register and lost title deeds by the first quarter of the next financial year.
Number of land parcels devolved to Municipalities in terms of section 15 of the Housing Act 107, 1997	5	1	Under performance was due to limited delivery because of the amendments requested by the Office of the state Attorneys in some files as well as non/late signatures by municipalities	Devolution files will stay open and will be carried over to the third and fourth quarter of the next financial year
Number of Provincial Steering Committee for Social Housing seatings held	4	3	Under performance was due to the PSC meeting which was not held due to other competing departmental commitments.	Target will be achieved in the third quarter of the next financial year.

Linking performance with budgets:

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

Sub-programme expenditure

Sub- Programme Name	2023/2024			2022/2023		
	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	2 863	2 863	-	2 812	2 812	-
Sale and Transfer of Housing Properties	3 151	3 151	-	6 289	6 289	-
Devolution of Housing Properties	4 391	4 391	-	3 678	3 677	1
Social and Rental Interventions	9 599	9 599	-	9 444	9 444	-
TOTAL	20 004	20 004	-	22 223	22 222	1

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

The Department has incorporated standardised sector output performance indicators in the 2023/24 annual performance plan. The reporting period for these standardised sector output performance indicators will remain enforced throughout the MTSF period. The actual achievements are reflected in different programmes under performance information section of the annual report. The following standardised sector output performance indicators have been exempted for 2023/24 financial year:

- Number of rental social housing units delivered.
- Number of Community Residential Units (CRU) delivered.
- Percentage of land acquired during 2014-2019 within the PDAs rezoned.

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

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		
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		

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, and Informal Settlements Upgrading Partnership Grant from National Department of Human Settlements. Included within the goods and services allocation, is the EPWP grant of which funding for the 2023/2024 financial year was R2,216 million which decreased by 25.81% compared to R2,987 million in the previous financial year and 106.68 of this allocation was spent.

The table below details the conditional grant and earmarked funds received from the National Department for the period 1 April 2023 to 31 March 2024.

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	• 7 638 breaking new grounds units delivered in various housing programmes • 38 Individual housing subsidies to be facilitated for payments • 320 housing units delivered through FLISP (FHF) • 5 350 serviced sites delivered in various housing programmes
Actual outputs achieved	• 6 736 breaking new grounds units delivered in various housing programmes • 38 Individual housing opportunities facilitated for payments • 366 Individual finance linked housing opportunities. • 5 571 serviced sites delivered in various housing programmes
Amount per amended DORA	R 1 405 922 billion
Amount received (R'000)	R 1 405 922 billion
Reasons if amount as per DORA was not transferred	Not applicable
Amount spent by the department (R'000)	R 1 405 845 billion
Reasons for the funds unspent by the entity	Not applicable
Reasons for deviation on performance	The annual planned targets for BNG houses were revised due to top slicing of budget at National Level and that resulted in reduction of allocated budget for 2023/2024 financial year.
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.

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	A total of 160 informal settlements are in different phases of upgrading as follows: • Phase 1: 45 informal settlements • Phase 2: 86 informal settlements • Phase 3: 29 informal settlements
Amount per amended DORA	R 496 371 million
Amount received (R'000)	R 496 371 million
Reasons if amount as per DORA was not received	Not applicable
Amount spent by the department (R'000)	R 497 917 million
Reasons for the funds unspent by the entity	None
Reasons for deviation on performance	Invoices for value created not received before the end of the financial year due to outstanding certification for the value created
Measures taken to improve performance	The department is constantly following ups with the implementing agent to submit the value created claims
Monitoring mechanism by the receiving department	Monthly and quarterly performance reports are submitted by all affected programmes through the In Year Monitoring and reporting process. Report is consolidated in terms of the PFMA requirement and submitted to the Executive Authority, Portfolio committee, Head of Department, Top Management, Provincial Treasury and National Department of Human Settlements.

Conditional Grant 3: Provincial Emergency Housing Grant (Rollover)

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	190 planned in the APP for the financial year
Actual outputs achieved	222 emergency houses were provided
Amount per amended DORA	R16 860 mil
Amount received (R'000)	R 16 860 mil
Reasons if amount as per DORA was not received	Not applicable

Department who transferred the grant		Human Settlements (Vote11)
Amount spent by the department (R'000)		R16 853 mil
Reasons for the funds unspent by the entity		None
Reasons for deviation on performance		None
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 2023 TO MARCH 2024												
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	-	-	38	38	-	-	6 000	6 011	(11)	100%	-	
1.2 Housing Finance Linked Individual Subsidies (R3 501 - R7 000)	-	-	320	366	-	-	23 694	31 830	(8 136)	134%	Over performance was due to the increase in the subsidy quantum and conveyancers that have improved on the submission of the required documentation to effect payment for the approved beneficiaries.	The department has directed funds from underperforming instruments (i.e. Land Acquisition)
1.3 Enhanced Extended Discount Benefit Scheme	-	-	-	-	500	180	760	389	371	51%	Under expenditure was mainly due to the delays in signing of deeds of sales by some municipalities. The non-submission of reliable list of beneficiaries by municipalities for conveyancers to be able transfer properties also impacted on under expenditure.	The department is interacting with the municipalities to source required information.
1.4 State Asset Maintenance Programme	-	-	-	-	-	-	1 868	3 512	(1 644)	188%	Over expenditure was due to the payment of rates and levies that were due for state owned properties.	

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2023 TO MARCH 2024												
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
1.5a Rectification of RDP Stock 1994-2002	5	-	138	-	832	890	88 418	189 221	(100 803)	214%	Over expenditure was due to contractors that were requested to increase capacity on site towards project completion and the value created on various stages of construction has also increased expenditure (BCMM, NMBM, Sarah Baartman and OR Tambo)	The department is closely monitoring expenditure to align with value created on site.
1.5b Rectification of Housing Stock (pre-1994)	-	-	-	-	-	30	50	358	(308)	716%	Over expenditure relates to over performance of the contractor on site (NMBM project, Despatch Khayamandi 289).	-
1.6 Social and Economic Facilities	-	-	-	-	-	-	13 687	12 758	929	93%	Expenditure incurred relates to value created on Blue Crane Route Mhndi MPCC	-
1.7 Accreditation of Municipalities (1&2)	-	-	-	-	-	-	12 519	13 898	(1 379)	111%	Over expenditure was due to post-accreditation support intervention provided to BCMM and payment of Hands-on Support (Graduate Program) for six (6) Municipalities.	-
1.8 Operational Capital Budget	-	-	-	-	-	-	17 170	9 675	7 495	56%	Under expenditure on the instrument was due to non-receipt of claims for project level monitoring as planned.	-
1.10 NHBRC Enrolment Fees	-	-	-	-	-	-	10 085	20 561	(10 476)	204%	Over expenditure was due to the newly enrolled projects by the NHBRC.	
1.11 Land parcels procured (IHAHSD grant)	-	-	-	-	-	-	40 000	-	40 000	0%	Non-expenditure on the instrument due to delays in the financialization of the evaluations of the land parcels earmarked (BCM-Berlin) as well as the	The funds allocated on this item for current year was re-allocated to support FLISP programme and the land purchase will be

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2023 TO MARCH 2024												
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
1.12 Housing chapters of IDP's	-	-	-	-	-	-	2 988	636	2 352		delays in obtaining the letters of consent from the Municipalities.	fast-tracked in 2024/2025.
											The delays in the appointment of the service providers for the review of the multi-year plan and the human settlements sector plans resulted to non-performance of the programme.	
Sub-total: Financial Intervention	5	-	496	414	1 332	1 100	217 239	288 849	(71 610)	133%		
2. Incremental Housing Programmes	-	-	-	-	-	-	-	-	-			
2.1 Project Linked Subsidies (current commitments approved up to 31/03/07)	-	-	-	-	-	-	115	-	115	0%		
2.2a Integrated Residential Development Programme: Phase 1 Planning and Services	872	1279	204	163	-	-	78 424	30 551	47 873	39%	Under expenditure was caused by delays in the planning activities for the projects that are planned for implementation in Sarah Baartman, Joe Gqabi and BCM. There was also a challenge of non-availability of bulk infrastructure that has affected Sarah Baartman Region.	Sarah Baartman has initiated two projects (Nomzamo & Millenium Park) to resolve the issue of unavailability of bulk Infrastructure.
2.2c Integrated Residential Development Programme: Phase 2: Top Structure Construction	504	411	2 368	1 943	-	-	375 753	444 571	(68 818)	118%	Under performance was due to construction mafias that are demanding protections fees for the projects,	The department advised contractors to beef security in their sites and that threats be reported to law enforcement agencies. The department is

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2023 TO MARCH 2024												
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
												currently attempting to source Armed Response Security to safeguard technical staff performing quality control on site due to life threatening situations. These interventions will result in improvements and achieving of targets for 2024/2025 financial year.
2.3a Enhanced People's Housing process	80	746	195	783	-	-	36 175	81 763	(45 588)	226%	Over performance was because of increased capacity on site and accelerated plan for conversion of various stages into completions in the Cala 1269 and Cala 1284 EPHP projects	The Programme will ensure that expenditure is in line with set targets
2.5b Consolidation Subsidies (Blocked Projects)	-	-	-	-	-	-	-	-	-	-		
2.6 Emergency Housing Assistance (temporal structure)	-	-	-	-	456	831	46 779	71 719	(24 940)	153%	Over expenditure was due to claims that were paid for work done in Chris Hani, OR Tambo and Alfred Nzo based on the floods that occurred in February 2023, which were supposed to be funded by Emergency Grant Funding, however the application to respond to February /March 2023 disaster were not yet approved by National Department of Human Settlements.	The programme will always endeavor to stick to set targets, however, the nature of emergency housing programme is unpredictable hence over- expenditure.

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2023 TO MARCH 2024												
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
Sub-total: Incremental	1 456	2 436	2 767	2 889	456	831	537 246	628 604	(91 358)	117%		
3. Social and Rental Housing												
3.1 Institutional Subsidies	-	-	-	-	-	-	-	-	-	0%		
3.2a Social housing: operational support	-	-	-	-	-	-	8 043	6 145	1 898	76%	Non filling of the tribunal post led to the under expenditure of the instrument as the budget was based on 5 members not the current 4 members	Appointment of the 5th tribunal member is underway and will commence in the next financial year.
3.3a Community residential units (CRU) Converted/Upgraded	-	-	-	-	-	-	457	-	457	0%	No units were constructed as the current planned projects are still under planning.	New CRU projects are planned to be incorporated into future Social Housing development. 2024-25 budget will be used to develop provincial master plan that will include database for CRU and Social housing qualifying beneficiaries.
Sub-total: Social and Rental Housing	-	-	-	-	-	-	8 500	6 145	2 355	72%		
4. Rural Housing Programmes												
4.1 Farm Worker Housing Assistance	5	-	5	-	-	-	930	-	930		Non- expenditure on the instrument as the project planned for implementation could not start due to delays in the NHBRC enrolment. OR Tambo region (Bolani)	The enrolment was finalized, and work commenced on the project in March 2024. The department has requested the municipality to reconcile work done and submit the claims for value created.

HUMAN SETTLEMENTS DEVELOPMENT GRANT (HSDG) PERFORMANCE PER PROGRAMME: ANNUAL REPORT- APRIL 2023 TO MARCH 2024												
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
4.2 Rural Housing Communal rights	3 884	3 3 135	3 766	3 842	-	-	634 848	480 525	154 323	76%	Under expenditure was mainly due to the poorly performing contractors and Implementing Agent in Alfred Nzo region and that adversely affected performance under this programme.	The Department has engaged contractors to augment capacity on site, notice of default and termination has been issued to poorly performing contractors and Implementing Agent under this programme.
Sub-total: Rural Housing Programmes	3889	3 135	3 771	3 842	-	-	635 778	480 525	155 253	76%		
7. Title Deeds												
7.1 Title Deeds (post 1 April 2014)	-	-	-	-	-	-	-	-	-			
7.2 Title Deed new	-	-	-	-	465	166	3 671	216	3 455	6%	Underperformance was due to delays in the finalization of Service level Agreements (SLA's) for the appointed conveyancers. The delay by some conveyancers to furnish their contracts documents resulted in delays in the finalization of the contracts.	Engagement with supply Chain and Contract management sections to fast-track and finalise the process.
7.3 Title Deed Restoration	-	-	-	-	623	1 048	3 488	1 506	1 982	43%		
Sub-total: Title Deeds	-	-	-	-	1 088	1 214	7 159	1 722	5 437	24%		-
GRANT TOTAL	5 350	5571	7 034	7 145	2 876	3 145	1405 922	1 405 845	77	100%		

2023-24 CONDITIONAL GRANT PERFORMANCE: INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT						
PERFORMANCE INDICATOR	Financial data				Reason for Deviation	Remedial Action
	Annual Budget	Total - Actual Expenditure	Variance Funds Allocated & Spent	% Spent against Annual Budget		
PHASE 1						
• Number of Social facilitation	8 064	0	8 064	0%	Under performance was due to non-submission of invoices for the work performed	The department is constantly following up with the implementing agent to submit the value created claims
• Other: (please specify)	0	0	0			
Sub-Total: PHASE 1	8 064	0	8 064	0%		
PHASE 2						
• Land acquisition		133 644	-133 644	-	Over expenditure was due to the purchase of land parcels for the relocation of households and performance towards provision of Phase 3 services.	
• Number of settlements supplied with bulk and connector infrastructure installation (water, sewer, storm water, electricity and roads, refuse removal)	0	43 574	-43 574	-	Over expenditure was due to bulk-linked activities that have been accelerated to align with the projects at phase 3 on the permanent services, resulting in the expenditure.	
• Number of settlements benefitting from temporal and interim municipal engineering services and/or any other alternative engineering services	21 589	0	21 589	-	Under performance was due to non-submission of invoices for the work performed	The department is constantly following up with the implementing agent to submit the value created claims
• Number of engineering designs: water, sewer, roads and storm water drainage concluded		0	0	0%	-	-
* Project Management Fees		0	0	0%	-	-
• Other: (Please specify)		0	0	0%	-	-

2023-24 CONDITIONAL GRANT PERFORMANCE: INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT						
PERFORMANCE INDICATOR	Financial data				Reason for Deviation	Remedial Action
	Annual Budget R'000	Total - Actual Expenditure R'000	Variance Funds Allocated & Spent R'000	% Spent against Annual Budget		
Sub-Total: PHASE 2	21 589	177 218	-155 629	821%	-	-
PHASE 3						
• Number of settlements provided with Permanent Municipal Engineering Services and/or any other alternative engineering services	275 525	273 582	1 943	99%	Immaterial under expenditure on the activity for the year (1% under expenditure).	
• Number of social and economic amenities. The specific types of amenities must only be provided in collaboration with municipality and the community	2 000	0	2 000	0%	The Social Economic Amenities are in the Conceptualisation stage for approval	Approval of the concepts shall be concluded at the end of February for the construction to start
• Number of sites transferred to end users		0	0	0%		
• Number of households provided with secure tenure	87 383	0	87 383	0%	Under performance was due to non-submission of invoices for the work performed	The department is constantly following up with the implementing agent to submit the value created claims
• Other: (Please specify) OPERATIONAL CAPITAL BUDGET	101 810	42 117	59 693	41%	The UISP additional support services contracting has delayed, which resulted in under expenditure in the activity.	The UISP additional support services will be provided in the next financial year
Sub-Total: PHASE 3	466 718	315 699	151 019	68%		
AGGREGATE TOTAL	496 371	492 917	3 454	99%		
ROLL OVER ALLOCATION	72 092					

2023-24 CONDITIONAL GRANTS: PROVINCIAL EMERGENCY GRANT (PEHG)									
Financial Information									
For the Annual		Total transfers and expenditure to date			Annual allocation				Amount spent against Transfers made to public entities and/or Municipalities
Roll Over Received R'000	Spent R'000	Schedule for transfers R'000	Received R'000	Expenditure R'000	Budget R'000			Amount transferred to any public entities and/or Municipalities R'000	R'000
					Allocation 2023/24	Approved Rollover	Additional Allocation 2023/24	Funds Withheld/ Stopped	Total Available
16 860	16 853	-	-	16 853		16 860			7
Variance: If current forecast differs from annual allocation, then include here an explanation. Also identify any measures to be taken to rectify this.									
Expenditure relates to payments for value creation related to the provision of temporary shelters in Chris Hani, Joe Gqabi and Sarah Baartman and Ngqushwa Local Mun and Raymond Mhlaba region addressing the impact of the February floods. (220 temporary shelters were provided).									

7. DONOR FUNDS

- 7.1 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 2023/24 there were no donors received by the Department.

