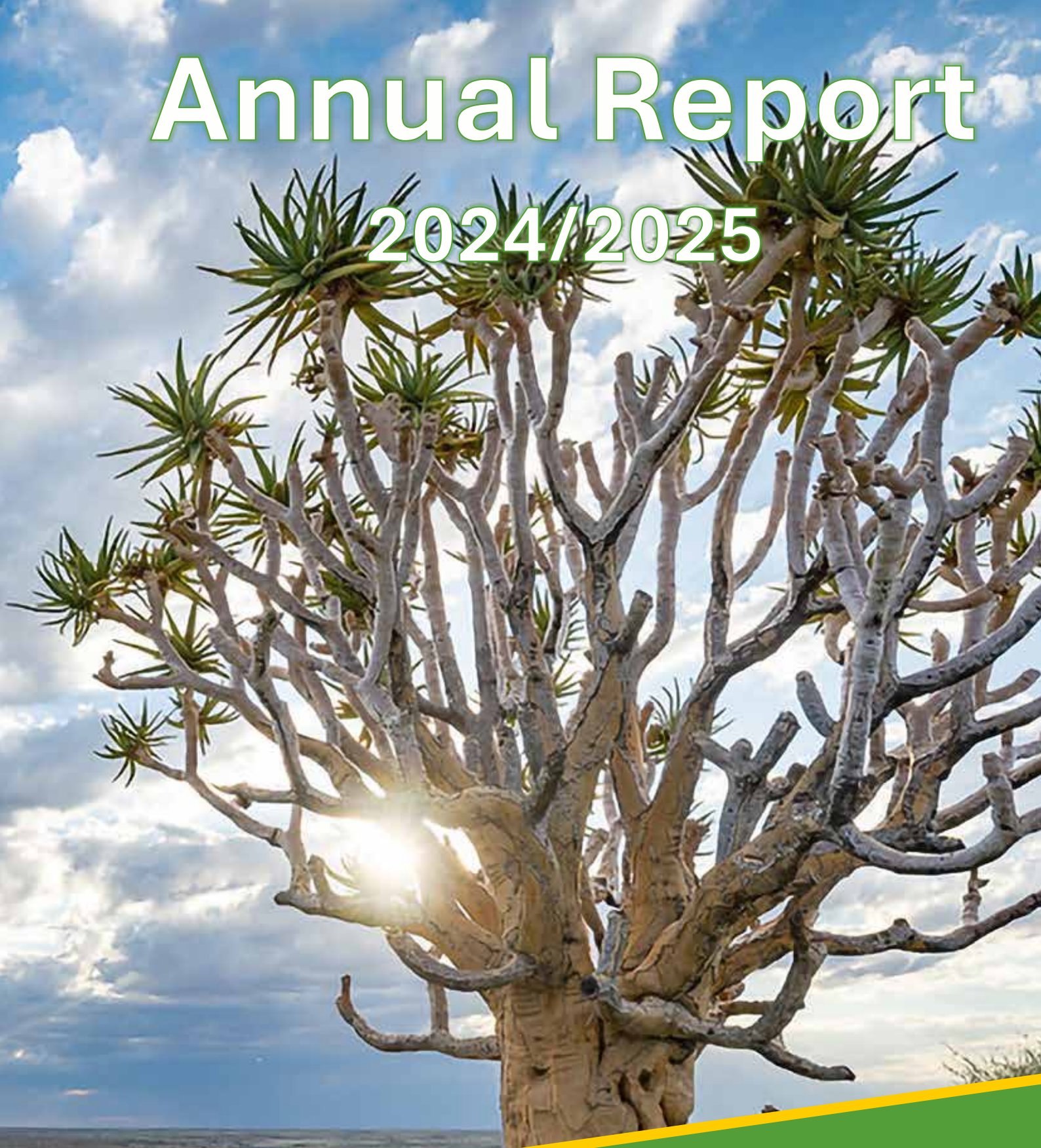


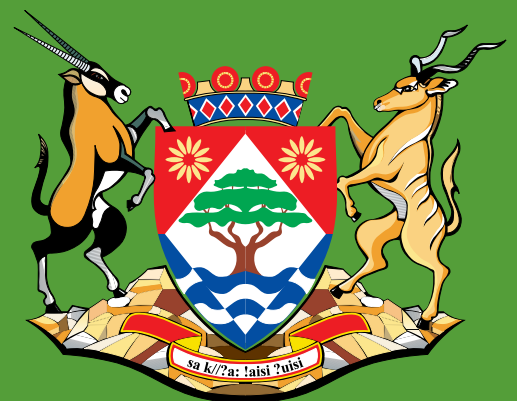
Annual Report

2024/2025



COGHSTA

**Department of Cooperative Governance,
Human Settlements & Traditional Affairs
Northern Cape
Vote 9**





PROVINCE OF THE NORTHERN CAPE

DEPARTMENT OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS

VOTE 9

ANNUAL REPORT

2024/2025 FINANCIAL YEAR



PR: 250/2025

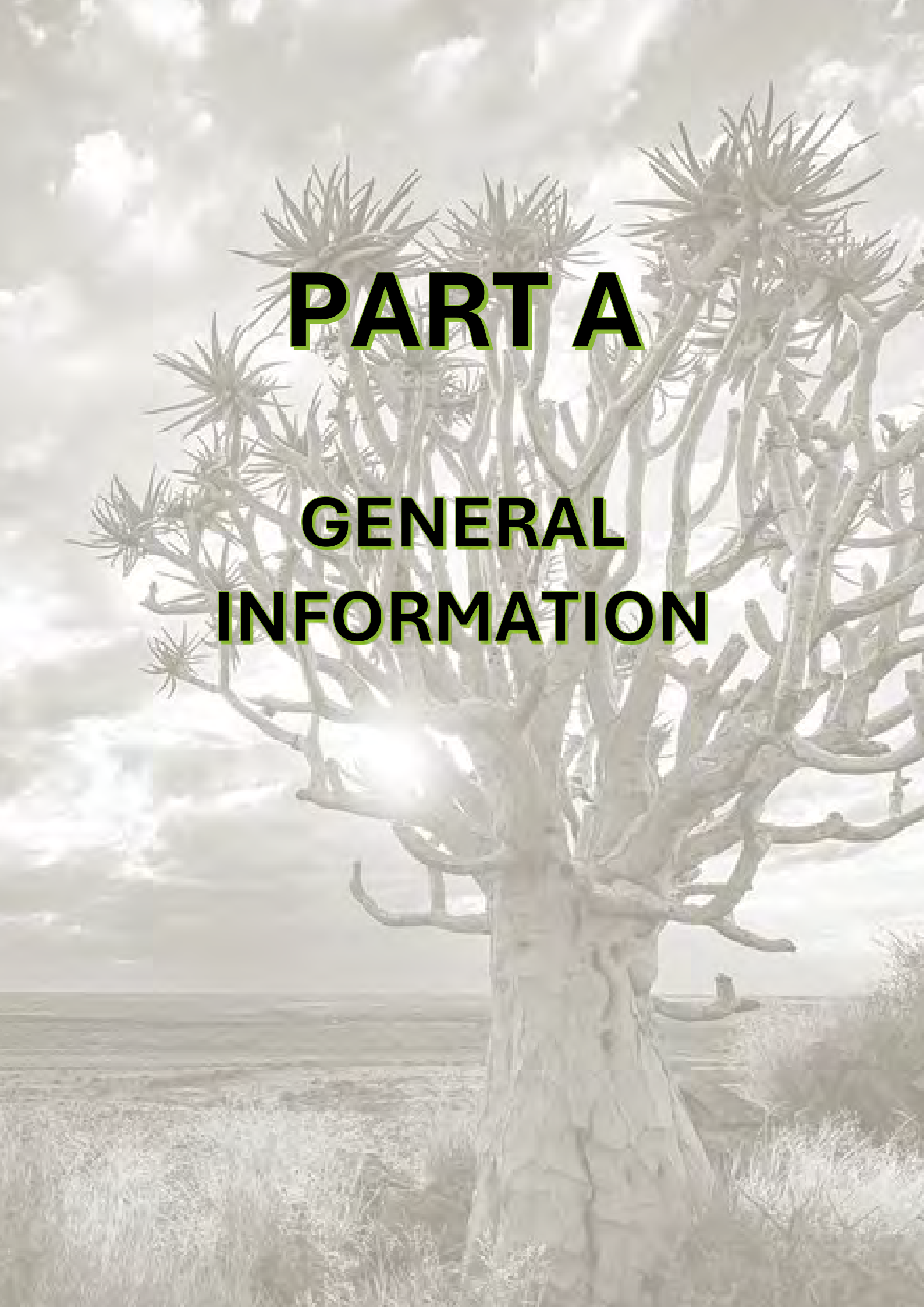
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A large, gnarled tree with many spiky branches, possibly a Joshua tree, stands in a dry, open landscape under a cloudy sky. The tree's trunk is thick and textured, and its branches spread out in all directions, each ending in a cluster of sharp, pointed leaves. The background shows a flat, arid plain with some low-lying vegetation and a distant horizon line.

PART A

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

NAME:	Department of Cooperative Governance, Human Settlements and Traditional Affairs, Northern Cape
PHYSICAL ADDRESS:	Larry Moleko Louw Building 9 Cecil Sussman Road Kimberley 8300
POSTAL ADDRESS:	Private Bag X5005 Kimberley 8300
TELEPHONE NUMBER/S:	+27 53 830 9400
FAX NUMBER:	+27 53 831 2904
EMAIL ADDRESS:	info@coghsta.gov.za
WEBSITE ADDRESS:	www.ncpg.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
CDW	Community Development Worker
CFO	Chief Financial Officer
DHS	Department of Human Settlements
DMPT	District Municipal Planning Tribunal
DPME	Department of Planning, Monitoring and Evaluation
DRDLR	Department of Rural Development and Land Reform
EPWP	Expanded Public Works Programme
EU	European Union
FMCM	Financial Management Capability Maturity Model
FMPI	Framework for Managing Programme Performance Information
GIAMA	Government Immovable Asset Management Act
HDI	Historically Disadvantaged Individuals
HOA	Home Owners Allowance
HOD	Head of Department
HSDG	Human Settlements Development Grant
HR	Human Resources
HSS	Human Settlements System
LGMIM	Local Government Management Improvement Model
LOGIS	Local Government Information System
MBA	Master's in Business Administration
MBL	Master's in Business Leadership
MEC	Member of Executive Council
MPAT	Management Performance Assessment Tool
MPCV	Municipal Performance, Co-ordination, and Valuations
MPRA	Municipal Property Rates Act
MSA	Municipal Systems Act
MSIP	Municipal Support and Intervention Plan
MTEF	Medium-Term Expenditure Framework
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NPA	National Prosecuting Authority
NYDA	National Youth Development Agency
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PHTL	Provincial House of Traditional Leaders
PMDC	Provincial Disaster Management Centre
PPPFA	Preferential Procurement Policy Framework Act (5/2000)
PSCBC	Public Service Coordinating Bargaining Council
RDP	Reconstruction and Development Programme
SASIH	South African Swedish International Housing Company
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SHRA	Social Housing Regulatory Authority
SITA	State Information Technology Agency
SLP	Social Labour Plan
SMME	Small Medium and Micro Enterprises
SO	Strategic Objective
SOI	Strategic Objective Indicator
SP	Strategic Plan
TR	Treasury Regulations

3. FOREWORD BY THE MEC

Service delivery remains a mainstay of this people's unitary government. As our fledgling democracy marks thirty-one years of existence, the poorest of our people residing in different parts of our country continue to wait with bated breath for the services that can lift them from the abyss of abject poverty, suffering and destitution, as well as underdevelopment. Our people are hopeful that one day this government will provide them with land that has services such as water, sanitation, electricity, and quality houses. In addition, they look forward to living in an integrated environment free from discrimination, where they can enjoy a better and more dignified life.

It, therefore, goes without saying that service delivery is the sinew that civilises and binds us together as a society; and without it, the people of South Africa, and indeed, the Northern Cape, will remain pauper and underdeveloped. This view underscores the critical importance of services as pillars of a democratic society, such as ours, emphasising their role in promoting democracy, a human rights culture, and better lives, as well as improved livelihoods.

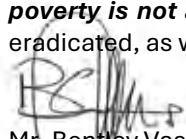
As a government, we are under pressure to fast-track service delivery as we grapple to reduce backlogs on one side while also doing our utmost best to respond to the popular demand for services that skyrockets following socio-economic challenges and shrinking fiscus resulting from global fiscal deficit, reflecting the gap between government spending and revenue as a growing concern.

We have supported all 31 municipalities in the Northern Cape province during the 2024/2025 financial period, with a focus on promoting participatory democracy, good governance, and financial stability, as well as financial sustainability and effective service delivery. Achieving this milestone has required us to work around the clock in forging and fostering partnerships between municipalities and traditional authorities through various intergovernmental forums and other platforms. We attribute the peace and stability in our communities, and indeed, this province, to such concerted efforts.

Furthermore, we have also fulfilled our mandate by providing land parcels, houses, and title deeds, as well as servicing the sites. We have done so despite all the odds. To this end, our people can utilise the houses, sites, and title deeds to explore other economic opportunities to their own benefit.

Moreover, as a government department, we have supported traditional authorities by ensuring that they complied with the Constitution and other applicable laws. As we strive to improve the lives of citizens, we have also provided capacity building, skills development, and empowerment opportunities for traditional authorities and support personnel.

As we forge ahead with these obligations bestowed upon us by the Constitution of South Africa (1996), we are inspired by the words of the father of our Nation, President Nelson Mandela, who said, **"Overcoming poverty is not a task of charity, it is an act of justice"**. Indeed, we shall not rest until poverty is totally eradicated, as we live up to the vision of **"A Growing, Successful, and Modern Province."**



Mr. Bentley Vass

MEC of the Department of Cooperative Governance, Human Settlements and Traditional Affairs

Date: **31 July 2025**



4. REPORT OF THE ACCOUNTING OFFICER

4.1 Overview of the operations of the Department

The Department of Cooperative Governance, Human Settlements and Traditional Affairs remains steadfast in its mission to deliver sustainable human settlements and to monitor and support all 31 municipalities, traditional leadership structures, and Khoi-San communities across the Northern Cape.

We are acutely aware of the pressing challenges facing our province — budget constraints, cost-containment measures, service delivery backlogs, poverty, unemployment, underdevelopment, and the lingering spatial inequalities of apartheid planning. These are formidable hurdles, yet we remain resolute in our commitment to overcome them through collaboration, innovation, and strategic partnerships.

Despite these constraints, the department has consistently demonstrated sound governance and accountability, achieving unqualified audit outcomes for eight consecutive financial years, with a significant reduction in matters of emphasis. This is a direct result of ongoing corrective measures implemented in response to audit findings, supported by the internal audit unit of the Provincial Treasury, the Risk Management Committee, and the Audit Committee.

In the 2024/2025 financial year, we achieved remarkable outcomes across key focus areas, including financial management, site servicing, disaster response, spatial planning, municipal valuations, performance management, and the institutional development of traditional leadership. These successes are particularly noteworthy given the department's limited resources, staff shortages — especially in technical roles — and the realities of cost-containment.

Our work has delivered tangible benefits to communities: secure land tenure, access to housing and basic services, title deeds, the formalisation of informal settlements, and comprehensive consumer education. At the same time, we have fulfilled our mandate to support and monitor municipalities across all five provincial regions, while extending institutional and developmental support to traditional leaders and Khoi-San communities. We continue to back their aspirations for recognition and integration into the broader democratic framework.

These achievements would not be possible without the unwavering dedication of our employees, the strength of our partnerships, and the guidance and support of MEC Bentley Vass, the Premier, and the people of the Northern Cape. It is through this collective effort that we are able to build resilience and make meaningful progress.

Looking ahead, the department remains firmly aligned with the Medium-Term Development Plan (2024–2029) and is committed to accelerating service delivery, promoting traditional leadership development, and combating poverty, unemployment, and underdevelopment.

However, our progress is increasingly constrained by a funding model that allocates resources based on population share, without fully accounting for the province's vast geography, socio-economic disparities, and infrastructure deficits. This model, along with other political and economic realities, poses a real threat to the pace and scale of service delivery. To help address these limitations, the department has entered into a partnership with the Development Bank of Southern Africa (DBSA) through an earmarked pledging project aimed at accelerating the delivery of housing and basic services. At the same time, we continue to optimise our limited resources and address ongoing challenges such as the vast distances between towns, supply shortages of building materials, and capacity gaps in key technical roles.



The 7th Administration is committed to tackling these systemic challenges head-on. We continue to support the integration and development of traditional and Khoi-San communities and are actively assisting other indigenous groups in their journey toward official recognition.

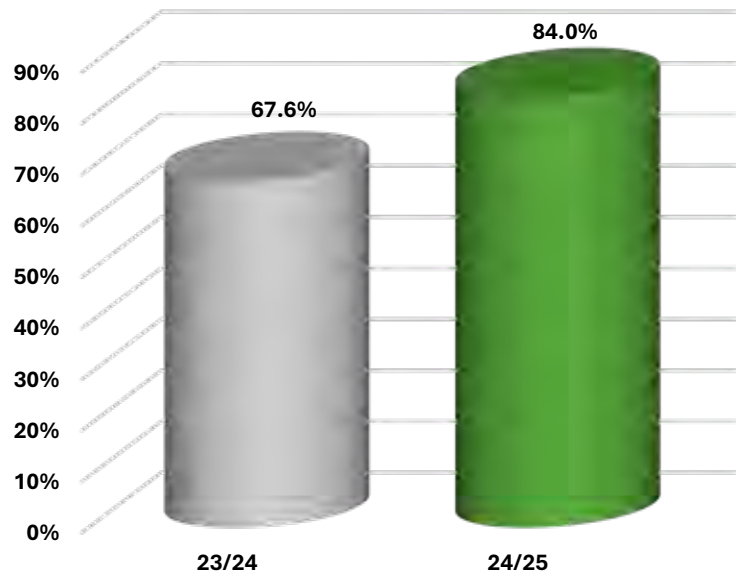
We take great pride in our record of achievement and governance, but remain driven by our core objective: to improve the lives of the most vulnerable citizens in our province. We are committed to being a catalyst for change, delivering impactful and inclusive services, and fostering local economic development that leaves no one behind.

Overview of Performance Information

Presented below are tables and graphs that summarise the Department's performance for the 2024/2025 financial year, with comparisons drawn from the 2023/2024 period.