Donor Fund for 2023/24

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 2023/24, there were 500 properties on the Asset Register as per the table below:

251	Vacant Erven - Imizi Housing Utility
206	Vacant Erven
1	Church (Collondale, East London)
4	Farms
7	Sectional Title Units
2	Sectional Title Garages
10	Own Title Dwellings
19	Garages (On One Erf)
500	Total Properties

- 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 2023/24 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 and as of 31 March 2023, the assets remain the same.

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

Immovable assets were verified and 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. Only urgent day-to-day repairs are executed (e.g. burst water pipes, burst geysers, etc.) Total expenditure for maintenance on rental units for the 2023/2024 financial year was R690-00.

- **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. Total expenditure for maintenance on rental units for the 2023/2024 financial year was R690-00. There is no backlog on maintenance due to the sale and transfer of these properties to qualifying beneficiaries in occupation.

Infrastructure projects	2023/24			2022/2023		
	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	1 868	3 512	1 644	12 000	6 560	5 440
Infrastructure transfer	-	-	-	-	-	-
- Current	-	-	-	-	-	-
- Capital	-	-	-	-	-	-
Total	1 868	3 512	1 644	12 000	6 560	5 440

Part C

GOVERNANCE

ANNUAL REPORT 2023/24



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

1. INTRODUCTION

The Department remains committed to the principles of good governance as one of its four outcomes. 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 pro-poor and citizen centric Department evidenced by an unqualified audit report.

2. RISK MANAGEMENT

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

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

- **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 that 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 etc.

- **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 advise 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.

- **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 ensures the meeting of business objectives and targets in the year under review.

3. FRAUD AND CORRUPTION

Department's fraud prevention plan and the progress made in implementing the fraud prevention plan

- o 7 awareness sessions were conducted during 2023/24 on Fraud Prevention Plan
- o Approved Implementation Plan in place.
- o Reviewed Fraud Prevention Plan.
- o Quarterly reports submitted to Office of the Premier, Audit and Risk Management Committees
- o Approved Whistle Blowing Policy
- o Approved Gift Policy

Mechanisms in place to report fraud and corruption and how these operate. e.g.: Whistle blowing – The need for officials to make confidential disclosure about suspect fraud and corruption

- o National Anti – Corruption Hotline (0800701701)
- o Walk-ins (Internal and External)
- o Anonymous submission to the office of the ethics officer/MEC/HOD etc.

How these cases are reported and what action is taken

- o Cases are reported through the Hotline number and referred to the Department for further investigation
- o The Department records incoming cases on the database/case register
- o The Department investigates and report its findings to the relevant stakeholders
- o After preliminary investigation, findings with recommendations are sent to the Office of the Premier for submission to the Office of the Public Service Commission
- o Cases are referred to Law Enforcement Agencies in terms of departmental fraud and corruption prevention and response plan

4. MINIMISING CONFLICT OF INTEREST

Brief description on the processes implemented to minimise conflict of interest.

- o SMS members have disclosed their financial interests (100% compliance) for 2023/24 financial year.
- o 7 Awareness Sessions on Ethics and Fraud & Corruption were conducted during 2023/24 financial year.
- o OSD, MMS and Other Officials from SCM, Finance have submitted their e-Disclosures (100% compliance) during 2023/24 financial year.
- o Identified officials by AG and Provincial Treasury with potential conflict of interest have been advised to de-register or resign from Identified Companies as per PSR 2016.

5. CODE OF CONDUCT

Brief description and nature of code of conduct/ethics:

The Code of Conduct for Public Service lays a framework through which public servants must conduct themselves. It clearly stipulates rules and regulations of what is acceptable and non-acceptable behaviour. Chapter 2 of the Code specifically addresses the conduct of an employee of the public service. When the provision(s) of this code are transgressed, that behaviour 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 of conduct and provides awareness sessions and campaigns to encourage acceptable behaviour and adherence. During the reporting period there was 1 reported case of transgression to the Code of Conduct which was dealt with in terms of the Disciplinary Code and Procedures. Transgressors were sanctioned accordingly to discourage

offenders. This has resulted to improved employee/employer relations, and 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 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:

- o 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).
- o 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).
- o 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.
- o The Head of Department considers the reasons submitted by the employee and make decision whether to charge or not to charge the alleged employee.
- o 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 prima facie evidence. The investigator may also initiate the disciplinary hearing.
- o 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
- o The Head of Department appoint the Chairperson and the Employer Representative. The chairperson must be a level higher than the Employer Representative.
- o 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:

- o Details of the employee
- o A description of the allegations of misconduct and the main evidence on which the employer will rely
- o Details of the time, place and venue of the hearing
- o Information on the rights of the employee to representation by fellow employee or a representative or official of a recognized trade union.
- o Bring witnesses to the hearing and to cross examine witnesses of the employer.
- o Right to an interpreter during the disciplinary hearing
- o The disciplinary hearing must be held within ten (10) working days after the charge sheet has been served to the employee.
- o 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.
- o The chairperson must convene the disciplinary hearing, and both parties will be given a chance to state their case
- o On conclusion of the hearing, the employee must submit mitigating circumstances, and the employer aggravating factors for consideration of sanction by the chairperson
- o 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:

- o Counselling
- o Written warning valid for six months;
- o Final written warning valid for six months;
- o Suspension without pay, for no longer than three months;
- o Demotion
- o Combination of the above; or
- o 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 above-mentioned 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 work sites 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 ensured emergency evacuation drills take place at 6-month intervals at 5 of the 7 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 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: 24 & 28 November 2023

Programme 1: Administration

Matters raised by the Portfolio Committee	How has the Department addressed these matters
The Department had a 9, 7% vacancy rate during the year under review that is slightly improved by 1% compared to 10, 7% vacant rate of 2021/22 financial year. Most vacancies that were affected were Level 1-12 posts.	The Department acknowledges and notes the recommendations of the Committee. The total of 29 posts were advertised in Sept 2023 and selection processes are underway. These include 7 SMS posts as well as other priority vacancies. In terms of DPSA circular 49 of 2023, the Office of the Premier must approve the filling of all posts. Once the current selection processes have been finalised the department will deal with the remaining vacancies in terms of Circular 49 processes.
The employment rate of people with disabilities was at 0, 8% compared to the target of 2%.	The Department acknowledges and notes the recommendations of the Committee. The Employment Equity Committee made the recommendation in terms of which selection panels will be obliged to shortlist qualifying people with disabilities for vacancies. This proposal was subsequently endorsed by the Departmental Management. The Department is also in a process to source a service provider to conduct disability awareness training to encourage employees to disclose disabilities. The EE Plan has been revised in line with the national economic active population targets and is awaiting approval. The EE Policy has been revised and approved in Jan 2024. The department will adopt the measures to accommodate persons with disability through reasonable accommodation in line with the National guidelines. This will encourage employees with disabilities to disclose the disabilities so that reasonable accommodation measures can be implemented for them. Monitoring and reporting implementation of the disability equity initiatives to the Top Management.
The payment of creditors within a stipulated period of 30 days posed a recurring challenge in the Department.	The Department acknowledges and notes the recommendations of the Committee. The Department is monitoring implementation of control to cure this challenge. The practice of verbal commitments to service providers has been suspended/stopped. Furthermore, the non-compliant chief directorates are now getting letters regarding the failures in financial management resulting in non- compliance.

Programme 2: Human Settlements Delivery Planning and Performance

Matters raised by the Portfolio Committee	How has the Department addressed these matters
The Department has achieved all the planned targets of the programme during the year under review even though some targets were difficult to measure.	The Department acknowledges and notes the recommendations of the Committee. As part of continuous improvement on our set of performance indicators, the department held technical one on one review sessions during the months of December 2023 and January 2024 with all affected business units as a follow up on the comments and recommendations raised by the committee emanating from the last seating. The reporting concerns by the committee have been dealt with and will be demonstrated in 2023/24 Quarter 4 report. The department will also undertake a vigorous exercise of assessing, revising, and reviewing all its set of performance indicators in preparation for the 7th administration.

Matters raised by the Portfolio Committee	How has the Department addressed these matters
The National Housing Needs Register (NHNR) is poorly utilised and seldom updated by municipalities.	The Department acknowledges and notes the recommendations of the Committee. The department is continuously supporting municipalities through training of officials on utilisation of the NHNR system and ensure that needs information is credible. The awareness programme ILIMA will be rolled-out in the next financial year on a quarterly basis and prioritise municipalities where the system is not fully functional.

Programme 3: Housing Development

Matters raised by the Portfolio Committee	How has the Department addressed these matters
The programme has underspent by R88, 96 in which is 4% of its total budget allocation of R2 ,4 billion.	The Department acknowledges and notes the recommendations of the Committee. The department continues to monitor expenditure in line with its cashflows. Furthermore, the department will monitor projects implemented in accordance with Project Implementation Plans (PIP) and strengthen Project Management and expenditure.
There is a persistent unavailability of bulk-infrastructure on land earmarked for Human Settlements Development	The Department acknowledges and notes the recommendation of the Committee. The Department continues to utilise Intergovernmental Relations platforms with Department of Water & Sanitation (DWS) and Department of Co-Operative Government & Traditional Affairs (COGTA) forming part of the Provincial Infrastructure Working Group (PIWG). The two Departments are encouraged to provide support to the Department especially on issues related to funding of Bulk Infra-Structure since provision of bulk is not the competency of Human Settlements. The Department will provide updates to the Committee in this regard.
Some temporal shelters erected as the response to disasters are kept for too long.	The Department acknowledges and notes the recommendation of the Committee. The department is implementing Innovative and Sustainable Building Technologies Projects (ISBT) in two Regions, namely Saraah Baartman (one Project) and OR Tambo (two Projects). The Department is in the process of exploring other Innovative and Sustainable Building Technologies products. During Human Settlements Indaba held in 2023, there were commitments made in investing in timber, and on research on ISBT which the Department is following up so that there is concrete program of action. A working group has been established to concretize the proposals that were made at the Indaba to progressively improve the utilization of ISBT in Human Settlements development.
The turnaround time of unblocking some historical blocked projects is undesirable.	The Department acknowledges and notes the recommendation of the committee. To date out of the 87 blocked projects the Department has unblocked 58 projects. The Framework Agreement of contractors has been developed by the Department and is already at final stages for implementation, which will prevent blocking of projects. Social engagement and communication with relevant stakeholders are maintained and will be strengthened to share information and status of their respective projects.
The Department transferred funds to implementing agents and municipalities. Those funds were however, not spent for the intended purpose and were not returned.	The Department acknowledges and notes the recommendation of the Committee. All the funds that were paid in advance to the Housing Development Agency (HDA) has been fully utilized, as of 1st April 2023 no transfers were made to HDA or any implementing Agency, instead the Department is paying invoices on value created.

Programme 4: Human Settlement Property and Assets Management

Matters raised by the Portfolio Committee	How has the Department addressed these matters
No report has been provided to the committee on the performance of Housing Tribunal during the year under review.	The Department notes and acknowledges the recommendations of the Committee. The Eastern Cape Rental Housing Tribunal Annual and Status report for 2023/24 Financial Year will be made available.
The transfer and distribution of title deeds is moving at a very slow pace.	The Department notes and acknowledges the recommendations of the Committee. The Department participates in Intergovernmental Relations Fora across municipalities. Furthermore, the report containing the plan to eradicate title deeds backlog will be made available.
There is no measurement indicator in respect to construction of Community Residential Units (CRU) during the year under review.	The Department notes and acknowledges the recommendations of the Committee. The Department is exempted on reporting CRU Program in 2023/24 financial year due to high cost of the CRU as well as unavailability or challenges with bulk infrastructure. The Department is in the process of developing a Provincial Social Housing and CRU master plan to ascertain the demand for affordable rental accommodation for both Community Residential Units and Social Housing instruments.

General finding

Matters raised by the Portfolio Committee	How has the Department addressed these matters
The Department has received an Unqualified Audit opinion with emphasis of matter for the fifth consecutive year since 2018-19 financial year.	The Department notes and acknowledges the recommendations of the Committee. The Department remains committed towards achieving an unqualified audit opinion with no findings. The internal control environment has been improved as preventative, detective and corrective measures are put in place to deal with previous identified findings. The Audit Intervention Plan (AIP) is prepared on the external and internal audit reports to analyse the root cause of the finding. AIP is presented monthly in the IYM and Quarterly to the Audit Committee for monitoring.
The disciplinary actions taken by the Department against officials who had committed financial misconduct have no consequence management.	The Department notes and acknowledges the recommendations of the Committee. The department has developed a comprehensive consequence management policy. The Consequence Management Policy has been approved in January of 2024 and is being implemented.
There are discrepancies regarding information on predetermined objectives and outputs.	The Department notes and acknowledges the recommendations of the Committee. The Department is conducting quality assurance at all levels of accountability starting with Directors that are responsible for their sub-programmes performance and Chief Directors through signing off their reports before they are finalised by Monitoring and Evaluation Unit. In addition, the Department has established a Combined Assurance Forum led by Internal Audit and consists of Internal Control Unit, Institutional Performance Assessment and Programme Evaluation (Monitoring and Evaluation), Strategic Planning, Risk, Anti-corruption and Integrity Management and Financial Accounting Services sub-programmes to enhance quality assurance within the department.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1	Underspending of the Conditional Grant	As disclosed in note 7 to financial statement, included in the total of 2 billion transfers and subsidies is R1,1 billion that was made as a pre-payment to the implementing agencies of which R388,4 million was not spent at the year end and was not refunded to the department.	• Advance payments were made to implementing agents in line with contractual arrangements. These advances were made to enable the implementing agencies to initiate projects that are contracted by the department, including appointment of contractors/professionals and other service providers. The funding agreements with the implementing agents stipulate that all funds received from the department be kept in an interest-bearing account and reconciled monthly until the completion/ close-out of the projects. • HDA was appointed on 30 June 2021 • HDA delayed and appointed PSPs only in November 2021 to do planning and produced Bill of Quantities (BOQ) • The delays were on the appointment of Contractors by HDA • The implementing agents, in particular the HDA had a slow start in the appointment of contractors, which procurement processes were revisited numerous times during the 2021/22 Financial Year, and only finalised in December 2022. • Coega Development Agent was appointed in December 2022 and the contract was finalised in February 2023 • Coega did not spend as of 31st March 2023 • Coega procurement processes took longer than anticipated • Municipalities that were appointed as implementing agencies also failed to use the funds fully by 31 March 2023 • Agreements with the municipalities as implementing agents were concluded in February 2023 and funds were paid to the municipalities to initiate the procurement processes.	No
2	Consequence Management	There was no 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.	The department has finalised some of the investigations relating to irregular expenditure as evidenced by successful applications for condonement to Provincial Treasury. For the remaining balance, the accounting officer had initiated the process of determining liability by issuing letters to employees. Responses were received and are in the process of being assessed for appropriate action to be taken. The department has not incurred any new irregular expenditure for 2022/ 23 financial year, irregular expenditure was in relation to contracts that were previously identified as irregular expenditure. 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	No

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			improve general compliance within the SCM unit and to keep abreast with new developments within the SCM environment.	
3	Internal control deficiencies	Management did not fully implement their oversight responsibility as there were internal control deficiencies identified in the performance and compliance reporting that resulted in material findings on these two components. There is lack of oversight by top management as there is no consequence management policy in place which lead to slow progress in finalizing investigations of irregular expenditure to ensure that officials responsible for irregular expenditure are held accountable.	Improvements have been made in the general control environment, especially with the Supply Chain Management environment, which is evident in no new irregular expenditure or non-compliance findings in procurement processes for the 2023/24 financial year. The department has implemented consequence management in as far as using Provincial Treasury Consequence Management Framework. The evidence is the SHRA case that was previously reported to Provincial Treasury, SCM Director case in relation to SCM Policy drafting etc. The department relied on Provincial Treasury Financial Management Accountability Framework. The department will adopt the Consequence Management Framework by the 31st of December 2023. The accounting officer had taken steps against the affected officials and some cases has not yet been finalised.	No

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:		
Based on audit evidence, the actual achievements of 2 indicators did not agree to what was reported. The actual achievements could not be determined but were estimated to be material.		The Department has improved systems and processes to ensure consistent measurement and reliable reporting
i. No. of households benefitting from ISUP	2021/22	
ii. No. of defective houses rectified	2022/23	
An achievement of 2 145 was reported against a target of 3 500. It could not be determined if the reported achievement were correct as the processes established to consistently measure and report the achievements of the number of post-1994 title deeds registered were inadequate	2021/22	The Department has improved systems and processes to ensure consistent measurement and reliable reporting
Emphasis of matter: Underspending of the conditional grant		
R1.1 billion was made as prepayments to implementing agencies of which R388.4 million had not been spend by year end and had not been refunded to the department.	2021/22	The department has enhanced the SLAs with the implementing agents to increase the spending levels and value created.
Matters of non-compliance		
There was no 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 is because some investigations into irregular expenditure were not complete	2021/22	Investigations into these cases have been finalised.
Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets, core objectives and service delivery	2021/22	The Department has Organisational Performance Management System in place which is utilized as a monitoring and reporting

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
as required by public service regulation 25(1)(e)(i) and (iii)		tool of performance information on quarterly basis. Back-end audit was conducted for achieved targets to strengthen monitoring systems.