Programme Name	2023/2024			2024/2025		
	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Programme 1: Administration	4	3	75%	4	2	50%
Programme 2: Human Settlements	11	2	18,2%	11	8	73%
Programme 3: Cooperative Governance	19	17	89,5%	19	18	95%
Programme 4: Traditional Institutional Development	3	3	100%	3	3	100%
Total	37	25	67,6%	37	31	84%

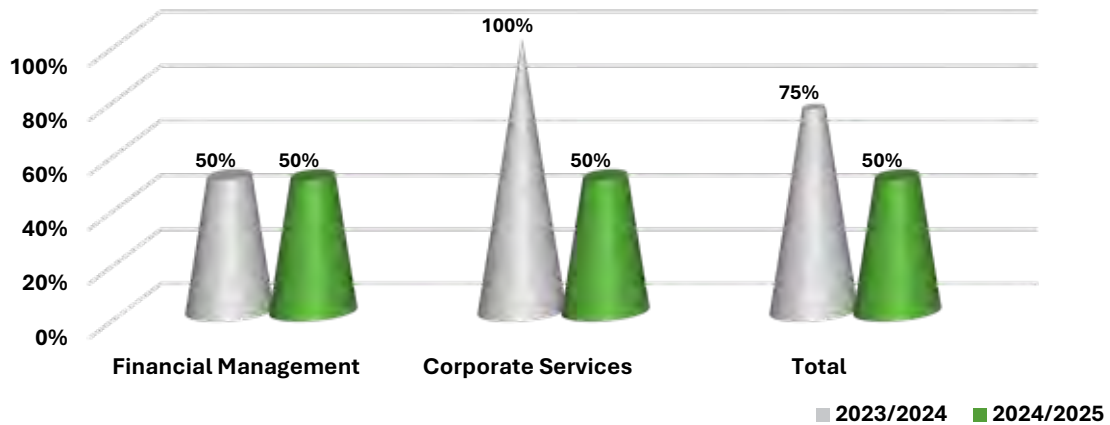
Overview: Annual Performance 2023/2024 vs 2024/2025



Programme 1: Administration

Sub-Programme Name	2023/2024			2024/2025		
	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Financial Management	2	1	50%	2	1	50%
Corporate Services	2	2	100%	2	1	50%
Total	4	3	75%	4	2	50%

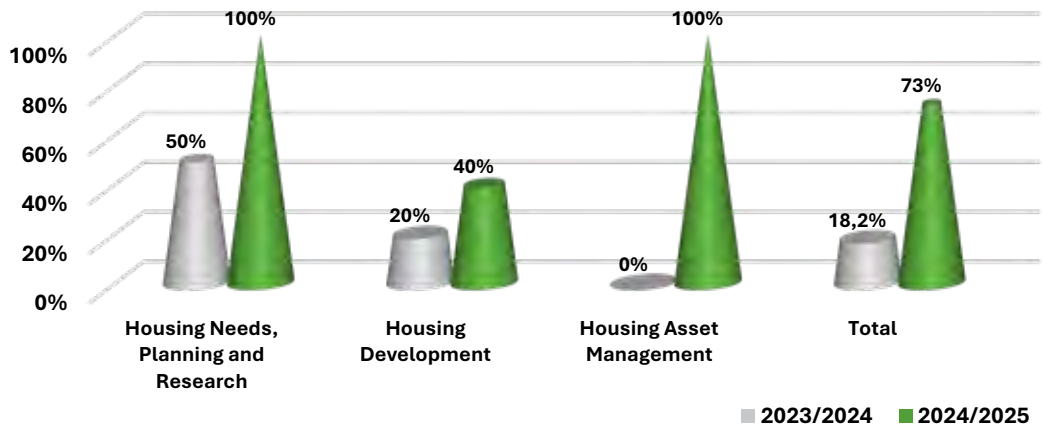
Programme 1: Administration
2023/2024 vs 2024/2025



Programme 2: Human Settlements

Sub-Programme Name	2023/2024			2024/2025		
	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Housing Needs, Planning and Research	2	1	50%	2	2	100%
Housing Development	5	1	20%	5	2	40%
Housing Asset Management	4	0	0%	4	4	100%
Total	11	2	18,2%	11	8	73%

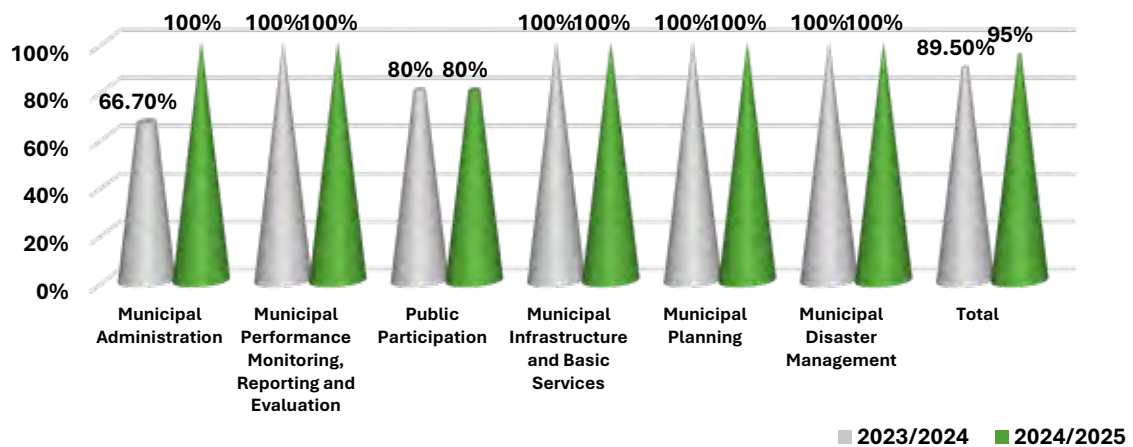
Programme 2: Human Settlements
2023/2024 vs 2024/2025



Programme 3: Cooperative Governance

Sub-Programme Name	2023/2024			2024/2025		
	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Municipal Administration	3	2	66,7%	3	3	100%
Municipal Performance Monitoring, Reporting and Evaluation	4	4	100%	4	4	100%
Public Participation	5	4	80%	5	4	80%
Municipal Infrastructure and Basic Services	3	3	100%	3	3	100%
Municipal Planning	2	2	100%	2	2	100%
Municipal Disaster Management	2	2	100%	2	2	100%
Total	19	17	89,5%	19	18	95%

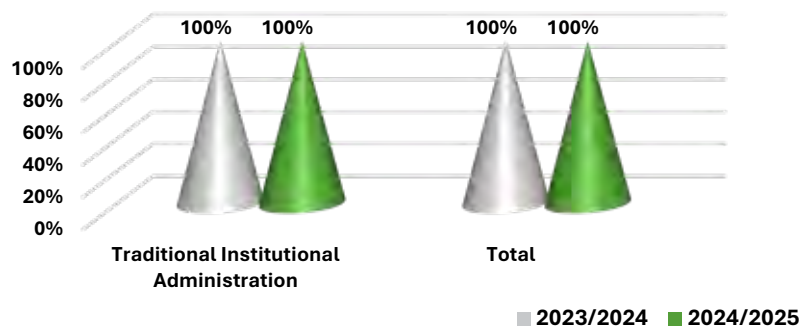
Programme 3: Cooperative Governance
2023/2024 vs 2024/2025



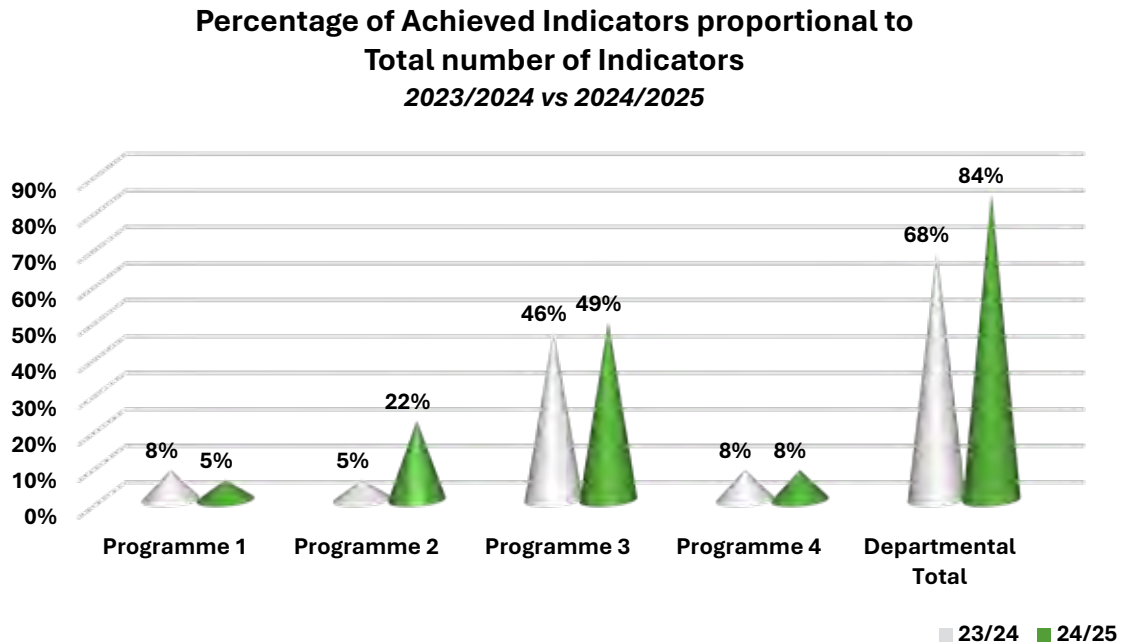
Programme 4: Traditional Institutional Development

Sub-Programme Name	2023/2024			2024/2025		
	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Traditional Institutional Administration	3	3	100%	3	3	100%
Total	3	3	100%	3	3	100%

Programme 4: Traditional Institutional Development
2023/2024 vs 2024/2025



The following graph shows the proportion of achieved indicators per programme, expressed as a percentage of the Department's total indicators.



4.2 Overview of the financial results of the Department

4.2.1 Departmental receipts

Departmental receipts	2024/2025			2023/2024		
	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
Sale of goods and services other than capital assets	629	574	55	602	395	207
Interest, dividends and rent on land	42	0	42	40	0	40
Financial transactions in assets and liabilities	129	40	97	123	237	(114)
Total	800	614	194	765	632	133

The department is not a significant revenue-generating department. It generates revenue primarily from the sale of goods and services, excluding capital assets, which comprises commissions received from monthly PERSAL deductions, such as insurance premiums and garnishee orders, as well as parking fees and rentals from officials occupying state houses.