10. INTERNAL CONTROL UNIT

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:

- o Project Management
- o Evaluation of draft 2022/23 AFS
- o Evaluation of Draft 2022/23 Annual Report
- o Follow up: Internal Audit Findings Register
- o Integrated Planning
- o Upgrading of Informal Settlements Partnership Grant
- o Consulting review on the AIP (Audit Improvement Plan)
- o Governance maturity assessment
- o HSS Commitments inclusive of contracts management and retentions
- o Internal Audit Findings Register
- o Consulting Audit on ICT

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 internal control environment of the department, to this end improvements were noted in the Governance Maturity Assessment. However, in some business processes that involve integrated planning, commitments, retentions, contracts and project management, internal controls are adequately designed but partially effective. Regarding the Upgrading of Informal Settlements and the Audit Improvement Plan, Internal Audit opted to conduct a consulting audit to assist in improving adequacy of control processes in these areas.

Risk Management is becoming effective due to the systematic and consistency in reporting. An ethics strategy and policy has been developed and is being monitored through an internal governance committee to further manage the probability of fraud and corruption.

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 Action Head of the Department, 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 – There are 4 newly appointed audit committee members to serve for 3 years from 2024/25 to 2027/28.**

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	Nov 2023	4
Adv. S. Peter	Bachelor of Law					4
Ms. T. Cumming	CA(SA)			Renewed from February 2024	March 2027	5
Ms. Z Mgaga	Bachelor of Accounting Sciences			February 2024	March 2027	1
Mr P Zitumane	Master's Degree Public Administration					
Ms Z. Kiviet	Bachelor of Laws			1 April 2024	April 2027	0

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

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 auditors, internal auditors, and management. The development and maintenance of an effective internal control system is the responsibility of management, while the Committee exercise oversight. 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. Inability 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 system of internal controls has been put in place by the Department and 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 weakness is with a departmental system or officials – if it is systems-based then the department and its management must address this. If it is an oversight, negligence, or poor performance by an official, management will have to address this through consequence management.

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

The Supply Chain Management processes that were major contributors to the occurrence of irregular expenditure, have improved. The implementation of the revised Supply Chain Management Policy and the administration of bid evaluation processes has contributed to the notably improvement.

The Audit Committee has noted the findings of Internal Audit as per the reports summarized above and urged management to use these reports to address internal control weaknesses. The Internal Audit reports are comprehensive and detailed and provide management with all the necessary information needed to improve internal controls and audit outcomes. The acting 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 the internal audit unit such as delays in filling the internal auditor positions that are 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 Technologies the department has developed a 5- year plan for the implementation of ICT Digital Strategy which will guide the deployment of IT Technologies to harness internal and external service delivery and to improve efficiency and effectiveness of operations in the Department. Information security has also been a concern for the Audit Committee due to the network vulnerability and dilapidating IT infrastructure across the province and as such Internal audit conducted a consulting review on Security Management and a Information Systems Security Strategy has been developed.
- The foundation on ethics management has been established. This has been supported by co-operation by management in complying with the declaration of interests' processes required by the 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). This will ensure that a compliance environment is created in managing information on records, personal information, and data.
- However, a Governance Committee comprising of Ethics Committee, Security Committee, POPIA Committee and Business Continuity Committee has been established to improve and promote sound governance in the department.

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. For the year under review, spending has improved on all grants, that is, Human Settlements Development Grant, Upgrading of Informal Settlements Partnership Grant, Provincial Emergency Housing Grant and EPWP Grant.

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 and service delivery targets.

Evaluation of Financial Statements

The Audit Committee has reviewed and discussed the unaudited financial statements for the 2023/24 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 unaudited performance information for the 2023/24 financial year with management. Both internal audit and the Audit Committee highlighted certain discrepancies that were found in the annual financial statements and performance information. Although the majority of these have been rectified, but management undertook to address all the outstanding discrepancies that were found. The draft annual financial statements and draft annual report for 2023/24 financial year were then recommended for submission to Auditor General for audit purposes.

Appreciation

The Committee would like to take this opportunity of expressing its sincere appreciation to the Member of Executive Council, Acting 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.

Auditor General's Report

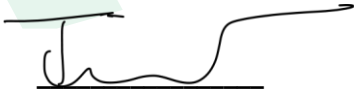
We have reviewed the department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters have been adequately resolved except for the following:

- Irregular expenditure
- Supporting portfolio of evidence for upgrading of informal settlements indicator

- Supporting portfolio of evidence for pre-1994 title deeds

The Audit Committee met with the Auditor-General at the commencement of the audit process to discuss the Audit Strategy.

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.



Tracy Cumming
Chairperson of the Audit Committee
Eastern Cape Department of Human Settlements
31 July 2024

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 (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	N/A
Developing and implementing a preferential procurement policy?	Yes	The implementation of the preferential procurement policy if fully guided by 80/20 and 90/10 rule
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	The partnership that the department has entered into are with Higher Learning Institutions through MOUs
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

ANNUAL REPORT 2023/24



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

The 2023/24 financial year marked the last year of the implementation of the three-year MTEF Human Resource Plan, which expires on the 30th of June 2024. The HR Plan had the following HR Planning Objectives:

- To confirm that the Department accomplishes its strategic outcomes and the core mandate by directing the organisational functionality valuation to establish ability.
- Capacitation of present staff to deal with progressive methods of operational and professionalisation and include the distinct capacitation within the Department.
- Attraction and recruitment of skilled professionals and maintain employment equity targets
- To produce a healthy workforce through the facilitation of Employee Health and Wellness Programmes allowing staff to contribute to the purpose of the Department to the greatest of their capacity.
- Department compliant with laws, policies, and prescripts.

The Department has achieved some successes in these endeavours but areas requiring urgent improvement remained at the end of the 2023/24 financial year and will be addressed in the future MTEF HR Plan of the Department.

The status with regards to the HR Planning objectives at the time of writing this report was as follows:

The Department concluded the mandatory Organisational Functionality Assessment (OFA) at the beginning of the financial year and this year was therefore the first of a three-year implementation cycle. Although the first implementation report will be produced during the first quarter of the 2024/25 financial year, the Department has made strides in a number of areas to improve governance. Regrettably, protracted engagements with stakeholders delayed the finalisation of the draft reviewed Service Delivery Model (SDM) but towards the end of the financial year the final product was shared with the Executive Authority to afford her the opportunity to make inputs. It is envisaged that the matter will be concluded early in the new financial year so that the review of the organogram could proceed.

The Department continued to provide ample training opportunities and bursaries to its employees to capacitate staff in their areas of responsibility and these developmental interventions were aligned to the Performance Management and Development System (PMDS). There have been some weaknesses in the implementation of the PMDS due to unsatisfactory levels of compliance. However, during the year under review the Department commenced implementing consequence management for non-compliance and there was an immediate improvement which will be sustained by strictly observing the compliance aspects of PMDS. In addition, the groundwork was done to lay the foundation for the implementation of the electronic PMDS, which is a Provincial intervention and is scheduled to commence during 2024/25.

The Annual Recruitment Plan for the Department consisted of 49 posts of which 20 were filled earlier during the year and the selection processes for a further 29 were concluded at the end of the financial year with appointments to take place during the first quarter of 2024/25. It needs to be pointed out that these processes had to be concluded under strict conditions of fiscal discipline as provided by DPSA Circular 49 of 2023 but the Department was nevertheless ultimately successful in its endeavours to fill all ARP posts, although not within the 2023/24 financial year. At the end of the financial year, there were 66 vacancies, translating into a 12% vacancy rate but with the promise of an immediate drop as employees assume duty from 1 April 2024 onwards.

Regrettably, the Department did not manage to improve on the representation of persons with disabilities and regressed on the representation of females at SMS.

The percentage of persons with disabilities remained static at 0.8% throughout the year and it became clear that:

- Candidates from the disability sector were not applying for vacancies even though they are prioritised for selection; and
- There is a high likelihood of under-disclosure of disabilities among employees due to a limited awareness of the actual scope of disabilities.

Representation of females at SMS regressed from 51% to 46% mainly due to retirements of female SMS members. The recruitment process referred to earlier provides an opportunity to turn the tide as there is a number of SMS vacancies to be filled.

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 on 1 May 2023 to ensure staff has 24/7/365 workplace driven support for 3 consecutive financial years.

Sport and recreational activities continued to take place across the province to strengthen departmental team relations and to positively impact staff health and productivity. The Departmental netball and soccer teams did the Department proud by achieving first and third places respectively in the National Housing Sector competition which took place during 2023.

Staff health screenings assisted staff members to monitor their health and promoted early intervention and had a positive impact on staff health. This can, however, be improved in certain sites with an improved commitment from the supporting service providers. 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 2024/2025.

The Health and Safety Act is being adhered to with the assistance of appointed and trained 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 resourcing of this area has not always been ideal and remains a priority due to the critical nature thereof.

The Department participates actively in the Public Sector Transformation Working Group of the Province and other relevant forums where compliance is continuously monitored and reported on. Improvement plans are also implemented and reported on to ensure that there is a continuous improvement in regulatory compliance. The limited number of audit findings attributed to the Human Resources function attests to the relatively high level of compliance in this area but at the same time shortcomings as referred to above need to receive constant, dedicated attention.

Future Human Resource Plans/Goals:

It is envisaged that the finalisation of the SDM will be concluded early in the new financial year so that the review of the organogram could proceed.

Going forward, the Department needs to improve its advocacy both within the sector (to attract external candidates with disabilities) as well as within the Department (to ensure the levels of disclosure reflect the true state of affairs).

It is the intention of the department to address the ratio of females in SMS as a matter of urgency. On analysis of the trends on health and wellness during the past year the department realised a prevalence of mental health issues; therefore, mental health awareness sessions will continue to form part of the planned interventions for 2024/2025.

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 2023 and 31 March 2024

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	171 547	119 785	0	0	69,82	692
Assets & Liabilities	93	0	0	0	0,00	0
Housing Asset Management	20 004	19 077	0	0	95,37	734
Housing Development	2 151 395	214 676	0	0	10,00	751
Housing Needs, Research & Planning	21 010	18 938	0	0	90,10	902
Total as on Financial Systems (BAS)	2 363 954	372 476	0	0	15,80	736

Table 3.1.2 Personnel costs by salary band for the period 1 April 2023 and 31 March 2024

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)	2 509	0,60	12	209 083
Skilled (level 3-5)	12 785	3,30	43	297 326
Highly skilled production (levels 6-8)	76 541	19,50	154	497 019
Highly skilled supervision (levels 9-12)	218 164	55,50	246	886 846
Senior and Top management (levels 13-16)	57 408	14,60	41	1 400 195
Contract (Levels 3-5)	399	0,10	2	199 500
Contract (Levels 6-8)	2 075	0,50	3	691 667
Contract (Levels 9-12)	3 839	1,00	4	959 750
Contract (Levels >= 13)	2 372	0,60	1	2 372 000
Total	376 092	95,60	506	743 265

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2023 and 31 March 2024

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	96 842	78,8	8	0,00	7 503	6,10	4 919	4,00
Housing Asset Management	7 626	75,9	0	0,00	711	7,10	585	5,80
Housing Planning & Research	15 582	76,7	7	0,00	976	4,80	588	2,90
Housing Prog Facilities & Administration	180 826	75,3	74	0,00	12 856	5,40	9 048	3,80
Total	300 876	76,5	89	0,00	22 045	5,60	15 140	3,80

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Salaries		Overtime		Homeowners 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)	1 659	66,00	0	0,00	175	7,00	445	17,70
Skilled (level 3-5)	9 207	71,80	22	0,20	772	6,00	1 661	13,00
Highly skilled production (levels 6-8)	59 511	77,30	43	0,10	2 873	3,70	5 534	7,20
Highly skilled supervision (levels 9-12)	177 842	77,00	25	0,00	11 563	5,00	6 820	3,00
Senior management (level 13-16)	44 783	73,20	0	0,00	6 293,00	10,30	680	1,10
Contract (Levels 3-5)	392	98,20	0	0,00	0,00	0,00	0	0,00
Contract (Levels 6-8)	2 075	99,60	0	0,00	0,00	0,00	0	0,00
Contract (Levels 9-12)	3 206	79,40	0	0,00	324,00	8,00	0	0,00
Contract (Levels >= 13)	2 201	91,90	0	0,00	46,00	1,90	0	0,00
Total	300 876	76,50	90	0,00	22 046	5,60	15 140	3,80

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as on 31 March 2024

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate (%)	Number of employees additional to the establishment
Administration	201	173	14.00	0
Housing Asset Management	18	14	22.22	0
Housing Planning and Research	27	21	22.22	0
Housing Prog Facilities & Administration	325	298	8.31	0
Total	571	506	11.38	0

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2024

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate (Includes Frozen Posts) %	Number of employees additional to the establishment
Lower skilled (1-2)	12	12	0.00	0
Skilled (3-5)	47	43	8.51	0
Highly skilled production (6-8)	177	154	12, 99	0
Highly skilled supervision (9-12)	275	246	10.55	0
Senior management (13-16)	50	41	18.00	0
Contract (Levels 3-5)	2	2	0.00	0
Contract (Levels 6-8)	3	3	0.00	0
Contract (Levels 9-12)	4	4	0.00	0
Contract (Levels >= 13)	1	1	0	0
Total	571	506	11.38	0

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2024

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate (%)	Number of employees additional to the establishment
Administrative related, Permanent	294	254	13.61	0
Architects Town and Traffic Planners, Permanent	2	2	0.00	0
Cashiers, Tellers and Related clerks, Permanent	1	1	0.00	0
Cleaners in Offices, Workshops, Hospitals etc., Permanent	18	17	5.56	0
Client Inform Clerks (Switch B Receipt Inform Clerks), Permanent	2	2	0.00	0
Communication and Inform Related, Permanent	4	4	0.00	0
Engineers and Related Professionals, Permanent	109	104	4.59	0
Finance and Economics Related, Permanent	1	1	0.00	0
Financial and Related Professionals, Permanent	21	17	19.05	0
Financial Clerks and Credit Controllers, Permanent	3	3	0.00	0
Human Resources & Organisat Develop & Related Prof, Permanent	14	13	7.14	0
Human Resources Related, Permanent	21	20	4.76	0
Information Technology Related, Permanent	9	8	11.11	0
Logistical Support Personnel, Permanent	4	4	0.00	0
Middle Manager: Household/Food & Laundry Services Rel., Permanent	1	1	0.00	0
Motor Vehicle Drivers, Permanent	9	9	0.00	0
Other Occupations, Permanent	0	0	0.00	0
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	7	5	28.57	0
Risk Management and Security Services, Permanent	1	1	0.00	0
Senior Managers, Permanent	50	40	20.00	0
Total	571	506	11.38	0

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 2024

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
Head of Department (L15)	1	0	0.00	1	100.00
Salary Level 16	1	1	100.00	0	0.00
Salary Level 15	0	0	0.00	0	0.00
Salary Level 14	8	8	100.00	0	0.00
Salary Level 13	41	34	80.49	8	19.51
Total	51	43	82.00	9	18.00

Table 3.3.2 SMS post information as on 30 September 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
Head of Department (L15)	1	1	100.00	0	0.00
Salary Level 16	1	1	100.00	0	0.00
Salary Level 15	0	0	0.00	0	0.00
Salary Level 14	8	8	100.00	0	0.00
Salary Level 13	41	33	82.93	8	19.51
Total	51	43	84.31	7	15.69

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2023 and 31 March 2024

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
Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	1	0	0
Total	1	0	0

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
There was 1 post that was advertised within six months of becoming vacant.
The other 6 posts were mostly advertised prior to the current financial year, however suitable candidates could not be found, and the posts were readvertised during Sept 2023 causing the delay beyond 6 months.

Reasons for vacancies not filled within twelve months
Only 1 SMS post was filled during the financial year – namely Chief Director: Corporate Services at level 14.
This post was filled through a transfer.
These posts were mostly advertised prior to the current financial year, however suitable candidates could not be found, and the posts were readvertised during Sept 2023 causing the delay beyond 6 months.

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
None. The posts were initially advertised after becoming vacant, but then were readvertised since suitable candidates could not be found.

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 2023 and 31 March 2024

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	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	47	0	0.00	0	0.00	0	0.00
Highly skilled production (Levels 6-8)	177	0	0.00	0	0.00	0	0.00
Highly skilled supervision (Levels 9-12)	275	0	0.00	0	0.00	0	0.00
Senior Management Service Band A	40	0	0.00	0	0.00	0	0.00
Senior Management Service Band B	8	0	0.00	0	0.00	0	0.00
Senior Management Service Band C	1	0	0.00	0	0.00	0	0.00
Senior Management Service Band D	1	0	0.00	0	0.00	0	0.00
Contract (Levels 3-5)	2	0	0.00	0	0.00	0	0.00
Contract (Levels 6-8)	3	0	0.00	0	0.00	0	0.00
Contract (Levels 9-12)	4	0	0.00	0	0.00	0	0.00
Contract Band A	1	0	0.00	0	0.00	0	0.00
Total	571	0	0.00	0	0.00	0	0.00

The department did not conduct Job Evaluation for the year due to DPSA that is currently reviewing the Job Evaluation system, hence the report below shows zeros for the 2023/24 financial year.
The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2023 and 31 March 2024

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 2023 and 31 March 2024

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
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 2023 and 31 March 2024

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	None
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0.5 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 2023 and 31 March 2024

Salary band	Number of employees at beginning of period-1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	11	1	0	0.00
Skilled (Levels 3-5)	42	3	0	0.00
Highly skilled production (Levels 6-8)	158	3	4	2.53
Highly skilled supervision (Levels 9-12)	252	3	6	3.80
Senior Management Service Bands A	35	0	3	8.57
Senior Management Service Bands B	7	1	0	0.00
Senior Management Service Bands C	0	0	0	0.00
Senior Management Service Bands D	1	0	1	100.00
Other permanent	0	0	0	0.00
Contracts (Levels 3-5)	0	1	0	0.00
Contracts (Levels 6-8)	19	0	19	100.00
Contracts (Levels 9-12)	0	0	0	0.00
Contract Band A	0	0	0	0.00
Contract Band C	1	0	0	0.00
Contract Band D	1	0	0	0.00
Total	527	12	33	6.26

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2023 and 31 March 2024

Critical occupation	Number of employees at beginning of period-April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative, related	258	6	28	10.85
Architects, Town and Traffic planners	2	0	0	0.00
Cashiers, tellers and related clerks	1	0	0	0.00
Cleaners in offices, workshops, hospitals etc	16	1	0	0.00
Client Inform clerks (switch, receipt, inform clerks)	2	0	0	0.00
Communication and information related	4	0	0	0.00
Engineers and related professionals	104	1	1	0.96
Finance and Economics related	1	0	0	0.00
Financial and related professionals	18	0	0	0.00
Financial Clerks and credit controllers	3	0	0	0.00
Household, food and laundry services related	1	0	0	0.00
Human resources & organisational develop & relate prof	12	0	0	0.00
Human resources related	18	0	0	0.00
Information Technology related	7	1	0	0.00
Logistical Support personnel	4	0	0	0.00
Middle Manager: Household/food & Laundry Services Rel	0	1	0	0.00
Motor Vehicle Drivers	8	1	0	0.00
Other Occupations	20	0	0	0.00
Quantity Surveyors and Rela Prof not Class Elsewhere	5	0	0	0.00
Risk Management and Security Services	1	0	0	0.00
Senior Managers	42	1	4	9.52
Total	527	12	33	6.26

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 2023 and 31 March 2024

Termination Type	Number	% of Total Resignations
Death	2	6.06
Resignation	6	18.18
Expiry of contract	19	57.58
Dismissal – operational changes	0	0.00
Dismissal – misconduct	0	0.00
Dismissal – inefficiency	0	0.00
Discharged due to ill-health	1	3.03
Retirement	5	15.15
Transfer to other Public Service Departments	0	0.00
Other	0	0.00
Total	33	100.00
Total number of employees who left as a % of total employment		6.26

Table 3.5.4 Promotions by critical occupation for the period 1 April 2023 and 31 March 2024

Occupation	Employees 1 April 2023	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	258	10	3.88	184	71.32
Architects, Town and Traffic planners	2	0	0.00	1	50.00
Cashiers, tellers and related clerks	1	0	0.00	1	100.00
Cleaners in offices, workshops, hospitals etc	16	0	0.00	11	68.75
Client Inform clerks (switch b, receipt, inform clerks)	2	0	0.00	0	0.00
Communication and information related	4	0	0.00	3	75.00
Engineers and related professionals	104	0	0.00	47	45.19
Finance and Economics related	1	0	0.00	1	100.00
Financial and related professionals	18	0	0.00	14	77.78
Financial Clerks and credit controllers	3	0	0.00	3	100.00
Household, food and laundry services related	1	0	0.00	0	0.00
Human resources & organisat develop & relate prof	12	0	0.00	10	83.33
Human resources related	18	0	0.00	14	77.78
Information Technology related	7	0	0.00	3	42.86
Logistical Support personnel	4	0	0.00	4	100.00
Motor Vehicle Drivers	8	0	0.00	7	87.50
Other Occupations	20	0	0.00	0	0.00
Quantity Surveyors and Rela Prof not Class Elsewhere	5	0	0.00	2	40.00
Risk Management and Security Services	1	0	0.00	0	0.00
Senior Managers	42	0	0.00	18	43.90
Total	527	10	1.90	323	61.29

Table 3.5.5 Promotions by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Employees 1 April 2023	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)	11	0	0.00	6	54.55
Skilled (Levels 3-5)	42	2	4.76	31	73.81
Highly skilled production (Levels 6-8)	158	7	4.43	122	77.22
Highly skilled supervision (Levels 9-12)	252	1	0.40	144	57.14
Senior Management (Level 13-16)	43	0	0.00	20	46.51
Contracts (Levels 6-8)	19	0	0.00	0	0.00
Contracts (Levels >=13)	2	0	0.00	0	0.00
Total	527	10	1.90	323	61.29

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 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	2	1	1	14	1	0	0	35
Professionals	74	0	0	2	71	1	1	5	154
Technicians and associate professionals	100	3	0	2	165	5	3	5	283
Clerks	0	0	0	0	6	0	1	1	8
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	9	0	0	0	0	0	0	0	9
Elementary occupations	1	0	0	0	16	0	0	0	17
Total	200	5	1	5	272	7	5	11	506
Employees with disabilities	2	0	0	0	2	0	0	0	4

Including the MEC

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2024

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	17	2	1	1	18	1	0	0	40
Professionally qualified and experienced specialists and mid-management	114	1	0	4	116	1	2	8	246
Skilled technical and academically	45	2	0	0	98	5	2	2	154

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
qualified workers, junior management, supervisors, foreman and superintendents									
Semi-skilled and discretionary decision making	19	0	0	0	22	0	1	1	43
Unskilled and defined decision making	0	0	0	0	12	0	0	0	12
Contract (Senior Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Professionally Qualified), Permanent	1	0	0	0	3	0	0	0	4
Contract (Skilled Technical), Permanent	1	0	0	0	2	0	0	0	3
Contract (Semi-Skilled), Permanent	2	0	0	0	0	0	0	0	2
Total	200	5	1	5	272	7	5	11	506

Including the MEC

Table 3.6.3 Recruitment for the period 1 April 2023 to 31 March 2024

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	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	2	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	1	0	0	0	3
Semi-skilled and discretionary decision making	2	0	0	0	1	0	0	0	3
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Contract (Semi-skilled)	0	0	0	0	0	0	0	0	0
Total	5	0	0	1	5	0	0	0	11
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2023 to 31 March 2024

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	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	6	0	0	0	7
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	2	0	0	0	7	0	0	0	9
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2023 to 31 March 2024

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	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management	2	0	0	1	3	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	4	0	0	0	4
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Contract (Top Management)	0	0	0	0	8	0	0	0	8
Contract (skilled technical)	14	0	0	1	18	0	0	0	33
Total	17	0	0	2	36	0	0	0	55
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2023 to 31 March 2024

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
2 months suspension without pay	1	0	0	0	0	0	0	0	1
Total	1	0	0	0	0	0	0	0	1

Table 3.6.7 Skills development for the period 1 April 2023 to 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	7	1	0	0	10	1	0	0	19
Professionals	65	1	0	1	59	1	2	4	133
Technicians and associate professionals	25	1	0	0	56	2	1	0	85
Clerks	3	0	0	0	13	0	0	0	16
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and	0	0	0	0	0	0	0	0	0

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
fishery workers									
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	7	0	0	0	11	0	0	0	18
Total	107	3	0	1	149	4	3	4	271
Employees with disabilities	2	0	0	0	1	0	0	0	3

3.7 Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2023

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
Head of Department	1	1	0	0.00
Salary Level 16	1	1	0	0.00
Salary Level 15	0	0	0	0.00
Salary Level 14	8	7	7	100.00
Salary Level 13	41	35	33	66.00
Total	51	44	40	78.43

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2024

Reasons
No valid reasons.

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 2024

Reasons
No disciplinary steps were taken against the 3 SMS members.

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 2023 to 31 March 2024

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	183	198	92.42	1 208 073	6 601
Female	106	270	39.41	856 338	8 079
Asian					
Male	0	1	0.00	0	0
Female	2	5	40.00	21 396	10 698
Coloured					
Male	2	5	40.00	10 353	5 177
Female	5	7	71.43	31 167	6 233
White					
Male	0	5	0.00	0	0
Female	5	11	45.45	53 757	10 751
Employees with disability	0	4	0.00	0	0
Total	303	506	59.88	2 181 084	7 198

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2023 to 31 March 2024

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)	6	12	50.00	10 335	1 723	0.47
Skilled (level 3-5)	31	43	72.09	84 144	2 714	3.86
Highly skilled production (level 6-8)	122	154	79.22	598 401	4 905	27.44
Highly skilled supervision (level 9-12)	144	246	58.54	1 488 204	10 335	68.23
Contracts (Levels 3-5)	0	2	0.00	0	0	0.00
Contracts (Levels 6-8)	0	3	0.00	0	0	0.00
Contracts (Levels 9-12)	0	4	0.00	0	0	0.00
Total	303	464	65.30	2 181 084	7 198	100.00

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2023 to 31 March 2024

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative, related	81	257	31.52	394 509	4 870
Architects, Town and Traffic planners	0	2	0.00	0	0
Cashiers, tellers and related clerks	1	1	100.00	2 934	2 934
Cleaners in offices, workshops, hospitals etc	11	17	64.71	11 386	2 845
Client Inform clerks (switch b, receipt, inform clerks)	2	2	100.00	5 268	5 268
Communication and information related	4	4	100.00	23 577	5 894
Engineers and related professionals	1	103	0.97	8 139	8 139
Finance and Economics related	1	1	100.00	5 148	5 148
Financial and related professionals	18	18	100.00	148 794	8 266
Financial Clerks and credit controllers	3	3	100.00	8 802	2 934
Human resources & organisat develop & relate prof	12	12	100.00	73 035	6 086
Human resources related	1	18	5.56	8 451	8 451
Information Technology related	4	8	50.00	18 705	4 676
Logistical Support personnel	4	4	100.00	11 386	2 845
Midd. Manager: Household/ food & Laundry Services Rel	0	1	0.00	0	0
Motor Vehicle Drivers	7	9	77.78	18 261	2609
Other Occupations	1	1	100.00	12 408	12 408
Quantity Surveyors and Rela Prof not Class Elsewhere	1	5	20.00	10 329	10 329
Risk Management and Security Services	1	1	100.00	4 359	4 359
Senior Managers	22	39	56.41	405 114	18 414
Total	175	506	34.58	810 605	112 961

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2023 to 31 March 2024

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	18	34	41.86	340 095	18 894	80.14
Band B	4	8	50.00	84 303	21 076	19.86
Band C	0	0	0	0	0	0
Band D	0	1	0	0	0	0
Total	22	42	51.16	424 398	39 970	100.00

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2023 and 31 March 2024

Salary band	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0.00	0	0.00	0	0.00
Highly skilled production (Lev. 6-8)	0	0.00	0	0.00	0	0.00
Highly skilled supervision (Lev. 9-12)	0	0.00	0	0.00	0	0.00
Contract (level 9-12)	1	50.00	1	50.00	0	0.00
Contract (level 13-16)	1	50.00	1	50.00	0	0.00
Total	2	100.00	2	100.00	0	0.00

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2023 and 31 March 2024

Major occupation	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	2	100.00	2	100.00	0	0.00
Total	2	100.00	2	100.00	0	0.00

3.10 Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2023 to 31 December 2023

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)	81	92.80	9	82.00	9	54
Skilled (levels 3-5)	229	66.30	27	61.00	8	240
Highly skilled production (levels 6-8)	993	76.19	125	78.00	8	1 764
Highly skilled supervision (levels 9 -12)	1 201	78.40	160	64.00	8	4 002
Top and Senior management (levels 13-16)	171	96.50	16	37.00	11	836
Total	2 675	78.00	337	66.00	8	6 896

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2023 to 31 December 2023

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	0.00	0	0.00	0.00	0.00
Skilled (Levels 3-5)	0	0.00	0	0.00	0.00	0.00
Highly skilled production (Levels 6-8)	27	100.00	3	50.00	9.00	5.00
Highly skilled supervision (Levels 9-12)	10	100.00	2	33.30	5.00	30.00
Senior management (Levels 13-16)	25	100.00	1	16.70	25.00	112.00
Total	62	100.00	6	100.00	10.00	196.00

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 2023 to 31 December 2023

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	230	12	19
Skilled Levels 3-5)	1 027	45	23
Highly skilled production (Levels 6-8)	3 802	163	23
Highly skilled supervision (Levels 9-12)	6 246	252	25
Senior management (Levels 13-16)	819	40	20
Total	12 124	512	10

Table 3.10.4 Capped leave for the period 1 January 2023 to 31 December 2023

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 2024
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	64
Highly skilled production (Levels 6-8)	0	0	0	64
Highly skilled supervision (Levels 9-12)	0	0	0	84
Senior management (Levels 13-16)	0	0	0	90
Total	0	0	0	78

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 2023 and 31 March 2024

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2023/24 due to non-utilisation of leave for the previous cycle	0.00	0	0
Capped leave payouts on termination of service for 2023/24	1 395	7	199
Current leave payout on termination of service for 2023/24	572	7	82
Total	1 967	14	68

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 787 500.76
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

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

Notes

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

Total number of Collective agreements	None
---------------------------------------	------

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 2023 and 31 March 2024

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0.00
Verbal warning	0	0.00
Written warning	0	0.00
Final written warning	0	0.00
Suspended without pay	1	100.00
Fine	0	0.00
Demotion	0	0.00
Dismissal	0	0.00
Not guilty	0	0.00
Case withdrawn	0	0.00
Total	1	100.00

Notes

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

Total number of Disciplinary hearings finalised	1
---	---

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2023 and 31 March 2024

Type of misconduct	Number	% of total
Misuse of state property	1	100.00
Total	1	100.00

Table 3.12.4 Grievances logged for the period 1 April 2023 and 31 March 2024

Grievances	Number	% of Total
Number of grievances resolved	2	100.00
Number of grievances not resolved	0	0.00
Total number of grievances lodged	2	100.00

Table 3.12.5 Disputes logged with Councils for the period 1 April 2023 and 31 March 2024

Disputes	Number	% of Total
Number of disputes upheld	0	0.00
Number of disputes dismissed	1	100.00
Total number of disputes lodged	1	100.00

Table 3.12.6 Strike actions for the period 1 April 2023 and 31 March 2024

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2023 and 31 March 2024

Number of people suspended	0
Number of people who's suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0

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 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	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	15	0	10	1	11
	Male	19	0	8	2	10
Professionals	Female	78	0	60	3	63
	Male	76	0	60	3	63
Technicians and associate professionals	Female	178	0	55	30	85
	Male	105	0	25	13	38
Clerks	Female	8	0	12	6	18
	Male	0	0	3	2	5
Service and sales workers	Female	0	0	0	1	1
	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	9	0	0	3	3
Elementary occupations	Female	16	0	10	5	15
	Male	1	0	7	0	7
Sub Total	Female	295	0	147	46	193
	Male	210	0	103	23	126
Total		505	0	250	69	319

Table 3.13.2 Training provided for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	15	0	11	1	12
	Male	19	0	8	2	10
Professionals	Female	78	0	66	3	69
	Male	76	0	67	3	70
Technicians and associate professionals	Female	178	0	59	30	89
	Male	105	0	26	13	39
Clerks	Female	8	0	13	7	20
	Male	0	0	3	2	5
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	9	0	0	0	0
Elementary occupations	Female	16	0	11	5	16
	Male	1	0	7	3	10

Occupational category	Gender	Number of employees as at 1 April 2023	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Sub Total	Female	295	0	160	46	206
	Male	210	0	111	23	134
Total		505	0	271	69	340

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2023 and 31 March 2024

Nature of injury on duty	Number	% of total
Required basic medical attention only	3	33.33
Temporary Total Disablement	6	66.67
Permanent Disablement	0	0.00
Fatal	0	0.00
Total	9	100.00

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:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- 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 2023 and 31 March 2024

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
None	Nil	0	R0.00
Total	Nil	0	R0.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	0	0	R0.00
Total	0	0	R0.00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

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	R0.00
Total	0	0	R0.00

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2023 and 31 March 2024

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None	0	0	R0.00
Total	0	0	R0.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	0	0	R0.00
Total	0	0	R0.00

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

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	R0.00
Total	0	0	R0.00

3.16 Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2023 and 31 March 2024

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

ANNUAL REPORT 2023/24



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

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

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023/24 R'000	2022/2023 R'000
Opening balance	2 836 172	797 043
Adjustment to opening balance	-	870 519
Opening balance as restated	2 836 172	1 667 562
Add: Irregular expenditure confirmed	148 366	1 168 610
Less: Irregular expenditure condoned	(2 263 454)	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	721 084	2 836 172

R2 263 454 condoned Irregular Expenditure includes R1 988 859 that was confirmed during 2023/24 and R274 595 identified from previous financial years.