4.2.2 Programme Expenditure

Departmental receipts	2024/2025			2023/2024		
	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	194 119	195 150	(1 031)	226 559	226 522	37
Human Settlements	743 683	499 785	243 898	462 027	456 803	5 224
Cooperative Governance	138 236	139 291	(1 055)	139 615	138 720	895
Traditional Affairs	27 629	27 629	-	30 753	24 342	6 411
Total	1 103 667	861 855	241 812	858 954	846 387	12 567

4.2.3 Virements/roll overs

Programme	Virement Over/ under R'000	Variance R'000	Over/ under %	Reasons for virement	Remedial steps
Administration	2 473	(1 031)	100.5	To defray over expenditure	
Human Settlements	106	243 898	67.2	To defray over expenditure	
Cooperative Governance	(1 227)	(1 055)	100.8	To offset over expenditure under Programme 1	
Traditional Institutional Management	(1 352)	-	100	To offset over expenditure under Programme 1	
Totals	0	241 812	78.1		

Reason for the virement

The department applied virements from savings to offset over-expenditure, mainly on Programme 1: Administration.

4.3 Reasons for unauthorised, fruitless, and wasteful expenditure

The primary reason for the R2m UE, under Programmes 1 and 2, is related to the budget cuts implemented by the provincial treasury. During the PMTEC hearings of 2024/25, we presented a total of R14 million in cuts to ensure the COE would be safeguarded for the year; however, a R33 million cut was implemented. The department had to introduce drastic cost-cutting measures, and management saved R14m from goods and services to cater for the COE. Our initial budget planning was above board. Programme 1: Administration overspent by R1,031 million or 1% of its total budget for 2024/25. Transfers & subsidies and Payments for capital assets were overspent. Programme 3: Cooperative Governance overspent by R1,055 million or 1% of its total budget for 2024/25. The overspending was mainly on Compensation of Employees.

4.4 Strategic focus over the short- and medium-term period

We recognise the need to strengthen local government's delivery performance and commit to reviewing the policy and legislative framework to empower local government in carrying out its functions. Our top priority is reducing red tape, eliminating unnecessary administrative requirements, improving processes, and minimising duplication. Furthermore, we emphasise the importance of digital transformation and innovation across government, which will serve as key enablers to enhance efficiency, effectiveness, and interdepartmental coordination. Completing these essential reforms will establish an enabling environment for private sector investment, ultimately improving inclusive growth.

The Department is required to implement and coordinate interventions aimed at achieving an efficient, effective, and development-oriented state, as envisioned by the MTDP and the NDP, through the achievement of good governance, integrated and sustainable human settlements, and accountable, responsive, and participatory democracy within 31 municipalities of the province. This includes supporting and promoting traditional leadership institutions, traditions, customs, and culture through implementing regulations of Section 81 and a coordinated District Development Model.

i. Medium-Term Development Plan (MTDP)

The Department is committed to adopting a "whole-of-government approach" to support the implementation of the MTDP. We must reform our organisational structure to enhance delivery and execution, eliminate duplication, ensure clear delineation of roles and responsibilities, and re-engineer business processes. In addition, we will continue the economic structural reform programme across sectors to promote inclusive growth and increased competition, fostering conditions for heightened private and public investment and employment growth.

We are committed to implementing robust youth employment programmes that empower young individuals in our communities. Additionally, we aim to increase the availability of formal housing in the Northern Cape, ensuring that more citizens have access to safe and secure living conditions. Our focus also extends to enhancing service provision at local governments by improving the number of municipalities achieving unqualified audit opinions under the MFMA and fostering functional inter-

sphere relationships within Traditional Councils. Throughout the Medium-Term Development Plan (MTDP), we will strive to maintain a minimum of unqualified audit opinions, demonstrating our dedication to transparency and accountability in governance.

ii. National Development Plan (NDP) 2030 Vision and Trajectory

The Constitution (1996) envisions a professional, accountable, and development-oriented department capable of delivering integrated, sustainable human settlements, as well as responsive, accountable, and participatory democracy at the local government level. The NDP identifies specific steps that need to be taken to promote the values and principles of public administration contained in the Constitution.

The province needs a more inclusive and dynamic economy in which the fruits of growth are shared equitably. By 2030, the economy is expected to be close to full employment, equipping people with the necessary skills, and ensuring that ownership of production is more diverse and capable of paying for investments in human and physical capital.

The NDP emphasises the importance of well-run and effectively coordinated state institutions with skilled public servants dedicated to the public good and capable of delivering consistently high-quality services while prioritising the nation's developmental objectives. It further highlights the importance of adopting a more long-term approach to developing the skills and professional ethos that underpin a development-oriented public service.

Therefore, steps must be taken to strengthen skills, enhance morale, clarify lines of accountability, foster an ethos of public service, implement relevant policies, equip staff and traditional leaders, and promote openness and transparency to achieve service delivery targets, good governance, and accountability.

The department strives to recruit and retain a competent and skilled workforce. It remains committed to training and developing its personnel to ensure that set service delivery targets are achieved throughout the various departmental strategic programmes. The department will continue to strive towards achieving employment equity targets outlined in the relevant legislative prescripts, ensuring labour peace, and fostering a healthy and productive workforce.

Part Six of the Public Service Regulations, 2001, affirms the principle of improving the working environment to ensure efficient service delivery, including, among others, employees' health, disability, HIV/AIDS, and other health conditions, for the benefit of employees and their families. Employee Health and Wellness encompass four strategic pillars: HIV, TB, and STI Management; Health and Productivity Management; SHERQ Management (Safety, Health, Environment, Risk, and Quality); and Wellness Management.

Over the 2014-19 MTSF, the human settlements sector adjusted the USDG and HSDG grants by introducing the Upgrading of Informal Settlements Partnership Grant (UISPG), which prioritises upgrading informal settlements. Other grants introduced during this period are the Provincial Emergency Housing Grant and the Municipal Emergency Housing Grant.

Owing to the introduction of these grants and the preceding Urban Settlements Development Grant (USDG), the prioritisation of the catalytic projects and mining towns, and the development of the next five-year MTSF, the 2019-2024 MEIA Policy and Implementation Framework is reviewed to ensure alignment to the new developments within the Department as well as to ensure that each reporting requirement does not lead to the development of new, overlapping, duplicate, and parallel data collection and monitoring systems being created.

iii. The District Development Model (DDM)

In strengthening cooperative governance, the Constitution places an obligation on National and Provincial Governments to work with Local Government: Section 154 of the Constitution:

“The national government and provincial government, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.”

Adopting the district development model allows us to partner with all three spheres of government, society and the communities we serve.

This model enables us to:

- a) Continue implementing our constitutional framework whilst strengthening the regulatory framework for Cooperative Governance.
- b) Reinforce Local Government and its proximity to communities.
- c) Distinguish between long-term and medium-term strategic planning/implementation mechanisms.
- d) Build on existing good practices.

The DDM aims to:

- Solve the Silos at a horizontal and vertical level.
- Narrow the distance between people and government by strengthening the coordination role and capacities at a district level. Districts are the penultimate spheres closest to the people, following wards and local municipalities.
- Deliver integrated services while strengthening Monitoring and Evaluation, and impact at the district and local levels.
- Ensuring inclusive and gender-mainstreamed budgets based on the needs and aspirations of our people and communities at a local level.
- Maximising impact and aligning resources at our disposal.
- Transforming the face of our rural and urban landscapes by ensuring complementarity between urban and rural development, with a deliberate emphasis on local economic development.
- Ensure sustainable development whilst accelerating initiatives to promote poverty eradication, employment, and equality.

The model takes us to our basic constitutional mandate, where we were tasked to:

- a) provide democratic and accountable government for local communities;
- b) ensure the provision of services to communities in a sustainable manner;
- c) promote social and economic development;
- d) promote a safe and healthy environment; and
- e) encourage the involvement of communities and community organisations in local government matters.

Building systemic and mutually beneficial partnerships with Traditional Leadership institutions will be crucial to implementing the DDM. This includes the active involvement of Traditional Leaders in developing One Plans. Furthermore, traditional leaders will be integral partners in implementing programmes such as the Community Work Programme and other development initiatives.

By crowding in public, private and not-for-profit investments to a district locality in an all-inclusive manner as directed by one plan, the model aims at maximising impact whilst capitalising on a window of opportunity whilst addressing the ‘burning’ and ‘stabilisation’ challenges faced by local municipalities who are seen as critical building blocks towards the realisation of the objectives of the model and the development aspirations of our people. By laying a solid foundation in the short term, a long-term, spatially relevant plan for South Africa will be secured through the total of the District Implementation Plans into One Plans, which aligns and mutually reinforces the District Plans. In so doing, the One Plans, will:

- Focus on the District spaces as the appropriate scale and arena for intergovernmental planning and coordination.
- Focus on the 5 Districts as developmental spaces (IGR Impact Zones) that will be strategically aligned platforms for all three spheres of government.
- Develop a Spatially Integrated Single Government Plan (as an Intergovernmental Compact) for each space, guiding and directing all strategic investment spending and project delivery across government, and serving as the basis for accountability.

- Reinforce an outcomes-based IGR system with a systematic IGR programme and process for formulating and implementing a single government plan.
- Bring development to our communities as key beneficiaries and stakeholders in the government's initiatives.

iv. National Infrastructure Plan 2050 (NIP 2050)

The National Infrastructure Plan 2050 (NIP 2050) is crucial in shaping human settlements in the Northern Cape Province by providing a strategic framework for integrated infrastructure development. One of the key features of NIP 2050 is its emphasis on creating sustainable, inclusive, and resilient communities, which directly addresses the province's housing backlogs and infrastructure challenges.

NIP 2050 aims to enhance residents' quality of life by prioritising the development of essential services, including water supply, sanitation, electricity, and transportation. In the Northern Cape, where many communities still rely on informal settlements, the plan outlines targeted investments in infrastructure that can facilitate access to basic services and improve living conditions.

Moreover, the NIP 2050 encourages collaboration between various government levels, private sector stakeholders, and local communities, fostering a more integrated approach to human settlements. This collaboration is crucial for addressing the distinct challenges faced in both rural and urban areas of the Northern Cape, ensuring that infrastructure projects are both economically viable and socially beneficial.

Implementing the NIP 2050 will contribute to job creation, stimulate local economies, and promote sustainable urban development in the Northern Cape, significantly impacting the province's human settlements landscape.

v. Northern Cape Provincial Growth and Development Plan (NCPGDP)

The Northern Cape Provincial Growth and Development Plan (NCPGDP) take its cue from the NDP in:

- seeking to eradicate poverty and inequality and halve unemployment by 2030
- focusing on the critical enablers of socio-economic transformation and
- alignment with the strategic priorities set out in the NDP Vision 2040

The Vision 2040 of the NCPGDP provides for four drivers (slightly revised to ensure alignment with the MTDP priorities), as set out below:

- Driver 1: Economic Transformation, Growth and Development
- Driver 2: Social Transformation and Human Welfare
- Driver 3: Environmental Sustainability and Resilience
- Driver 4: Effective, Efficient and Accountable Governance

Human Settlements fall under Driver 2, and it requires integrated planning that involves:

- a safe and sustainable living environment,
- infrastructure that allows and enables economic activity and
- delivery of services and social facilities.

The identified Interventions, Programmes and Projects as per the PGDP for Human Settlements are:

- Prioritise the rapid delivery of basic services to as many settlements as possible;
- Intergovernmental contracting to plan;
- Utilised the township economy based on the opportunities provided;
- Build capabilities for transforming human settlements;
- Inner city regeneration; and
- Transform public spaces into safe and vibrant places for community life.

Cooperative Governance and Traditional Affairs are encompassed in Driver 4. The identified problem statements in the PGDP are as follows:

- Deepening lack of clarity over functions performed between DMs/LMs, as multiple functional operational shifts and divisions are exercised.

- Poorly executed mandates: capacity, skills, and finance.
- Contestation, fragmentation, duplication of services between category Cs and category Bs.
- Poor relations between category Cs and category Bs.
- Lack of intergovernmental oversight and weak frameworks for monitoring functional arrangements.

The following key issues were identified:

- Stronger intergovernmental cooperation;
- The spatial form of Local Government;
- Technical services authorities; and
- District Municipality expenditure trends.

The Department remains committed to supporting and guiding the 31 municipalities of the Northern Cape in achieving sound governance structures, improved audit outcomes, efficient and effective service delivery, and deepening participatory democracy within their communities.

All nine dysfunctional/distressed municipalities, mainly in Pixley ka Seme and ZF Mgcawu districts, will continue to receive support from the Department through the Municipal, Support, and Intervention Package (MSIP) approved by the Cabinet and Provincial Executive Council. During September 2023, the National DCOG and the Province undertook a Municipal Performance Assessment Tool (MPAT) self-assessment by municipalities to update the State of Local Government as of 30 June 2023. This will replace the State of Local Government adopted in July 2021, reclassifying the municipalities' categorisation and requiring departments to compile the new Municipal Support and Intervention Package to support the identified municipalities.

As far as traditional institutional development is concerned, the Department continues to support traditional leadership institutions. The department strives to recruit and retain a competent and skilled workforce. It remains committed to training and developing its personnel to ensure that set service delivery targets are achieved throughout the various departmental strategic programmes. The department will continue to strive towards achieving employment equity targets outlined in the relevant legislative prescripts, ensuring labour peace, and fostering a healthy and productive workforce. The Department provides financial, legal, and human capital support to preserve and promote traditions, customs, and culture within the recognised traditional communities, per the Traditional and Khoi-San Leadership Act (TKLA), which took effect on 1 April 2021. The TKLA repeals the Traditional Leadership Governance and Framework Act of 2003 and the National House of Traditional Leaders Act of 1997. While the Northern Cape Provincial Governance Framework and Houses of Traditional Leaders Act of 2007 remain in force, the TKLA gives recognition to traditional and Khoi-San communities, structures, and leadership positions, and for the withdrawal of such recognition, provides for the functions and roles of traditional and Khoi-San leaders, the establishment of councils as well as support to those councils.

Furthermore, the Act also provides for the proper reconstitution of traditional councils and the alignment of the terms of office of various institutions of traditional leadership. To ensure uniformity in the composition of traditional councils, the Minister has issued a formula to determine the number of members in these councils. All councils must be established before the end of February 2025. The Department has commenced the reconstitution process. The Department has established an Interim structure to ensure that Traditional councils are functional and continue providing services to their communities and stakeholders. The new Traditional Council will replace the interim structure once the reconstitution is completed.

Although the Commission on Khoi-San Matters will handle all initial applications for recognition of communities and their leaders, it will be the responsibility of the Traditional Institutional Development Directorate to provide guidance and information to all community members and prospective leaders. The application process for Khoi-San communities is ongoing; the application period began on 30 March 2022, and the closing period for applying is 29 March 2024. The Commission will take five years to research and investigate all submitted claims. Unfortunately, this development puts pressure on the department's limited resources.

On 8 and 27 May 2024, the Premier effected a restoration, correction, and elevation of the status of recognised Traditional leaders in the Northern Cape. Seven out of eight Senior Traditional leaders received certificates as Principal Traditional leaders, while 23 Headmen and Headwomen were elevated to Senior Traditional leadership positions. The effective date for implementation is August 2027, when traditional leadership structures will be reconstituted. This project will have significant implications for our department, as we would need to establish Principal Traditional councils and remunerate the principals accordingly.

4.5 Public-Private Partnerships

None

4.6 Discontinued key activities/activities to be discontinued

None

4.7 New or proposed key activities

None

4.8 Supply Chain Management

There have been improvements in the supply chain, logistics, and contract management over the past year. The procurement plan submitted during the past financial year has been implemented successfully, with several priorities being redirected to ensure the department does not overspend at a high rate. It should be noted that a R33 million cut in the budget during the year under review put a lot of strain on the department's budgets, and extreme measures had to be taken to ensure that goods and services procured were for the most critical programmes. The focus of tenders issued was based on the R600 million pledging approved by the treasury. All nineteen (19) contractors appointed did not face any challenges during the appointment process, and they are currently running projects implemented as of July 2025. The department received a clean bill of health on these processes from the Auditor General.

Logistics system management processes encountered some challenges, but by the end of March 2025, these issues were resolved; hence, there were no ongoing challenges, except for outstanding commitments that had not been cleared due to budgetary constraints. Outstanding orders not paid by year-end were resolved during April 2025, which will assist with compliance with 30-day payments, as rated at 98% for the 2024/25 financial year.

Progress has been made on the contract management side to improve compliance with relevant policy directives, as the audit report provides context for this. No issues were raised concerning a combined contract management register, which captured all current and past contracts, as per the contract management framework.

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

None

4.10 Exemptions and deviations received from National Treasury

There were no exemptions and deviations from financial reporting requirements received for the current financial year.

4.11 Events after the reporting date

There were no events after the reporting date to be reported for the current financial year.

4.12 Other

This report does not address any other material facts or circumstances that may influence the understanding of the financial situation.

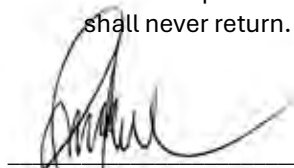
4.13 Acknowledgement/s or Appreciation

We express appreciation for the diligence with which both the Internal Audit Committee and the external Auditor-General carried out their tasks, both in supporting the Department and identifying areas where we can improve in delivering on our mandate.

The department lodged a dispute via the PAG and the AG offices to express its concerns about the audit outcome. This matter relates to consequence management dating back to prior years, of which attempts were made to address these issues. In the 2014/15 financial year, we intended to derecognise the irregular expenditures incurred by the municipalities over time, due to the impracticality of obtaining the relevant documentation; however, the department received a qualified audit opinion. However, in 2015/16, the department had to reverse its decision to include such irregular expenditure, and by virtue of that, received an unqualified audit opinion. We do not agree with the inconsistencies raised by the Auditor General over the years.

4.14 Conclusion

As a department, we endeavour to use our programmes to address socio-economic needs of our people in a bid to improve lives and livelihoods within the Northern Cape communities. Forward we go, backwards we shall never return.



Mr. B. S. Lenkoe
Accounting Officer
Department of Cooperative Governance, Human Settlements & Traditional Affairs

Date: **31 July 2025**

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 the National Treasury.

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

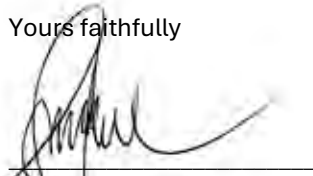
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgments made in this information.

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 2025.

Yours faithfully



Mr. B. S. Lenkoe

Accounting Officer

Department of Cooperative Governance, Human Settlements & Traditional Affairs

Date: **31 July 2025**

6. STRATEGIC OVERVIEW

6.1 Vision

Building sustainable and people-centred municipalities towards a modern, growing and successful Province.

6.2 Mission

To facilitate and manage integrated sustainable human settlements and infrastructure development for effective service delivery at local government level.

6.3 Values

The Department has adopted the following set of values that will inform its conduct and approach to effective service delivery:

Equity:

- Non discrimination
- Affirmative Action
- Gender Equity
- Integration of disability issues

Team work:

- Co-operation
- Support
- Trust

Efficiency:

- Productivity
- The best work methods
- Excellent services

Accountability:

- Desire to perform well
- Accepting accountability for your behaviour
- Commitment

Development:

- Enablement and empowerment
- Faith in potential of people
- Providing opportunities for growth and facilities
- Fair treatment for all
- Fairness and equality before the law

Integrity:

- Honesty
- Disassociating themselves from all forms of corruption and unethical behaviour
- Sound business practices

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATES

The Department derive its mandate from Chapters 2; 3; 4; 5; 6; 7; 9; 12, 13; 26; 211 and 212 of the Constitution of the Republic of South Africa, 1996, herein after referred to as the Constitution.