Reconciling notes

Description	2023/2024 R'000	2022/2023 R'000
Irregular expenditure that was under assessment	60 836	1 168 610
Irregular expenditure that relates prior year and identified in the current year	-	-
Irregular expenditure for the current year	87 530	-
Total	148 366	1 168 610

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

Description	2023/2024 R'000	2022/2023 R'000
Irregular expenditure under assessment	-	1 928 023
Irregular expenditure under determination	-	213
Irregular expenditure under investigation	-	-
Total 1	-	1 928 236

Irregular expenditure of R1 928 022 that was under assessment in 2022/23 financial year has been confirmed and condoned during 2023/24 financial year, it relates to advanced payments made to implementing agencies.

c) Details of current and previous year irregular expenditure condoned

Description	2023/2024 R'000	2022/2023 R'000
Irregular expenditure condoned	2 263 454	-
Total	2 263 454	-

16 cases of Irregular Expenditure have been condoned during 2023/24 financial year.

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	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

No removal of irregular expenditure effected.

e) Details of irregular expenditure recovered

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	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 irregular expenditure cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2023/2024	2022/2023
	R'000	R'000
None		
Total		

None

i) Details of 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. However, some members are contesting the claims, resulting to delays in the finalization of the process.
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. However, some members are contesting the claims, resulting to delays in the finalization of the process.
The intention to discipline letters were issued to SCM secretariat where irregular expenditure related to inconsistent scoring of bids. However, some employees are contesting the claims, resulting to delays in the finalization of the process.

None

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	60 652	17 097
Adjustment of opening balance	-	-
Opening balance are restated	60 652	17 097
Add: Fruitless and wasteful expenditure confirmed	2 982	43 810
Less: Fruitless and wasteful expenditure recoverable	(7)	-
Less: Fruitless and wasteful expenditure written off	(15 658)	(255)
Closing balance	47 969	60 652

An amount of R15 658 has been written off and R7 has been recovered during 2023/24 financial year.

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in current year	-	31 725
Fruitless and wasteful expenditure for the current year	2 982	12 085
Total	2 982	43 810

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

Description ²	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	16 842
Fruitless and wasteful expenditure under determination	16 243	43 810
Fruitless and wasteful expenditure under investigation	-	-
Total³	16 243	60 652

An amount of R11 634 relates to cases that were referred to arbitration, awaiting the outcome of arbitration process.

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 recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recoverable	7	-
Total	7	-

None

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

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	15 658	255
Total	15 658	255

e) Details of 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	2023/2024	2022/2023
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance restated	-	-
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	2023/2024	2022/2023
	R'000	R'000
Unauthorised expenditure that was under assessment	-	-
Unauthorised expenditure that relates to the prior year and identified in the current year	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

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

Description	2023/2024	2022/2023
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total⁵	-	-

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	2023/2024	2022/2023
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	-	-

None

b) Details of other material losses

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
<i>(Group major categories, but list material items)</i>	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

None

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

Other material losses recovered

Nature of losses	2023/2024	2022/2024
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

None

c) Other material losses written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)	-	-
	-	-
	-	-
	-	-
	-	-
Total	-	-

None

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description Value	Number of invoices	Consolidated
	R'000	R'000
Valid invoices received	1 999	R65 226
Invoices paid within 30 days or agreed period	1 754	R54 777
Invoices paid after 30 days or agreed period	178	R3 425
Invoices older than 30 days or agreed period (unpaid and without dispute)	67	R7 024
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

- Delays in preparation of new expenditure approvals and commitment registers for the accruals that were carried over into the new financial year as the payments are made in the funding for the 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
				R'000	R'000	R'000
Ebenezer 1000 (ward 25-200 units) Housing Project	Ezuluweni Construction (Pty) Ltd	Construction of one unit for a disabled beneficiary	SCMU11-19/20-RFQ008	28 688	5 648	372
Ebenezer 1000 (ward 25-200 units) Housing Project	Ezuluweni Construction (Pty) Ltd	Construction of 46 units and one unit for a disabled beneficiary	SCMU11-19/20-RFQ008	28 688	372	8 394
OR Tambo 684 Destitute Project KSD 362:	Jordan Construction (Pty) Ltd	Foundation and difficult terrain	SCMU11-13/14-D018	76 608	17 364	12 087
Mposhongweni 500 Rural Housing Project: Appointment of a Professional Service Provider for provision of project inception, planning/design and construction services on 500 units with partial services in Mposhongweni at Matatiele Local Municipality under Alfred Nzo region-request for variation order	JTP consortium	Beneficiary Administration	SCMU11-21/22-002	4 110	186	181
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	Thomas Construction & General Trading	Double Handling	SCMU11-17/18-L0002(H)	3 701	Nil	386
Flagstaff 847 Housing Project (Holly Cross 500 and Ingquza 347)	Mahiri Construction	Difficult Terrain & Price Adjustment	SCMU11-13/14-D0126	81 693	35 965	11 490
Cala 1393 (ward 1, 3 and 6) Housing Project - Appointment of a Turnkey Contractor	Mahiri Construction	Price Escalation	SCMU11-13/14-0071	135 437	28535	9 548
Nkondlo 500 and Gooboti 300- Appointment of a Turnkey Contractor to complete 92 new units left at various stages and construction of 200 new units	Real Deal Investors	Expansion of scope by 20 units under Moshi and 08 additional units Nkondlo	SCMU11-21/22-002	42 192	Nil	5 031
Mavuso Housing Project-Appointment of a Contractor for construction of 166 new units, completion of 129 units at various stages and erecting of 295 VIP toilets	Gaza Construction	Provision of Professional Services	SCMU11-21/22-103	34 991	Nil	2 493
Mavuso Housing Project-Appointment of a Contractor for construction of 166 new units, completion of 129 units at various stages	Gaza Construction	Replacement of roof covering, rainwater goods, plaster and retaining	SCMU11-21/22-103	34 991	2 493	4 182

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
				R'000	R'000	R'000
and erecting of 295 VIP toilets		walls				
Qebe/Silindini 500 (150) and Mntuntlani 1500 (200) housing project	Mahiri Construction	Triple handling of material	SCMU11-13/14-0071	57 474	Nil	13 597
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	Stone Rose Trading Projects	Double handling of material	SCMU11-17/18-L0002(D)	3 701	Nil	677
Mampondomiseni 300 (114) and Nyandeni 77 housing project	Real Deal Investors	Expansion of scope by 45 units	SCMU11-19/20-RFQ0015	30 207	4 520	8931
Mbodleni 1000 (428) housing project - Appointment of a contractor for construction of 428 units at Mbodleni in Umzimvubu Local Municipality	Ikhaya Development Trust	NHBRC requirements	SCMU11-21/22-001	40 166	Nil	8 770
Scenery Park 947 housing project: Appointment of a turnkey contractor for the construction of 947 units in Scenery Park	Bendolite Trading Pty Ltd	Extension of scope of work by 16 units	SCMU11-15/16-0047	108 419	42 904	3 513
Scenery Park 947 housing project: Appointment of a turnkey contractor for the construction of 947 units in Scenery Park	Bendolite Trading Pty Ltd	Extension of scope of work by 80 units	SCMU11-15/16-0047	108 419	46 418	17 564
Appointment of a Turnkey Contractor for construction of 144 units in Lotana 300 (144) and Chulunca 300 (231) housing project in Mhlontlo Local Municipality -request for variation order	TDG Joint Venture	Double handling of material	SCMU11-19/20-RFQ0020	55 500	Nil	6 394
Alfred Nzo 1119 (Umzimvubu 45) housing project -Umzimvubu 45 emergency housing project: Appointment of a turnkey contractor for the construction of 45 new units at Umzimvubu Local Municipality	Amyoli Developers	Extension of scope of work by 45 VIP toilets	SCMU11-20/21-064	6 608	R2 460 947,50	630
Ebenezer 1000 (ward 25-200 units) housing project	Ezuluweni Construction (Pty) Ltd	Expansion of scope of work by 07 Military Veteran units	SCMU11-19/20-RFQ008	R28,688	Nil	1 665
Cala 2693 (ward 8 and 9) housing project - Appointment of a turnkey contractor for construction of 1409 units in Cala	Quantum Leap Investments 656 Pty Ltd	Price Escalation	SCMU11-13/14-0072	91 913	57 009	11 029

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
				R'000	R'000	R'000
Sterkspruit 4000 (539) housing project - Appointment of a turnkey for construction of 539 units	Kantey And Templer Consulting Engineers	Price Escalation	SCMU11-15/16-L0026	71 957	13 090	1 300
Steynsburg 220 phase 2: Appointment of a professional service provider for pre-planning, project management, supervision, monitoring and close out installation of 160 engineering services and construction of 100 units in Steynsburg under Walter Sisulu Local Municipality	Techi Engineers	Environmental Impact Assessment	SCMU11-22/23-016	2 574	Nil	166
Appointment of a contractor for Kubusi 304 for construction of 173 units in Kubusi	Counterpoint Trading 420 cc	Price escalation, reduction of scope of work and additional milestones as informed by the assessment report	SCMU11-21/22-011	1 540	Nil	2 086
Appointment of a turnkey contractor for installation of 407 services and construction of 391 units at Kruisfontein	Bendolite Trading Pty Ltd	Enhancement of four (4) units for disabled beneficiaries	SCMU11-15/16-001	66 603	Nil	227
Steytlerville 82 (58) housing project: appointment of a contractor for construction of 58 units with connecting engineering services in Steytterville	Sikhokhele Trading	Additional scope of work	SCMU11-22/23-013	9 280	Nil	1 481
Mbidlana 300 (200) rural housing project: appointment of a contractor for construction of 200 housing units at Mbidlana in Elundini Local Municipality	Docrine Development Construction	Extension of scope of work on the existing contract	SCMU11-22/23-049	34 291	Nil	3 338
OR Tambo 850 disaster housing project (Nyandeni & Mhlontlo 137 units)	Dignify Construction Pty Ltd	Double Handling, solar panels and enhancement of 2 units for disabled beneficiaries	SCMU11-20/21-066	22 600	Nil	3 949
Port St Johns 321 rectification housing project	Everite Pty Ltd	The removal of asbestos, temporal shelters and retaining	SCMU11-15/16-D0037	60 999	Nil	8 422
Tsolo-Mhlontlo 1857 (619 subs) phase 1 housing project	Molegadi A Nape Business Enterprise (Pty) Ltd	Price escalation,	SCMU11-13/14-D033	79 127	16 589	6 712

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
				R'000	R'000	R'000
Komga zone 10 phase 1 housing project	Gaza Construction	Price escalation,	SCMU11-18/10-003	74 541	14 419	15 643
Uitenhage/Kwalanga Multi-Purpose Centre	NLG Contractors	Replacement of pipes to connect geysers, maintenance of geysers and installation of fire notifications.	SCMU11-22/23-038	897	Nil	123
Cradock 2700-1350 (758)	Verem Builders Pty Ltd	Price escalation	SCMU11-13/14-0013	126 066	3 232	12 265
Khayamnandi 289 rectification project-provision of professional services on the rectification of 289 units at Khayamnandi	Lilitha Project Managers	Price adjustment for professional fees	SCMU11-15/16-D0014	1 819	270	362
Supply, Erect, Dismantle, Transport, And Re-Erect 500 Temporary Shelters in the Province of The Eastern	Takela Group (Pty)Ltd	Expansion of scope of work by 50 units	SCMU11-21/22-048	32 200	6 440	3220
Supply, Erect, Dismantle, Transport, And Re-Erect 1000 Temporary Shelters in the Province of The Eastern	Mpiyakhe Engineering and Traffic Services	Price adjustment	SCMU11-22/23-050B	67 500	Nil	10 194
Appointment of a contractor for construction of 58 units with connecting engineering services in Steytlerville	Sikhokhele Trading	Additional scope of work	SCMU11-22/23-013	9 280	Nil	1 481
Total						197 903

Part F

FINANCIAL INFORMATION

ANNUAL REPORT 2023/24



Province of the
EASTERN CAPE
HUMAN SETTLEMENTS

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 150 to 188, which comprise the appropriation statement, statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Human Settlements as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act of South Africa, (Act no.5 of 2023) (Dora).

Basis for opinion

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in Note 28 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the department for the year ended, 31 March 2024.

Other matter

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 189 to 199 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the Accounting Officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS, the requirements of the PFMA and the Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority 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

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

14. 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.
15. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 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	53-65	To manage effective and efficient Human Settlements facilitation programme
Programme 4: Human Settlements Property and Asset Management	66-71	To oversee efficient and effective management of Human Settlements properties and assets.

16. 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.

17. 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
- all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

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

Programme 3: Housing Development

Number of Breaking New Ground (BNG) houses delivered

20. An achievement of 6,736 was reported against a target of 7,638. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the underachievement on the target was more than reported.

Programme 4: Human Settlements Property and Asset management

Various indicators

21. Based on the audit evidence, the actual achievements for two indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the underachievements on the targets were more than reported

Indicator	Target	Reported Achievement
Number of Post-1994 title deeds registered	4723	1456
Number of Pre-1994 title deeds registered	500	214

Achievement of planned targets

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

23. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 59 to 63.

Housing Development

Key service delivery indicators not achieved	Planned target	Reported achievement
<i>Targets achieved: 73.08%</i> <i>Budget spent: 99.83%</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	1
Number of houses handed over to Military Veterans	230	16
Number breaking New Ground (BNG) houses delivered	7638	6736

Material misstatements

24. 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. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

25. In accordance with the PAA and the general notice issued in terms thereof, we 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.
26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. 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.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

29. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 21 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by payment for goods and services that were not received. Fruitless and wasteful expenditure amounting to R8.2 million was incurred on the Ingquza Hill housing project

Strategic planning and performance management

30. 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).

Transfer of funds

31. Appropriate measures were not maintained to ensure that transfers and subsidies to entities were applied for their intended purposes, as required by section 38(1)(j) of the PFMA and treasury regulation 8.4.1.

Other information in the annual report

32. 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.
33. 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.
34. 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.
35. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
36. I have nothing to report in this regard.

Internal control deficiencies

37. I considered internal controls relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
38. The matters reported below are limited to the significant internal control deficiencies that resulted in material findings on the annual performance report and the material findings on compliance with legislation included in this report.
39. The department paid suppliers for milestones that were not built yet or complete, though the department has various level of staff members that are tasked with project management including monitoring and review work done by suppliers all these levels were unable to detect and prevent the deficiencies identified during verification.
40. The department's procedures and processes for reporting housing units as practically complete are inadequate to prevent or detect and correct misstatements, in addition the department has not designed and implemented effective controls and processes to ensure that title deeds registered are reported in the financial year of registration.

Material irregularities

41. 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

42. I identified a material irregularity during the audit and notified the accounting officer of this, 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. This material irregularity will be included in next year's auditor's report.

AUDITOR-GENERAL

East London

31 July 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor's responsibility for the audit

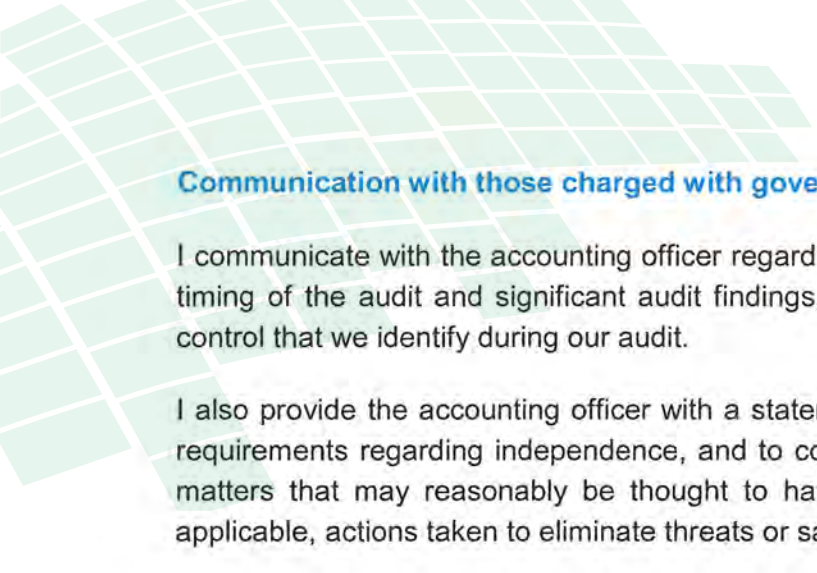
Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our 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 our 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 departmental'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. We 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 we conclude that a material uncertainty exists, we are required to draw attention in our 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 us 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 I am responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our 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 we identify during our audit.

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

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 1 Section 38(1)(a)(iv); 38(1)(b);38(1)(c);38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2); 45(b); Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury regulations 4.1.1; 4.1.3 Treasury regulations 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury regulations 6.3.1(a); 6.3.1(b); 6.3.1(c'); 6.3.1(d); 6.4.1(b) Treasury regulation 7.2.1 Treasury regulations 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury regulations 9.1.1; 9.1.4 Treasury regulations 10.1.1(a); 10.1.2 Treasury regulations 11.4.1; 11.4.2; 11.5.1 Treasury regulation 12.5.1 Treasury regulation 15.10.1.2(c') Treasury regulations 16A 6.1; 16A6.2(a) ,(b) & (e) ; 16A 6.3(a); 16A 6.3(b); 16A 6.3(c);16A6.3(d) ; 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A.7.3; 16A.7.6; 16A.7.7; TR 16A8.2 (1) and (2); 16A 8.3 16A8.3 (d); 16A 8.4; 16A9; 16A9.1; 16A9.1(b)(ii);16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 116A9.2; 16A9.2(a)(ii) &(iii); 16A9.1(f). Treasury regulation 17.1.1 Treasury regulation 18.2 Treasury regulation 19.8.4
Division of Revenue Act 5 of 2022	Dora 11(6)(a) Dora 12(5) Dora 16(1) Dora 16(3) Dora 16(3)(a)(i) Dora 16(3)(a)(ii)(bb)
Public Service Regulations	Public service regulations 18; 18 (1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulations 17 & 25(7A)
PPPFA	Section 2.1(a); 2.1(b); 2.1(f)

PPR 2017	Paragraphs 4.1; 4.2 Paragraphs 5.1; 5.3; 5.6; 5.7 Paragraphs 6.1; 6.2; 6.3; 6.5; 6.6 Paragraphs 7.1; 7.2; 7.3; 7.5; 7.6 Paragraphs 8.2; 8.5 Paragraphs 9.1; 9.2 Paragraph 11.2 Paragraphs 12.1 and 12.2
PPR 2022	Paragraphs 4.1; 4.2; 4.3; 4.4 Paragraphs 5.1; 5.2; 5.3; 5.4
SITA ACT	Section 7(3)
National Treasury Instruction Note 1 of 2015-16	Paragraphs 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021-22	Paragraphs 4.3; 4.4; 4.4 (a); 4.4 (c) -(d) Paragraphs 7.2; 7.6
NT SCM Instruction Note 11 2020-21	Paragraphs 3.1; 3.4 (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction Note 2 of 2021-22	Paragraphs 3.2.1; 3.2.4(a); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction Note 08 of 2022-23	Paragraphs 4.3.2 and 4.3.3
NT Instruction Note 4 of 2015-16	Paragraph 3.4
Second amendment of NTI 05 of 2020-21	Paragraphs 4.8; 4.9; 5.1; 5.3
Practice Note 7 of 2009-10	Paragraph 4.1.2
NT Instruction Note 1 of 2021-22	Paragraph 4.1

DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

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EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11

APPROPRIATION STATEMENT
for the year ended 31 March 2024

Appropriation per programme										
Programme	2023/24						2022/23			
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1. ADMINISTRATION	178,414	-	(6,352)	172,062	169,388	2,674	98.4%	197,517	192,622	
2. HOUSING NEEDS, RESEARCH AND PLANNING	20,670	-	340	21,010	21,010	-	100.0%	20,464	20,464	
3. HOUSING DEVELOPMENT	2,148,082	-	6,869	2,154,951	2,151,395	3,556	99.8%	2,353,421	2,264,457	
4. HOUSING ASSET MANAGEMENT	20,861	-	(857)	20,004	20,004	-	100.0%	22,223	22,222	
Subtotal	2,368,027	-	-	2,368,027	2,361,797	6,230	99.7%	2,593,625	2,499,765	
Statutory Appropriation	2,159	-	-	2,159	2,159	-	100.0%	2,096	2,096	
Members' remuneration	2,159	-	-	2,159	2,159	-	100.0%	2,096	2,096	
TOTAL	2,370,186	-	-	2,370,186	2,363,956	6,230	99.7%	2,595,721	2,501,861	

EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11

APPROPRIATION STATEMENT
for the year ended 31 March 2024

	2023/24			2022/23	
	Final Budget R'000	Actual Expenditure R'000		Final Budget R'000	Actual Expenditure R'000
TOTAL (brought forward)	2,370,186	2,363,956		2,595,721	2,501,861
Reconciliation with statement of financial performance					
ADD					
Departmental receipts	24,053			1,846	
Actual amounts per statement of financial performance (total revenue)	2,394,239			2,597,567	
Actual amounts per statement of financial performance (total expenditure)		2,363,956			2,501,861

EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11

APPROPRIATION STATEMENT
for the year ended 31 March 2024

Appropriation per economic classification									
	2023/24						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
Economic classification									
Current payments	434,877	-	2,243	437,120	437,102	18	100.0%	442,451	438,870
Compensation of employees	379,843	(1)	(7,348)	372,494	372,476	18	100.0%	363,633	360,052
Goods and services	55,034	1	9,591	64,626	64,626	-	100.0%	78,818	78,818
Transfers and subsidies	1,920,066	-	1,275	1,921,341	1,917,803	3,538	99.8%	2,136,982	2,048,026
Public corporations and private enterprises	-	1	-	1	1	-	100.0%	5	5
Households	1,920,066	(1)	1,275	1,921,340	1,917,802	3,538	99.8%	2,136,977	2,048,021
Payments for capital assets	15,243	-	(3,611)	11,632	8,958	2,674	77.0%	16,197	14,874
Machinery and equipment	15,243	-	(3,611)	11,632	8,958	2,674	77.0%	16,197	14,874
Payments for financial assets	-	-	93	93	93	-	100.0%	91	91
Total	2,370,186	-	-	2,370,186	2,363,956	6,230	99.7%	2,595,721	2,501,861

EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11

APPROPRIATION STATEMENT
for the year ended 31 March 2024

Programme 1: ADMINISTRATION										
		2023/24						2022/23		
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Sub programme										
1. OFFICE OF THE MEC	9,782	(303)	-	9,479	9,479	-	100.0%	7,534	6,929	
2. CORPORATE SERVICES	168,632	303	(6,352)	162,583	159,909	2,674	98.4%	189,983	185,693	
Total for sub programmes	178,414	-	(6,352)	172,062	169,388	2,674	98.4%	197,517	192,622	
Economic classification										
Current payments	162,970	-	(2,830)	160,140	160,140	-	100.0%	181,072	177,500	
Compensation of employees	121,997	-	(4,371)	117,626	117,626	-	100.0%	116,313	112,741	
Goods and services	40,973	-	1,541	42,514	42,514	-	100.0%	64,759	64,759	
Transfers and subsidies	201	-	(4)	197	197	-	100.0%	157	157	
Households	201	-	(4)	197	197	-	100.0%	157	157	
Payments for capital assets	15,243	-	(3,611)	11,632	8,958	2,674	77.0%	16,197	14,874	
Machinery and equipment	15,243	-	(3,611)	11,632	8,958	2,674	77.0%	16,197	14,874	
Payments for financial assets	-	-	93	93	93	-	100.0%	91	91	
Total	178,414	-	(6,352)	172,062	169,388	2,674	98.4%	197,517	192,622	

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APPROPRIATION STATEMENT
for the year ended 31 March 2024

Programme 2: HOUSING NEEDS, RESEARCH AND PLANNING									
2023/24							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	2,084	108	-	2,192	2,192	-	100.0%	957	957
2. POLICY	6,063	279	114	6,456	6,456	-	100.0%	6,465	6,465
3. PLANNING	5,880	(412)	21	5,489	5,489	-	100.0%	6,870	6,870
4. RESEARCH	6,643	25	205	6,873	6,873	-	100.0%	6,172	6,172
Total for sub programmes	20,670	-	340	21,010	21,010	-	100.0%	20,464	20,464
Economic classification									
Current payments	20,409	-	(283)	20,126	20,126	-	100.0%	19,684	19,684
Compensation of employees	19,431	-	(493)	18,938	18,938	-	100.0%	18,590	18,590
Goods and services	978	-	210	1,188	1,188	-	100.0%	1,094	1,094
Transfers and subsidies	261	-	623	884	884	-	100.0%	780	780
Households	261	-	623	884	884	-	100.0%	780	780
Total	20,670	-	340	21,010	21,010	-	100.0%	20,464	20,464

EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
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APPROPRIATION STATEMENT
for the year ended 31 March 2024

Programme 3: HOUSING DEVELOPMENT									
2023/24							2022/23		
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. ADMINISTRATION	2,573	(133)	-	2,440	2,440	-	100.0%	2,156	2,156
2. FINANCIAL INTERVENTIONS	216,131	93,370	-	309,501	309,424	77	100.0%	327,015	327,003
3. INCREMENTAL INTERVENTIONS	1,202,823	(22,854)	1,737	1,181,706	1,178,245	3,461	99.7%	1,286,643	1,197,691
4. RURAL INTERVENTION	726,555	(70,383)	5,132	661,304	661,286	18	100.0%	737,607	737,607
Total for sub programmes	2,148,082	-	6,869	2,154,951	2,151,395	3,556	99.8%	2,353,421	2,264,457
Economic classification									
Current payments	228,518	-	6,173	234,691	234,673	18	100.0%	218,218	218,210
Compensation of employees	216,188	(1)	(1,493)	214,694	214,676	18	100.0%	206,009	206,001
Goods and services	12,330	1	7,666	19,997	19,997	-	100.0%	12,209	12,209
Transfers and subsidies	1,919,564	-	696	1,920,260	1,916,722	3,538	99.8%	2,135,203	2,046,247
Public corporations and private enterprises	-	1	-	1	1	-	100.0%	-	-
Households	1,919 564	(1)	696	1,920,259	1,916,721	3,538	99.8%	2,135,203	2,046,247
Total	2,148,082	-	6,869	2,154,951	2,151,395	3,556	99.8%	2,353,421	2,264,457

APPROPRIATION STATEMENT
for the year ended 31 March 2024

Programme 4: HOUSING ASSET MANAGEMENT									
2023/24							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	2,826	2	35	2,863	2,863	-	100.0%	2,812	2,812
2. SALE AND TRANSFER OF HOUSING PROPERTY	3,967	(235)	(581)	3,151	3,151	-	100.0%	6,289	6,289
3. DEVOLUTION OF HOUSING PROPERTIES	4,133	233	25	4,391	4,391	-	100.0%	3,678	3,677
4. SOCIAL AND RENTAL INTERVENTION	9,935	-	(336)	9,599	9,599	-	100.0%	9,444	9,444
Total for sub programmes	20,861	-	(857)	20,004	20,004	-	100.0%	22,223	22,222
Economic classification									
Current payments	20,821	-	(817)	20,004	20,004	-	100.0%	21,381	21,380
Compensation of employees	20,068	-	(991)	19,077	19,077	-	100.0%	20,625	20,624
Goods and services	753	-	174	927	927	-	100.0%	756	756
Transfers and subsidies	40	-	(40)	-	-	-	-	842	842
Public corporations and private enterprises	-	-	-	-	-	-	-	5	5
Households	40	-	(40)	-	-	-	-	837	837
Total	20,861	-	(857)	20,004	20,004	-	100.0%	22,223	22,222

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APPROPRIATION STATEMENT
for the year ended 31 March 2024

Statutory appropriation per economic classification									
2023/24									
	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	2,159	-	-	2,159	2,159	-	100.0%	2,096	2,096
Compensation of employees	2,159	-	-	2,159	2,159	-	100.0%	2,096	2,096
Total	2,159	-	-	2,159	2,159	-	100.0%	2,096	2,096

**EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2024**

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	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Administration	174,221	171,547	2,674	1.53
Housing Needs, Research and Planning	21,010	21,010	-	-
Housing Development	2,154,951	2,151,395	3,556	0.17
Housing Asset Management	20,004	20,004	-	-
Total	2,370,186	2,363,956	6,230	0.26%

4.2 Per economic classification

Economic classification	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	372,494	372,476	18	0.00
Goods and services	64,626	64,626	-	-
Transfers and subsidies				
Public corporations and private enterprises	1	1	-	-
Households	1,921,340	1,917,802	3,538	0.18
Payments for capital assets				
Machinery and equipment	11,632	8,958	2,674	22.99
Payments for financial assets	93	93	-	-
Total	2,370,186	2,363,956	6,230	0.26%

Households: The underspending is attributable to Informal Settlements Upgrading (ISUP) grant payments made at year end that were with-held by Provincial Treasury as they had required additional supporting documentation.

Machinery and Equipment: The underspending is due to ICT equipment procured but not delivered by the service provider due to shortage of stock in the country.

A roll-over request for both ISUP and machinery and equipment has been made to Provincial Treasury.

**EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2024**

4.3 Per conditional grant

Conditional grant	Final Budget	Actual Expenditure	Variance	Variance as a percentage of Final Budget
	R'000	R'000	R'000	%
Human Settlement Development Grant	1,405,922	1,405,845	77	0.01
Expanded Public Works Programme	2,216	2,364	(148)	(6.68)
Informal Settlements Upgrading Partnership	496,371	492,917	3,454	0.70
Provincial Emergency Housing Grant	16,860	16,853	7	0.04
Total	1,921,369	1,917,979	3,390	0.18

The underspending is attributable to Informal Settlements Upgrading (ISUP) grant payments made at year end that were with-held by Provincial Treasury as they had required additional supporting documentation. A roll-over request has been made to Provincial Treasury.

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STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
REVENUE			
Annual appropriation	1	2,368,027	2,593,625
Statutory appropriation	2	2,159	2,096
Departmental revenue	3	24,053	1,846
TOTAL REVENUE		2,394,239	2,597,567
EXPENDITURE			
Current expenditure			
Compensation of employees	4	372,477	360,052
Goods and services	5	64,626	78,818
		437,103	438,870
Transfers and subsidies			
Transfers and subsidies	7	1,917,803	2,048,026
		1,917,803	2,048,026
Expenditure for capital assets			
Tangible assets	8	8,958	14,874
		8,958	14,874
Payments for financial assets	6	92	91
TOTAL EXPENDITURE		2,363,956	2,501,861
SURPLUS FOR THE YEAR		30,283	95,706
Reconciliation of Net Surplus for the year			
Voted funds		6,230	93,860
Annual appropriation		2,674	4,904
Conditional grants		3,556	88,956
Departmental revenue and NRF receipts	13	24,053	1,846
SURPLUS FOR THE YEAR		30,283	95,706

**EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 11**

**STATEMENT OF FINANCIAL POSITION
as at 31 March 2024**

	Note	2023/24 R'000	2022/23 R'000
ASSETS			
Current assets		17,001	96,067
Cash and cash equivalents	9	16,453	95,198
Receivables	11	548	869
TOTAL ASSETS		17,001	96,067
LIABILITIES			
Current liabilities		17,001	96,067
Voted funds to be surrendered to the Revenue Fund	12	6,230	93,860
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	6,204	154
Payables	14	4,567	2,053
TOTAL LIABILITIES		17,001	96,067

**EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
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**STATEMENT OF CHANGES IN NET ASSETS
as at 31 March 2024**

	Note	2023/24 R'000	2022/23 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		-	-

**EASTERN CAPE: DEPARTMENT OF HUMAN SETTLEMENTS
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**CASH FLOW STATEMENT
for the year ended 31 March 2024**

	Note	2023/24 R'000	2022/23 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,395,784	2,598,948
Annual appropriation funds received	1.1	2,368,027	2,593,625
Statutory appropriation funds received	2	2,159	2,096
Departmental revenue received	3	401	1,755
Interest received	3.2	25,197	1,472
Net (increase)/decrease in net working capital		2,835	(10,053)
Surrendered to Revenue Fund		(113,686)	(62,298)
Current payments		(437,103)	(438,870)
Payments for financial assets		(92)	(91)
Transfers and subsidies paid		(1,917,803)	(2,048,026)
Net cash flow available from operating activities	15	(70,065)	39,610
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(8,958)	(14,874)
Proceeds from sale of capital assets	3.3	278	364
Net cash flow available from investing activities		(8,680)	(14,510)
Net increase/(decrease) in cash and cash equivalents		(78,745)	25,100
Cash and cash equivalents at beginning of period		95,198	70,098
Cash and cash equivalents at end of period	16	16,453	95,198

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.