7.2 LEGISLATIVE MANDATES

Transversal Legislation

A series of transversal administrative requirements influences the work of the Department across all its various functions, namely:

- Annual Division of Revenue Act, 2013 (Act 2 of 2013)
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Employment Equity Act, 1998 (Act 55 of 1998)
- Government Immovable Asset Management (GIAMA) Act, 2007 (Act 19 of 2007)
- Labour Relations Act, 1995 (Act 66 of 1995)
- Municipal Electoral Act 2000, (Act 27 of 2000)
- National Archives and Record Service of South Africa Act, 1996 (Act 43 of 1996)
- Northern Cape Archives Act, 2013 (Act 7 of 2013)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993), as amended
- Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)
- Promotion of Access to Information Act 2000, (Act 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
- Promotion of Equality and Prevention of Unfair Discrimination Act 2000, (Act 4 of 2000) (PEPUDA)
- Protection of Personal Information Act, 2013 (Act 4 of 2013)
- Public Finance Management Act, 1999 (Act 1 of 1999) and National Treasury Regulations
- Public Service Act, 1994 (Act 103 of 1994) and Public Service Regulations of 2016
- Skills Development Act, 1998 (Act 97 of 1998)
- Skills Levy Act, 1999 (Act 9 of 1999)
- White Paper on the Rights of Persons with Disabilities

Human Settlements

- Deeds Registry Act, 1937 (Act 47 of 1937)
- Disestablishment of South African Housing Trust Limited Trust Act, 2002 (Act 26 of 2002)
- Extension of Security of Tenure Act, 1997 (Act 62 of 1997)
- Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000)
- Housing Act, 1997 (Act 107 of 1997)
- Housing Act, 2005 (Act 107 of 2005)
- Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998)
- Housing Development Act, 2008 (Act 23 of 2008)
- National Environmental Management Act, (Act 107 of 1996), as amended
- Northern Cape Interim Housing Act, 1999 (Act 6 of 1999)
- Rental Housing Act, 1999 (Act 50 of 1999), as amended
- Sectional Titles Scheme Management Act 2011 (Act 8 of 2011)
- Social Housing Act, 2008 (Act 16 of 2008)
- Spatial Planning and Land Use Management Act, (Act 16 of 2013)
- The Prevention of Illegal Eviction from Unlawful Occupation of Land Act, 1998 (Act 19 of 1998)

Local Government

The White Paper on Local Government (1998) and the subsequent related legislation (outlined below) provide the national context for local governance across the country:

- Disaster Management Act, 2002 (Act 57 of 2002)
- Disaster Management Amendment Act, 2015 (Act 16 of 2015)
- Division of Revenue (DORA) Act, 2018 (Act 1 of 2018), as amended
- Fire Brigade Services Act, 1987 (Act 99 of 1987)
- Intergovernmental Fiscal Relations Act, 2005 (Act 13 of 2005)
- Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
- Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998)
- Local Government: Cross-Boundary Municipal Act, 1998 (Act 29 of 1998)
- Local Government: Municipal Structures Amendment, 2021 (Act 3 of 2021)
- Local Government: Municipal Systems Amendment, 2022 (Act 3 of 2022)
- Municipal Finance Management Act, 2003 (Act 56 of 2003)

- Municipal Property Rates Act, 2004 (Act 6 of 2004), as amended by the Local Government: Municipal Property Rates Amendment Act, 2014 (Act No. 29 of 2014)
- Organized Local Government Act, 1997 (Act 52 of 1997)
- Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
- Spatial Planning Land Use Management Act, 2013 (Act 16 of 2013)

Traditional Institutional Management

- Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act, 2002 (Act 19 of 2002)
- Customary Initiation Act, 2021 (Act 2 of 2021)
- Customary Law of Succession Act, 2009 (Act 11 of 2009)
- Customary Marriages Act, 1998 (Act 120 of 1998)
- Disaster Management Amendment Act, 2015 (Act 16 of 2015)
- Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
- Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998)
- Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Northern Cape Traditional Leadership Governance and Houses of Traditional Leaders Act, 2007 (Act 2 of 2007)
- Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
- The Traditional and Khoi-San Leadership Act, 2019 (Act 3 of 2019) - the Act was declared unconstitutional and invalid. It was referred to Parliament to remedy the invalidity.
- Traditional Courts Act, 2022 (Act 9 of 2022)

7.3 Policy Mandates

Transversal Policy Mandates

- Batho Pele Principles
- EHW Strategic Framework, Feb 2019
- Framework for Managing Programme Performance Information (FMPPI), 2007
- Framework for Strategic Plans and Annual Performance Plans, 2019
- Gender Responsive Planning Budget, Monitoring, Evaluation and Auditing (GRPBMEA) Framework
- Medium Term Strategic Framework (MTSF)
- Minimum Information Security Standards
- Minimum Physical Security Standards
- National Development Plan Vision 2030
- National Policy Framework for Women Empowerment and Gender Equality (WEGE)
- National Strategic Plan on Gender-Based Violence and Femicide (GBVF)
- National Treasury Regulations
- National Youth Policy
- Policy Framework for Government-Wide Monitoring and Evaluation (M&E) System, 2007
- Provincial Growth and Development Plan
- Provincial Spatial Development Framework
- Public Service Regulations of 2016
- Risk Management Framework

Human Settlements

- Comprehensive Plan for the Creation of Sustainable Human Settlements (BNG), 2004
- Housing White Paper: A New Housing Policy and Strategy for South Africa, 2014
- Human Settlement Development Grant Framework
- Inclusionary Housing Policy, 2007
- Informal Settlement Upgrading Partnership Grant Framework
- Municipal Accreditation Framework 2023
- National Housing Code 2009
- National Housing Code of 2000
- Social Housing Policy 2005

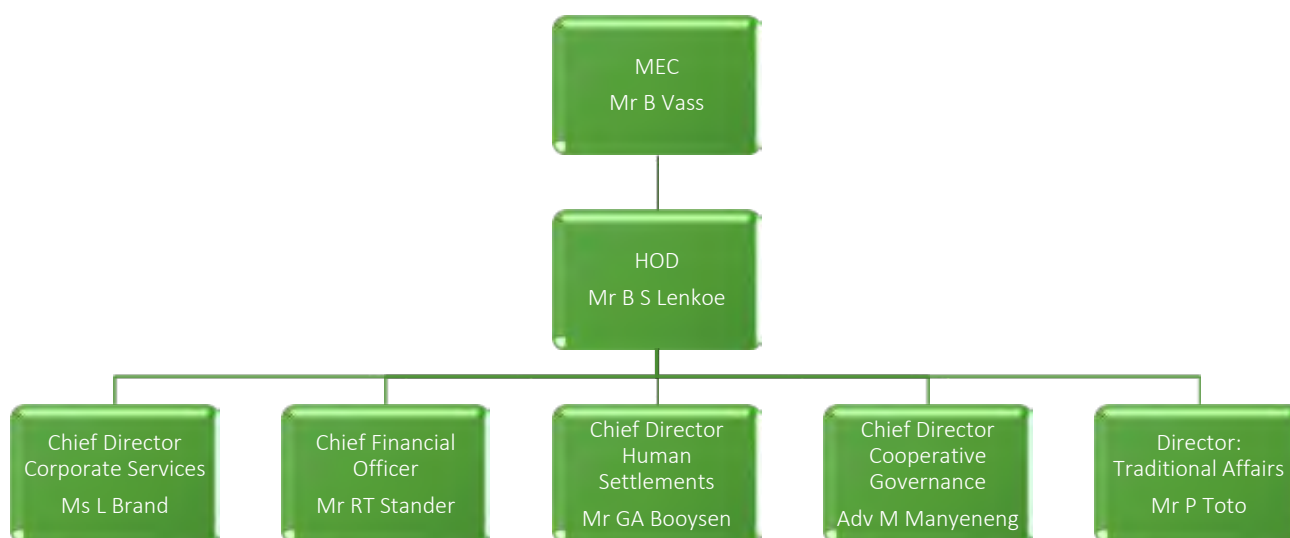
Local Government

- Back-to-Basics Approach (as adopted by Cabinet in 2014)
- District Development Model 2020
- Framework on Local Government Support and Interventions Package 2021
- Free Basic Services Policy, 2000/01
- Free Basic Services Policy, 2000/01
- Integrated Urban Development Framework (as adopted by National Cabinet in 2014)
- Local Government Anti-Corruption Strategy, 2006
- Local Government Anti-Corruption Strategy, 2006
- Local Government: Disciplinary Regulations for Senior Managers, 2010
- Local Government: Municipal Planning and Performance Management Regulations, 2001
- Local Government: Municipal Staff Regulations, 2021
- Local Government: Municipality Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006
- Municipal Infrastructure Grant Framework, 2004
- National Back to Basics Strategy, 2014
- National CDW Master Plan
- National Disaster Management Framework, 2005
- National Local Government Turn Around Strategy, 2009
- National Public Participation Framework, 2007
- National Public Participation Framework, 2007
- Regulations Regarding Participation of Municipal Staff Members in Elections, 2011
- White Paper on Local Government, 1998
- White Paper on Local Government, 1998