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. Appropriated funds are measured at the amounts receivable.

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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024**

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.

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:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

- 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. They 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

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 policies, estimates and errors

Changes in accounting policies are applied in accordance with MCS requirements.

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 Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

23. Related party transactions

Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

The 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:

	2023/24			2022/23		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
Administration	178,414	178,414	-	200,211	200,211	-
Housing Needs, Research and Planning	20,670	20,670	-	20,496	20,496	-
Housing Development	2,148,082	2,148,082	-	2,350,666	2,350,666	-
Housing Asset Management	20,861	20,861	-	22,252	22,252	-
Total	2,368,027	2,368,027	-	2,593,625	2,593,625	-

1.2. Conditional grants

	Note	2023/24 R'000	2022/23 R'000
Total grants received	30	1,921,369	2,138,012
Provincial grants included in total grants received		1,921,369	2,138,012

2. Statutory Appropriation

	Note	2023/24 R'000	2022/23 R'000
Members' remuneration		2,159	2,096
Total		2,159	2,096
Actual Statutory Appropriation received		2,159	2,096

3. Departmental revenue

	Note	2023/24 R'000	2022/23 R'000
Sales of goods and services other than capital assets	3.1	332	301
Interest, dividends and rent on land	3.2	25,197	1,472
Sales of capital assets	3.3	278	364
Transactions in financial assets and liabilities	3.4	69	1,454
Total revenue collected		25,876	3,591
Less: Own revenue included in appropriation	13	(1,823)	(1,745)
Total		24,053	1,846

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3.1. Sales of goods and services other than capital assets

	Note	2023/24 R'000	2022/23 R'000
Sales of goods and services produced by the department		332	301
Other sales		332	301
Total	3	332	301

3.2. Interest, dividends and rent on land

	Note	2023/24 R'000	2022/23 R'000
Interest		25,197	1,472
Total	3	25,197	1,472

3.3. Sales of capital assets

	Note	2023/24 R'000	2022/23 R'000
Tangible capital assets		278	364
Buildings and other fixed structures		278	364
Total	3	278	364

3.4. Transactions in financial assets and liabilities

	Note	2023/24 R'000	2022/23 R'000
Other receipts including Recoverable Revenue		69	1,454
Total	3	69	1 454

3.4.1. Gifts, donations and sponsorships received in-kind (not included in the main note or sub note)

	Note	2023/24 R'000	2022/23 R'000
	<i>Annex 1C</i>		
Donations		253	170
Total gifts, donations and sponsorships received in kind		253	170

4. Compensation of employees

4.1. Analysis of balance

	Note	2023/24 R'000	2022/23 R'000
Basic salary		265,627	250,367
Performance award		-	568
Service based		21,258	20,041
Compensative/circumstantial		1,766	1,690
Other non-pensionable allowances		33,975	40,743
Total		322,626	313,409

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4.2. Social contributions

	<i>Note</i>	2023/24 R'000	2022/23 R'000
Employer contributions			
Pension		34,307	32,354
Medical		15,302	14,210
Bargaining council		61	59
Insurance		181	20
Total		49,851	46,643
Total compensation of employees		372 477	360,052
Average number of employees		509	540

5. Goods and services

	<i>Note</i>	2023/24 R'000	2022/23 R'000
Administrative fees		207	168
Advertising		582	115
Minor assets	5.1	27	778
Bursaries (employees)		1,270	937
Catering		11	65
Communication		4,908	6,599
Computer services	5.2	3,661	15,337
Consultants: Business and advisory services		916	657
Legal services		2,009	13,538
Contractors		128	50
Agency and support / outsourced services		2,364	2,989
Audit cost – external	5.3	10,671	11,655
Consumables	5.4	1,386	988
Operating leases		6,792	6,219
Property payments	5.5	30	-
Travel and subsistence	5.6	25,795	15,572
Venues and facilities		1,562	394
Training and development		1,665	2,250
Other operating expenditure	5.7	642	507
Total		64,626	78,818

5.1. Minor assets

	<i>Note</i>	2023/24 R'000	2022/23 R'000
Tangible capital assets		27	778
Machinery and equipment		27	778
Total	5	27	778

5.2. Computer services

	<i>Note</i>	2023/24 R'000	2022/23 R'000
SITA computer services		3,661	15,337
Total	5	3,661	15,337

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5.3. Audit cost - external

	Note	2023/24 R'000	2022/23 R'000
Regularity audits		10,671	11,655
Total	5	10,671	11,655

5.4. Consumables

	Note	2023/24 R'000	2022/23 R'000
Consumable supplies		727	315
Household supplies		381	315
IT consumables		276	-
Other consumables		70	-
Stationery, printing and office supplies		659	673
Total	5	1,386	988

5.5. Property payments

	Note	2023/24 R'000	2022/23 R'000
Other		30	-
Total	5	30	-

5.6. Travel and subsistence

	Note	2023/24 R'000	2022/23 R'000
Local		25,657	15,572
Foreign		138	-
Total	5	25,795	15,572

5.7. Other operating expenditure

	Note	2023/24 R'000	2022/23 R'000
Professional bodies, membership and subscription fees		520	-
Resettlement costs		22	144
Other		100	363
	5	642	507

6. Payments for financial assets

	Note	2023/24 R'000	2022/23 R'000
Other material losses written off	6.1	92	91
Total		92	91

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6.1. Other material losses written off

		2023/24	2022/23
Nature of losses	Note	R'000	R'000
Losses due to debt that is irrecoverable		92	91
Total	6	92	91

7. Transfers and subsidies

		2023/24	2022/23
	Note	R'000	R'000
Public corporations and private enterprises	Annex 1A	1	5
Households	Annex 1B	1,917,802	2,048,021
Total		1,917,803	2,048,026

Included in the total of R1,9 billion above for 2023/24 is R 231 million that was paid as an advance to implementing agencies of which R 99 million was not spent at year and R103 million was refunded to the department due to low performance by CDC (Coega).

8. Expenditure for capital assets

		2023/24	2022/23
	Note	R'000	R'000
Tangible capital assets		8,958	14,874
Machinery and equipment		8,958	14,874
Total		8,958	14,874

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

	Voted funds	Total
Name of entity	R'000	R'000
Tangible capital assets	8,958	8,958
Machinery and equipment	8,958	8,958
Total	8,958	8,958

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

	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

8.3. Finance lease expenditure included in Expenditure for capital assets

		2023/24	2022/23
	Note	R'000	R'000
Tangible capital assets			
Machinery and equipment		6,528	6,112
Total		6,528	6,112

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9. Cash and cash equivalents

	Note	2023/24 R'000	2022/23 R'000
Consolidated Paymaster General Account		16,453	95,198
Total		16,453	95,198

There are no significant cash and cash equivalent balances held by the department that are not available for use.

10. Prepayments and advances

10.1. Advances paid (Expensed)

2023/24					
	Amount as at 1 April 2023	Less: Received in the current year	Less: Other	Add Current year advances	Amount as at 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Public entities	892,440	(154,334)	(452,306)	102,238	388,038
Other entities	217,536	-	(185,227)	128,893	161,202
Total	1,109,976	(154,334)	(637,533)	231,131	549,240

2022/23					
	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

11. Receivables

		2023/24			2022/23		
	Note	Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	236	-	236	474	-	474
Staff debt	11.2	305	-	305	386	-	386
Other receivables	11.3	7	-	7	9	-	9
Total		548	-	548	869	-	869

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10.2. Claims recoverable

	Note	2023/24 R'000	2022/23 R'000
Provincial departments		236	474
Total	11	236	474

10.3. Staff debt

	Note	2023/24 R'000	2022/23 R'000
Debt Account		305	386
Total	11	305	386

10.4. Other receivables

	Note	2023/24 R'000	2022/23 R'000
Sal: Tax Debt		1	1
Sal: Insurance Deduction		-	2
Sal: Medical Aid		6	6
Total	11	7	9

11. Voted funds to be surrendered to the Revenue Fund

	Note	2023/24 R'000	2022/23 R'000
Opening balance		93,860	58,505
Transferred from statement of financial performance (as restated)		6,230	93,860
Paid during the year		(93,860)	(58,505)
Closing balance		6,230	93,860

11.1. Reconciliation on unspent conditional grants

	Note	2023/24 R'000	2022/23 R'000
Total conditional grants received	1.2	1,921,369	2,138,012
Total conditional grants spent		(1,917,979)	(2,049,057)
Unspent conditional grants to be surrendered		3,390	88,955
Due by the Provincial Revenue Fund		3,390	88,955

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

	Note	2023/24 R'000	2022/23 R'000
Opening balance		154	356
Transferred from statement of financial performance (as restated)		24,053	1,846
Own revenue included in appropriation		1,823	1,745
Paid during the year		(19,826)	(3,793)
Closing balance		6,204	154

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13. Payables - current

	Note	2023/24 R'000	2022/23 R'000
Amounts owing to other entities		4,440	1,408
Clearing accounts	14.1	1	80
Other payables	14.2	126	565
Total		4,567	2,053

13.1. Clearing accounts

Description	Note	2023/24 R'000	2022/23 R'000
Sal: ACB Recalls: CA		1	80
Total	14	1	80

13.2. Other payables

Description	Note	2023/24 R'000	2022/23 R'000
Sal: GEHS Refund Control		49	468
Debt Receivable Income		77	96
Sal: Pension Fund		-	1
Total	14	126	565

14. Net cash flow available from operating activities

	Note	2023/24 R'000	2022/23 R'000
Net surplus as per Statement of Financial Performance		30,283	95,706
Add back non-cash/cash movements not deemed operating activities		(100,348)	(56,096)
(Increase)/decrease in receivables		321	(124)
Increase/(decrease) in payables - current		2,514	(9,929)
Proceeds from sale of capital assets		(278)	(364)
Expenditure on capital assets		8,958	14,874
Surrenders to Revenue Fund		(113,686)	(62,298)
Own revenue included in appropriation		1,823	1,745
Net cash flow generated by operating activities		(70,065)	39,610

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

	Note	2023/24 R'000	2022/23 R'000
Consolidated Paymaster General account		16,453	95,198
Total		16,453	95,198

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16. Contingent liabilities and contingent assets

16.1. Contingent liabilities

Liable to	Nature	Note	2023/24	2022/23
			R'000	R'000
Housing loan guarantees	Employees	Annex 2A	398	398
Claims against the department		Annex 2B	232,686	77,129
Intergovernmental payables		Annex 4	-	5,406
Total			233,084	82,933

Included in the claims against the department is R233 million which relates to court claims against the department. These claims include a case relating to Hlano Financial Services amounting to R210 million, balance prior to this matter had reduced from R77 million to R23 million. The date of settlement of these matters and final amount thereof is uncertain and dependant on the outcome of the pending court cases.

16.2. Contingent assets

Nature of contingent asset	Note	2023/24	2022/23
		R'000	R'000
Amount paid in error to developer Utshungu - Urban and Rural		-	831
Hlalanathi Social Housing Association		150	150
Khumbula Properties		4,214	4,214
Mcwerha Construction CC		150	150
Reity Holdings & My Pride Smile Africa (Pty) Ltd		150	150
Ntema Investments		100	-
Taba Construction		100	100
Recovery of funds overpaid – HROPT		3	3
Simple Drummer Trading & Projects		-	100
Recovery of no work no pay from employees		-	503
Buildnat Developers		150	150
Gqange Construction		86	86
Total		5,103	6,437

Included in the Contingent Assets above is R4,2 million relating to Khumbula Properties that has been subsequently approved for write-off by the Accounting Officer in May 2024 due to liquidation of said company.

17. Accruals and payables not recognised

17.1. Accruals

Listed by economic classification	Note	2023/24			2022/23
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		3,678	531	4,209	5,326
Other		409	100	509	301
Total		4,087	631	4,718	5,627

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Listed by programme level	<i>Note</i>	2023/24 R'000	2022/23 R'000
Administration		2,862	3,025
Housing Needs, Research and Planning		60	183
Housing Development		1,705	2,202
Housing Asset Management		91	217
Total		4,718	5,627

17.2. Payables not recognised

Listed by economic classification	<i>Note</i>	2023/24			2022/23
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Goods and services		384	6,883	7,267	332
Transfers and subsidies		137,053	10,036	147,089	38,752
Other		81	167	248	398
Total		137,518	17,086	154,604	39,482

Listed by programme level	<i>Note</i>	2023/24 R'000	2022/23 R'000
Administration		7,206	399
Housing Needs, Research and Planning		32	31
Housing Development		147,360	39,046
Housing Asset Management		6	6
Total		154,604	39,482

Included in the above totals are the following:	<i>Note</i>	2023/24 R'000	2022/23 R'000
Confirmed balances with other departments	<i>Annex 5</i>	7,278	346
Total		7,278	346

18. Employee benefits

	<i>Note</i>	2023/24 R'000	2022/23 R'000
Leave entitlement		19,446	19,859
Service bonus		10,821	10,414
Capped leave		9,546	10,261
Other (Long Service Awards)		145	54
Total		39,958	40,588

Included in the leave entitlement balance is the negative leave days amounting to R108 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.

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19. Lease commitments

19.1. Operating leases

	2023/2024	
	Machinery and equipment	Total
	R'000	R'000
Not later than 1 year	897	897
Later than 1 year and not later than 5 years	911	911
Total lease commitments	1,808	1,808

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

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

19.2. Finance leases

	2023/2024	
	Machinery and equipment	Total
	R'000	R'000
Not later than 1 year	6,547	6,547
Later than 1 year and not later than 5 years	7,300	7,300
Total lease commitments	13,847	13,847

	2022/2023	
	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

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

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20. Accrued departmental revenue

	Note	2023/24 R'000	2022/23 R'000
Interest, dividends and rent on land		88,187	75,892
Other		21,893	22,523
Total		110,080	98,415

The balance of R 110 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 21.2 below.

20.1. Analysis of accrued departmental revenue

	Note	2023/24 R'000	2022/23 R'000
Opening balance		98,415	37,467
Prior period error		495	5,088
Restated amount		98,910	42,555
Less: amounts received		(61,132)	(1,492)
Add: amounts recorded		72,302	57,352
Closing balance		110,080	98,415

The opening balance was restated from R98,4 million to R98,9 million as information was only made available by KSD, Ndlambe, Blue Crane and Makana municipalities in the 2023/24 financial year.

Incorporated within the R110 million above, is R35,3 million which was paid directly to National Treasury by the HDA in September 2023 relating to the interest earned on the trust account.

20.2. Impairment of accrued departmental revenue

	Note	2023/24 R'000	2022/23 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.

21. Irregular and Fruitless and wasteful expenditure

	Note	2023/24 R'000	2022/23 R'000
Irregular expenditure - current year		148,366	1,168,610
Fruitless and wasteful expenditure - current year		2,982	43,810
Total		151,348	1,212,420

Irregular expenditure relating to prior year was adjusted from R111 mil to R1,2 billion due to irregular expenditure that was under assessment in 2022/23 financial year but was confirmed to be irregular during the financial year under review. The comparative amount of R1,168 billion and current financial year amount of R148,3 million relating to irregular expenditure above, includes the

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amounts of R1,058 billion and R60,8 million respectively, relating to advances made to implementing agencies that has been condoned by Provincial Treasury in May 2024. The condonement is an adjusting event and reported as such in the Annual Report. Of the R148,3 million reported in the current financial year, R49,8 million has been condoned by Provincial Treasury in October 2023 and has been reported as such in the Annual Report. Information on any criminal or disciplinary steps taken as a result of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

22. Related party transactions

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

23. Key management personnel

	2023/24 R'000	2022/23 R'000
Political office bearers	2,159	2,096
Officials:		
Level 15-16	1,953	1,770
Level 14	11,475	10,905
Total	15,587	14,771

The posts for Accounting Officer and Chief Director: Corporate Services were vacant during some periods of the financial year. Director was tasked to act in the role of Chief Director: Incremental Programs whilst said Chief Director acted as Accounting Officer, their remuneration has been included in the total above for the relevant months of acting. Some directors were tasked to act in the role of Chief Director – Corporate services and their remuneration has been included in the above total for the relevant months in which they were acting.

24. Provisions

	2023/24 R'000	2022/23 R'000
Note		
Retentions	10,660	715
Total	10,660	715

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.

Reconciliation of movement in provisions - Current year

	2023/2024	
	Retentions	Total provisions
	R'000	R'000
Opening balance	715	715
Increase in provision	60,855	60,855
Settlement of provision	(50,910)	(50,910)
Closing balance	10,660	10,660

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Reconciliation of movement in provisions - Prior year

	2022/2023	
	Retentions	Total provisions
	R'000	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

25. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	2023/24				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	57,548	-	2,430	(2,415)	57,563
Transport assets	1,632	-	-	-	1,632
Computer equipment	44,605	-	2,345	(2,260)	44,690
Furniture and office equipment	9,143	-	80	(98)	9,125
Other machinery and equipment	2,168	-	5	(57)	2,116
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	57,548	-	2,430	(2,415)	57,563

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		29	457
Total		29	457

There has been a reduction on assets under investigation as write-offs have been finalised during 2023/2024. The remaining assets are still under investigation.

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

	2022/23				
	Opening balance	Prior period error	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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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25.2. Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024	
	Machinery and equipment	Total
	R'000	R'000
Opening balance	9,167	9,167
Additions	27	27
Disposals	(211)	(211)
Total Minor assets	8,983	8,983

	2023/2024	
	Machinery and equipment	Total
Number of R1 minor assets	604	604
Number of minor assets at cost	4,674	4,674
Total number of minor assets	5,278	5,278

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:			
Machinery and equipment		25	41

There has been a reduction on assets under investigation as write-offs have been finalised during 2023/2024. The remaining assets are still under investigation.

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

	2022/2023	
	Machinery and equipment	Total
	R'000	R'000
Opening balance	8,389	8,389
Additions	778	778
Total Minor assets	9,167	9,167

	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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

25.3. Movable tangible capital assets written off

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2024

	2023/2024	
	Machinery and equipment	Total
	R'000	R'000
Assets written off	494	494
Total movable assets written off	494	494

26. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	2023/24			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	483	-	-	483
TOTAL INTANGIBLE CAPITAL ASSETS	483	-	-	483

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

	2022/23				
	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

27. Principal-agent arrangements

27.1. Department acting as the principal

	Note	2023/24 R'000	2022/23 R'000
Housing Development Agency		42,182	17,751
Coega Development Agency		2,160	-
Total		44,342	17,751

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 funding mentioned in note 7 above that are under the custodianship of the agencies.

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28. Prior period errors

28.1. Correction of prior period errors

		2022/23		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
Revenue: Accrued Departmental Revenue				
Opening balance understatement	21	98,415	495	98,910

Accrued Departmental Revenue was understated in the prior period as information was only made available by KSD, Ndlambe, Blue Crane and Makana municipalities after the reporting period.

		2022/23		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
Expenditure: Irregular Expenditure				
Comparative amount understatement	22	111,105	1,057,505	1,168,610
Expenditure: Fruitless & Wasteful				
Comparative amount understatement	22	12,085	31,725	43,810
Net Effect		123,190	1,089,230	1,212,420

Irregular expenditure relating to prior year was adjusted from R111 mil to R1,2 billion due to irregular expenditure that was under assessment in 2022/23 financial year but was confirmed to be irregular during the financial year under review. The comparative amount of R1,168 billion includes an amount of R1,058 billion relating to advances made to implementing agencies that has been condoned by Provincial Treasury in May 2024. The condonement is an adjusting event and reported as such in the Annual Report.

Fruitless & Wasteful expenditure was adjusted from R12 mil to R43,8 mil due to Fruitless Expenditure discovered during the current financial year but was actually related to prior year.

		2022/23		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
Other: Agent Principal Arrangement				
Comparative amount understatement	28	17,586	165	17,751
Net Effect		17,586	165	17,751

Agent Principal Arrangement relating to prior year was adjusted from R17,5 to R17,7 due to fees that were identified as understated in the prior year but were not corrected.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

29. Statement of conditional grants received

	2023/24						2022/23		
	GRANT ALLOCATION			SPENT			Division of Revenue Act / Provincial grants	Amount spent by department	R'000
	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under- / (Overspending)	% of available funds spent by department
Name of grant	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%
Human Settlement Development Grant	1,608 515	-	(202,593)	-	1,405,922	1,405,922	1,405,845	77	100.0%
Expanded Public Works Programme	2,455	-	(239)	-	2,216	2,216	2,364	(148)	106.7%
Informal Settlements Upgrading Partnership	478,343	72,092	(54,064)	-	496,371	496,371	492,917	3,454	99.3%
Provincial Emergency Housing Grant	-	16,860	-	-	16,860	16,860	16,853	7	100.0%
TOTAL	2,089,313	88,952	(256,896)	-	1,921,369	1,921,369	1,917,979	3,390	
							2,138,012		2,049,057

30. 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.

ANNEXURE 1A

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of public corporation / private enterprise	2023/24					2022/23		
	GRANT ALLOCATION			EXPENDITURE			Final Budget R'000	Actual transfer R'000
	Adjusted Budget R'000	Roll overs R'000	Adjust-ments R'000	Total Available R'000	Actual transfer R'000	% of Available funds transferred		
Private Enterprises								
Transfers	1	-	-	1	1	100%	5	5
Pd: Claims against the State	1	-	-	1	1	100%	5	5
Total	1	-	-	1	1	100%	5	5
Subsidies								
TOTAL	1	-	-	1	1	100%	5	5

ANNEXURE 1B
STATEMENT OF TRANSFERS TO HOUSEHOLDS

	2023/24					2022/23	
	TRANSFER ALLOCATION			EXPENDITURE		Final Budget	Actual transfer
Household	Adjusted Budget R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual transfer R'000	% of available funds transferred	R'000
Transfers							
Human Settlement Development Grant (HSDG)	1,608,515	-	(202,593)	1,405,922	1,405,845	100.0%	1,592,762
Social Benefits	913	-	1,274	2,187	2,187	100.0%	1,952
Informal Settlements Upgrading Partnership	478,343	72,092	(54,064)	496,371	492,917	99.3%	386,059
Provincial Emergency Housing Grant	-	16,860	-	16,860	16,853	100.0%	67,248
TOTAL	2,087,771	88,952	(255,383)	1,921,340	1,917,802		2,136,977
							2,048,021

ANNEXURE 1C

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2023/24	2022/23
		R'000	R'000
Received in kind			
Donations			
SASSA	5 blankets to destitute families	-	2
Social Development	3 food parcels to destitute families	-	1
Docrine Construction	Double bed with linen; 2 x 3/4 bed with linen and lounge suite to destitute families	-	21
Nata Construction	Double bed with linen; 2 x 3/4 bed with linen and lounge suite to destitute families	-	21
Lima Construction	Double bed with linen; 2 x 3/4 bed with linen and lounge suite to destitute families	-	21
Hydraform Construction	Double bed with linen; 2 x 3/4 bed with linen; lounge suite; curtains and curtain tracks to destitute families	-	22
SASSA	2 blankets donated to a childheaded family	-	1
Gaza Construction	1 Double Bed; 2 x 3/4 Beds; Lounge suite, curtain tracks to destitute family	-	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 3/4 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 3/4 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 families	-	6
Department of Forestry and Fisheries	5 x trees to destitute families	-	1
Social Development	5 x food parcels to destitute families	-	1

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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Old Mutual South Africa	Sanitary towels for 227 Households affected by recent floods	-	5
Dept of Correctional Services	5 x packs of vegetables; 1 x Food parcel	1	-
JR Quality	1 x Double bed & linen	3	-
Takela Group	R8,000 donation towards psycho-dynamic group therapy	8	-
Old Mutual SA	R63,547,94 was donated towards the following for the EC Human Settlements Indaba 2023: 1 x Cobranded Curved Wall Banner; 1 x Cobranded Wall Banner-skin only; 300 x Cobranded Broucher; 20 x Cobranded sticker; 350 x Omega Maxi gift bags; 100 x Cobranded Folders with Pockets; 4 x Cobranded Pull up banners	64	-
Quantum Leap	2 x sleeper couches; 2 x kitchen unit; 2 x 2burner stoves; curtain blind, beds, carpet for both houses and linen for beds donated during house handover to destitute families in Intsika Yethu LM	26	-
Dept of Forestry & Fisheries	3 x Trees during house handover to destitute families in Intsika Yethu LM and Mnqanduli, KSD LM	1	-
Dept of Correctional Services	11 x fresh produce during house handover to destitute families in Intsika Yethu LM	6	-
Dept of Social Development	9 x food parcels and blankets during house handover to destitute families in Intsika Yethu LM	3	-
Dept of Correctional Services	Fresh produce during house handover to destitute families in Mnqanduli, KSD LM	1	-
Takela Group	1 x sleeper couches; 1 x kitchen unit; 1 x 2burner stoves; curtain blind, beds and carpet for both houses; linen for beds and groceries during house handover to destitute families in Mnqanduli, KSD LM	24	-
Gear Civils	1 x sleeper couches; 1 x kitchen unit; 1 x 2burner stoves; curtain blind, beds and carpet for both houses; linen for beds and groceries during house handover to destitute families in Mnqanduli, KSD LM	24	-
GC Housing	Couches; 1 x 2 burner stoves; curtain blind for both houses; 1 x double bed; 1 x 3/4 bed; Linen for beds and groceries during house handover to destitute family in Gaqa, BCM	18	-
HDA	Furniture during house handover to destitute family in Jachtvlagte	5	-
Dept of Correctional Services	Fresh produce during house handover to destitute families in Jachvlagte and Katberg	1	-
Amakhaya Construction	Furniture during house handover to destitute family in Katberg and Khulile	10	-
Social Development	15 x food parcels during house handover in Mnceba village, Alfred Nzo	3	-
Liyema Civils Construction	Tent, chairs and catering during house handover in Mnceba village, Alfred Nzo	20	-
Old Mutual	School shoes during back to school campaign held in Joe Gqabi District	15	-
GC Housing Construction	Furniture and food parcel during house handover in Kweletha, Buffalo City Metro	10	-
Makwande Africa Group	Furniture and food parcel during house handover in Breidbach, Buffalo City Metro	10	-

TOTAL GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

253

170

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2024 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2023 R'000	Guarantees draw downs during the year R'000	Guarantees repayments/ cancelled/ reduced during the year R'000	Revaluation due to foreign currency movements R'000	Closing balance 31 March 2024 R'000	Revaluations due to inflation rate movements R'000	Accrued guaranteed interest for year ended 31 March 2024 R'000
Standard Bank	Housing	66	298	-	-	-	298	-	-
ABSA	Housing	810	100	-	-	-	100	-	-
	Subtotal	876	398	-	-	-	398	-	-
TOTAL		876	398	-	-	-	398	-	-

ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2024

Nature of liability	Opening balance 1 April 2023 R'000	Liabilities incurred during the year R'000	Liabilities paid / cancelled / reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing balance 31 March 2024 R'000
Claims against the department					
Forensic Investigation	283	-	-	-	283
Breach of contract (KWTHA, Mandlethu), Athenkosi Diko	850	-	-	-	850
Khumbula Legal Fees	100	-	-	-	100
Summons - LZA Trading, Tremor Furniture, Bosch Stemele, Aveng Grinaker, Zale Developments	5,713	-	-	-	5,713
Arbitration Proceedings - Liyasakha Trading, Zingwazi, Mologadi A Nape, Taurus Garden Trading, Gqange	2,729	5,005	7,734	-	-
Legal Fees (Utshungu Urban & Rural, Pamella Nomathamsanqa Madengwana	9	-	9	-	-
PSCBCC - Legal Fees - Nehawu obo Olwethu Tollie and Others	1	-	1	-	-
Application - Sandile Mgweba and Others; Coega Development Corporation; Zamazondo Construction; Nomboniso Lilian Dike; Aliwal North (Land Invasion); Guwa	450	105	90	-	465
Summons - TBR Engineering, Lamla Sithandiwe Jukuju, Thalami Imbawula Consortium, ECDHS (DCI Holdings)	5,044	536	1,884	-	3,696
Summons - Umpheme Development (Fairfield); SPM Trading Enterprise and Another; Coega Development Corporation	10,503	-	-	-	10,503
Review - Ntoma Investments, Gqange Construction; B. Mdolo	41,776	50	41,826	-	-
Application - Tshepega Civil Engineering, Centre for Local Community Rights, ECDHS (Reeston), Haviside (Sdumo); Amakhaya Construction; Thembisa Mankayi and Others, OR Tambo District Municipality	150	432	158	-	424
Arbitration - Ikhaya, Ngangala Construction, Quthing Construction, Seven Sirs Group	9,521	360	9,881	-	-
Notice of motion - Umuhle Developers; review of AG's finding; Dumba Mamnikelwa, Malusi Makihose + 4 others	-	775	473	-	302
Review application - Housing Authority of East London, Solomon Onwana	-	200	-	-	200
Capital plus legal fees - Hlano Financial Services	-	210,150	-	-	210,150
TOTAL	77,129	217,613	62,056	-	232,686

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 2B (continued)

Nature of liabilities recoverable (Contingent Assets)	Details of liability and recoverability	Opening balance 1 April 2023	Movement during the year	Closing balance 31 March 2024
		R'000		R'000
Amount paid in error to developer Utshungu - Urban and Rural	Matter written off	831	(831)	-
Khumbula Properties	Matter to be set down for trial	4,214	-	4,214
Simple Drummer Trading & 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
Hlalanathi Social Housing Association	Amount in favour of the department not yet quantified	150	-	150
Mcwerha Construction CC	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	Amount in favour of the department not yet quantified	86	-	86
Ntema Investments	Amount in favour of the department not yet quantified	-	100	100
TOTAL		6,437	(1,334)	5,103

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

ANNEXURE 3
CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2023/24	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Department of Education	23	23	-	-	23	23	-	-
Office of the Premier	-	233	-	-	-	233	-	-
Department of Public Works	-	2	-	-	-	2	-	-
Rural Development and Agrarian Reform	-	4	-	-	-	4	-	-
Subtotal	23	262	-	-	23	262	-	-
TOTAL	23	262	-	-	23	262	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

ANNEXURE 4
INTERGOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2023/24	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Government Fleet Management Services	515	346	-	-	515	346	-	-
Department of Justice	6,761	-	-	5,406	6,761	5,406	-	-
Department of Education (TVET College)	3	-	-	-	3	-	-	-
Subtotal	7,279	346	-	5,406	7,279	5,752	-	-
Total Departments	7,279	346	-	5,406	7,279	5,752	-	-
OTHER GOVERNMENT ENTITIES								
Current								
Buffalo City Metropolitan Municipality	3,818	363	-	-	3,818	363	-	-
Subtotal	3,818	363	-	-	3,818	363	-	-
Total Other Government Entities	3,818	363	-	-	3,818	363	-	-
TOTAL INTERGOVERNMENT PAYABLES	11,097	709	-	5,406	11,097	6,115	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024

ANNEXURE 5
INVENTORIES

	Housing Inventory	Total
Inventories for the year ended 31 March 2024	R'000	R'000
Opening balance	1,351,966	1,351,966
Add: Additions/Purchases – Cash	1,121,887	1,121,887
(Less): Issues	(1,205,167)	(1,205,167)
Closing balance	1,268,686	1,268,686

	Housing Inventory	Total
Inventories for the year ended 31 March 2023	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

ANNEXURE 6

DEPARTMENT OF HUMAN SETTLEMENTS HOUSING RELATED EXPENDITURE CLASSIFICATION

	Note	2023/24 R'000	2022/23 R'000
Inventories			
Upgrading of Informal Settlements		364,852	683,767
Consolidated Support (Housing)		-	37,786
Rural Support-inf Land (Housing)		480,525	568,410
Emergency Housing Assistance		71,719	-
People's Housing Process (Support)		80,730	-
Subtotal		997,826	1,289,963
Transfers and Subsidies			
People's Housing Process (Support)		1,270	-
Upgrading of Informal Settlements		122,791	-
Subtotal		124,061	-
TOTAL		1,121,887	1,289,963





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