Traditional Institutional Management

- White Paper on Traditional Leadership, 2003

8. ORGANISATIONAL STRUCTURE

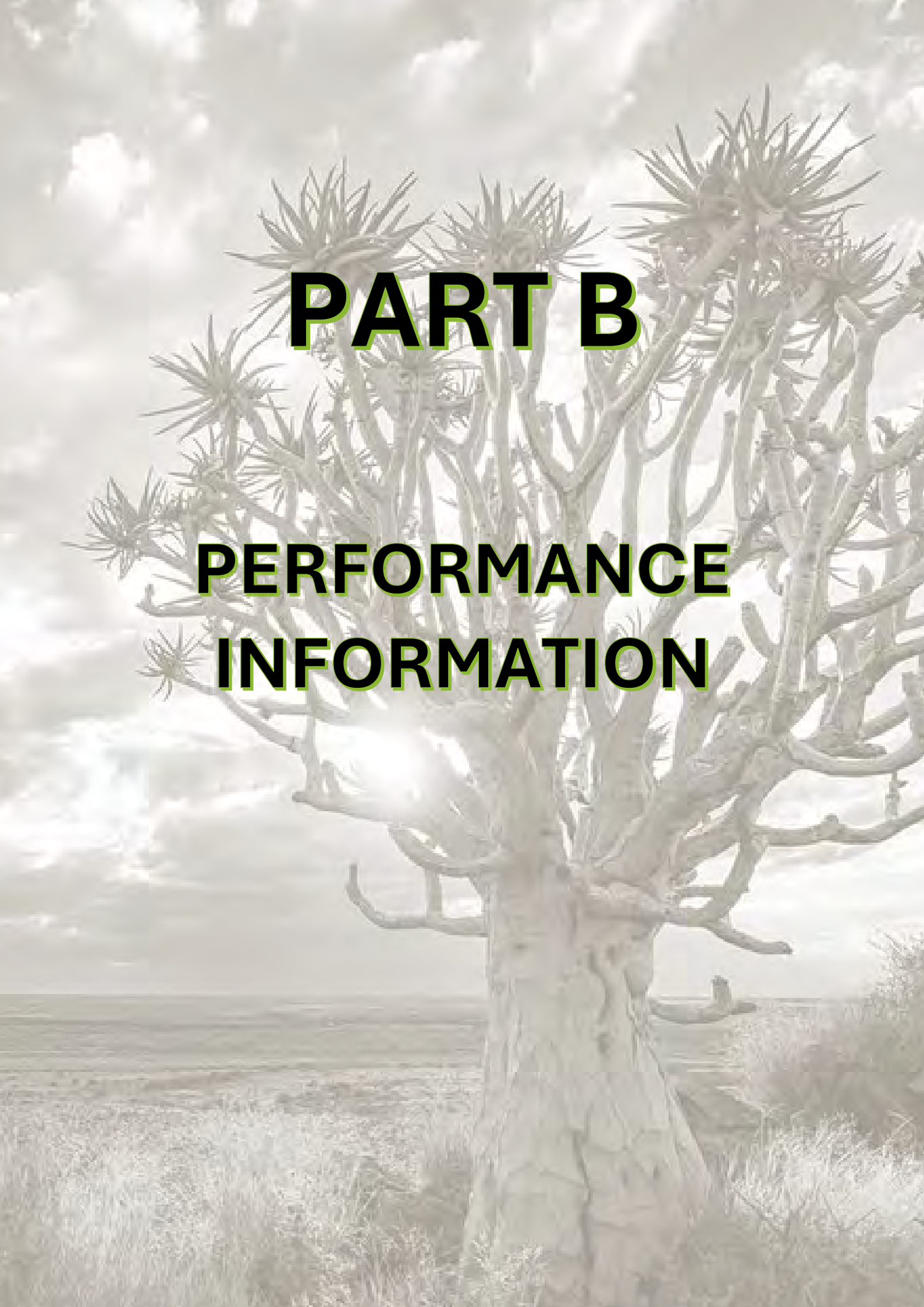


9. ENTITIES REPORTING TO THE MEC

The MEC for the Department of Cooperative Governance, Human Settlements and Traditional Affairs does not have public entities reporting to him.

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PART B

PERFORMANCE INFORMATION

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 **106** of the Report of the Auditor General, published as Part F: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The vast and arid Northern Cape is the largest province in South Africa, taking up nearly a third of the country's land area. It covers an area of 372 889km² (30% of the total area of the country) and has a population of 1 292 786¹, the least populous of South Africa's provinces, yet the surface area is the largest. With 1,263,875 people, the Northern Cape remains the province with the smallest share (2,2 %) of the South African population. The Northern Cape has by far the smallest population and economy of any of the provinces. Namibia and Botswana border it to the north and the North West, Free State, Eastern Cape, and Western Cape provinces. The cold Atlantic Ocean forms the province's western boundary.

The capital city is Kimberley. Other important towns are Upington, the centre of the karakul sheep and dried-fruit industries and the most northerly winemaking region of South Africa; Springbok, in the heart of the Namaqualand spring-flower country; Kuruman; and De Aar, the second most important junction of South Africa's railway network. Sutherland hosts the southern hemisphere's largest astronomical observatory, the multi-national-sponsored Southern African Large Telescope.

The Northern Cape is rich in minerals. Alluvial diamonds are extracted from the beaches and the sea between Alexander Bay and Port Nolloth. The Sishen Mine near Kathu is the most significant source of iron ore in South Africa, while the copper mine at Okiep is one of the oldest mines in the country. Copper is also mined at Springbok and Aggeneys. The province is rich in asbestos, manganese, fluorspar, semi-precious stones and marble.

The province has fertile agricultural land in the Orange River Valley, especially at Upington, Kakamas and Keimoes, where grapes and fruit are cultivated intensively. The interior Karoo relies on sheep farming, while the karakul-pelt industry is one of the most important in the Gordonia district of Upington. Wheat, fruit, peanuts, maize, and cotton are produced at the Vaalharts Irrigation Scheme near Warrenton.

The Northern Cape is divided into five district municipalities and further subdivided into 26 local municipalities.

The **Frances Baard** District Municipality is a Category C municipality located in the far eastern portion of the Northern Cape Province. It shares its northern borders with the North West Province and its eastern border with the Free State Province. The municipality is the smallest district in the Northern Cape, making up only 3% of its geographical area. However, it accommodates the most significant proportion of the province's population. It comprises the four local municipalities of Dikgatlong, Magareng, Phokwane and Sol Plaatje. Kimberley, where the district municipality is located, is less than 500km away from Johannesburg in the north, less than 1,000 km from Cape Town in the south, and less than 800km from Durban in the east.

Area:	12 836km ²
Cities/Towns:	Barkly West, Delporthoop, Hartswater, Jan Kempdorp, Kimberley, Pampierstad, Ritchie, Warrenton, Windsorton

¹ Stats SA, Publication 0302, 20209

Main Economic Sectors: Community services (28%), finance (22%), trade (15%), transport (12%), mining (10%), agriculture (4%), manufacturing (4%), construction (3%), electricity (2%)

The **John Taolo Gaetsewe** District Municipality is a Category C municipality located in the north of the Northern Cape Province, bordering Botswana to the west. It comprises the three local municipalities of Gamagara, Ga-Segonyana, and Joe Morolong, as well as 186 towns and settlements, of which the majority (80%) are villages. It has an established rail network from Sishen South and between Black Rock and Dibeng. It is characterised by a mixture of land uses, of which agriculture and mining dominate. The district holds potential as a viable tourist destination and has numerous growth opportunities in the industrial sector.

Area: 27 322km²

Cities/Towns: Bankhara-Bodulong, Deben, Hotazel, Kathu, Kuruman, Mothibistad, Olifantshoek, Santoy, Van Zylsrus

Main Economic Sectors: Agriculture, mining, retail

The **Namakwa** District Municipality is a Category C municipality in the Northern Cape Province. The Republic of Namibia borders it in the north, ZF Mgcawu Local Municipality in the north-east, Cape Winelands District Municipality in the south, West Coast District Municipality in the south-west, Pixley Ka Seme District Municipality in the east, Central Karoo District Municipality in the south-east, and the Atlantic Ocean in the west. It is the largest district in the province, making up over a third of its geographical area. It comprises six local municipalities: Nama Khoi, Hantam, Khai-Ma, Kamiesberg, Karoo Hoogland and Richtersveld. The seat of the Namakwa District Municipality is Springbok.

Area: 126 836km²

Cities/Towns: Aggeneys, Alexander Bay, Brandvlei, Bulletrap, Calvinia, Carolusberg, Concordia, Eksteensfontein, Frasersburg, Garies, Hondeklip Bay, Kamieskroon, Kleinzee, Koingnaas, Komaggas, Kuboes, Leliefontein/Kamiesberg, Loeriesfontein, Middelpoos, Nababeep, Nieuwoudtville, O'Kiep, Onderste Doorns, Pella, Pofadder, Port Nolloth, Richtersveld, Sanddrift, Springbok, Steinkopf, Sutherland, Williston

Main Economic Sectors: Agriculture, tourism

The **Pixley Ka Seme** District Municipality is a Category C municipality in the south-east of the Northern Cape Province. It shares its borders with three other provinces, namely the Free State to the east, the Eastern Cape to the south-east, and the Western Cape to the south-west. It is the province's second-largest district of the five but makes up almost a third of its geographical area. The district comprises eight local municipalities: Ubuntu, Umsobomvu, Emthanjeni, Kareeberg, Renosterberg, Thembelihle, Siyathemba and Siyancuma. Its main town is De Aar. Traffic flows through the region, linking the major industrial areas of the country. The area experiences low rainfall, despite being home to the largest river in South Africa. Two of the major dams in South Africa, the Vanderkloof and Gariep Dams, are situated on the borders of the district municipality.

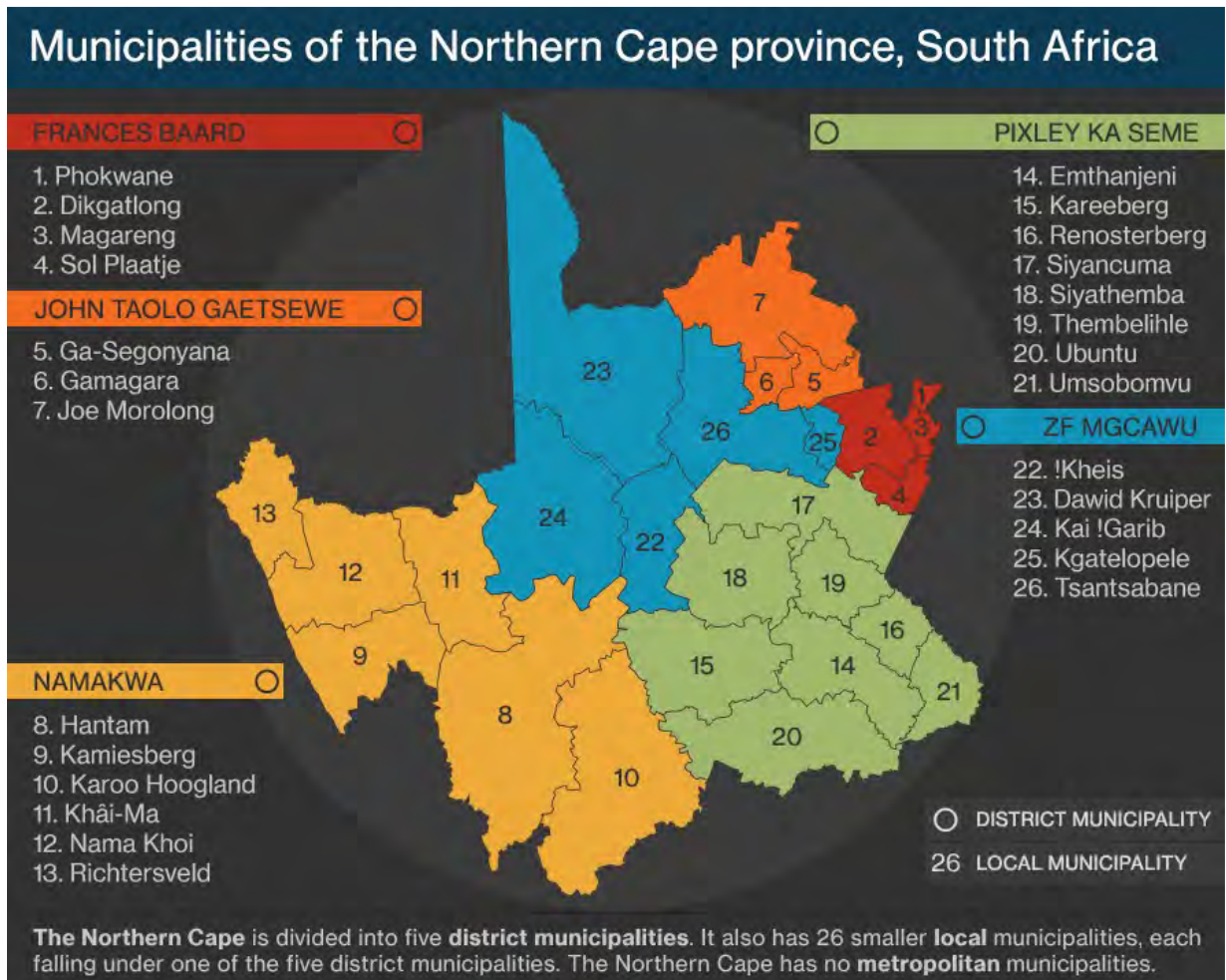
Area: 103 411km²

Cities/Towns: Britstown, Campbell, Carnarvon, Colesberg, Copperton, De Aar, Douglas, Griekwastad, Hanover, Hopetown, Hutchinson, Loxton, Marydale, Niekerkshoop, Norvalspont, Noupoot, Petrusville, Philipstown, Prieska, Richmond, Schmidtsdrif, Strydenburg, Van der Kloof, Vanwyksvlei, Victoria West, Vosburg

Main Economic Sectors: Community services (26.6%), agriculture (16.6%), transport (15.1%), trade (12.9%), finance (12.8%), electricity (7.0%), construction (3.3%), manufacturing (3.2%), mining (2.6%)

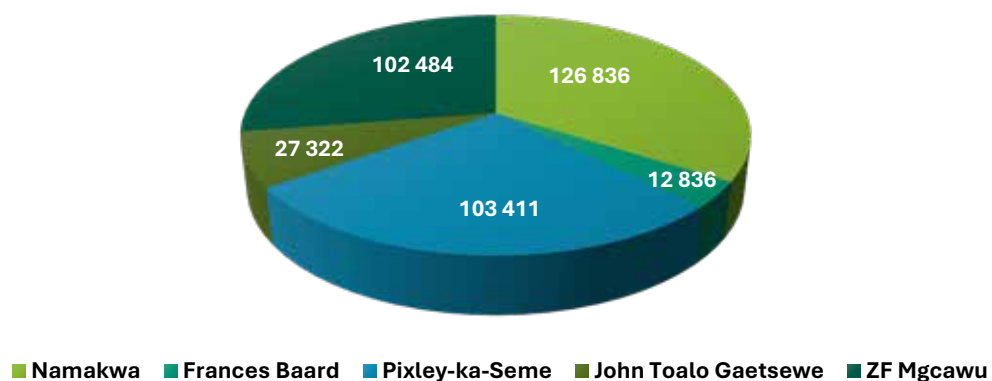
The **ZF (Zwelentlanga Fatman) Mgcawu** District Municipality is a Category C municipality forming the mid-northern section of the Northern Cape Province, bordering Botswana in the north and Namibia in the west. It is just under a third of the province's geographical area, of which 65,000 km² comprises the vast Kalahari Desert, Kgalagadi Transfrontier Park and the former Bushmanland. This district comprises five local municipalities: Dawid Kruiper, Kai! Garib, Tsantsabane, !Kheis and Kgatelopele. Upington is the district's municipal capital, where the municipal government is located.

Area:	102 484km ²
Cities/Towns:	Beeshoek, Brandboom, Danielskuil, Eksteenskuil, Groblershoop, Kakamas, Keimoes, Kenhardt, Lime Acres, Mier, Postmasburg, Rietfontein, Upington
Main Economic Sectors:	Agriculture, mining, tourism ²



3

Area per District



² Municipalities of South Africa (<https://municipalities.co.za/provinces/view/7/northern-cape>)

³ Local government in the Northern Cape (<https://southafrica-info.com/land/infographic-local-government-municipalities-northern-cape-province-south-africa/>)

Programme 1: Administration

Corporate Management

The NDP has identified several areas that require urgent and focused attention to ensure that public service becomes a career of choice, that it has the required skills, and that it can deliver on government objectives. It is also crucial that there is public confidence in the competence of public officials to serve the citizens according to the principles adopted in Chapter 10 of the Constitution of South Africa.

The NDP 2030 asserts that enhanced departmental human resource capacity is crucial for effectively implementing the steps above and promoting broader professionalism within individual departments. The Department has since appointed officials in different capacities to support its mandates. However, the Department needs to equip human resource professionals to enforce rules, implement administrative processes, and advise senior management on strategic aspects of human resource management and development.

The administration is responsible for implementing management practices based on established norms and standards, as well as local and international best practice models. The quantity and quality of management, administrative practices, and performance against service delivery to citizens measure departmental performance.

Therefore, ongoing research and analysis within the administration are required to support decision-making by measuring the effectiveness and efficiency of policies, plans, operations, and practices through evidence-based methods. This enables benchmarking and baselining of organisational functionality, as well as providing alternative delivery models.

The department received a concurrence letter from MPSA dated August 30, 2022, with recommended amendments to the structure. The organisational structure was approved on 3 May 2023, following amendments to the structure in accordance with the recommendations.

A final confirmation letter, dated 7 July 2023, confirming the approved structure with all recommended amendments, was received from MPSA. The department will continuously work towards aligning its organisational structure with its objectives, as outlined in the strategic plans. There is collaboration and consultation with Traditional Affairs regarding the generic structure for the sub-directorate responsible for Traditional Council Support as espoused by DPSA and national COGTA. The department continues to create roles, processes, and structures to realise its goals by following OTP, Provincial Treasury, and DPSA consultation processes.

The department advertised 76 posts in June and July 2023, following approval by the Provincial Treasury. In August 2023, the Cabinet noted that the economic growth outlook had worsened significantly relative to the expectations outlined in the 2023 budget. The fiscal outlook was negatively affected by the higher-than-anticipated wage settlement. Recruitment and selection were among the measures to reduce government spending, improve spending efficiency, and maintain a sustainable fiscal framework. The Department of Public Service and Administration has issued a directive on implementing control measures to assist the Executing Authority in Managing Fiscal sustainability while creating and filling vacant posts in departments, effective October 1, 2023. The directive, however, allowed departments to proceed with recruitment processes for posts advertised before the directive, and the department managed to finalise 67 out of 76 advertised posts.

The Organisational Functionality Assessment (OFA) progress report was completed and submitted via email, as per the OTP request, on 26 November 2024. The latest OFA progress report was submitted on 28 February 2025. OFA provides an opportunity to share evidence-based information that informs the review and improvement of departmental systems, processes, and procedures, as well as to assess whether the necessary service delivery enablers are in place. An amended OFA Implementation Plan was submitted to OTP in July 2024. Progress will be reported in March 2026 against the set targets and due dates stipulated in the amended OFA Implementation Plan.

The effective management of wellness and discipline is an institutional imperative. The Employee Health and Wellness and Labour Relations units ensure the effective management of both wellness and discipline, in line with relevant legislative prescripts, to increase productivity, reduce absenteeism, improve staff retention, and enhance the departmental reputation.

The Department is continuously exposed to natural and man-made threats from internal and external working environments. Controlling and handling these threats is essential to protecting employees and assets. Thus, professional and effective service delivery will be provided. Security Management must ensure compliance with the Minimum Information Security Standards (MISS), Minimum Physical Security Standard (MPSS), and relevant legislation. This ongoing process includes the development of regulations, procedures, and practices to provide a reasonable level of security for property and employees.

Risk and Integrity Management techniques or methodologies are considered for all operational risks to substantiate them financially and provide meaningful, effective, and measurable mitigation strategies in areas where the risks to the department are most significant. This holistic approach enables management to achieve the department's objectives more effectively. In cooperation with Management, the Risk and Integrity unit focuses on strengthening measures and standards for managing integrity and promoting ethical conduct in the department. This entails measures for managing unethical conduct that may arise from financial interests, gifts, hospitality, and other benefits, as well as remunerative work outside the public sector.

The department has made serious strides in human resource planning, diversity management, employee health and wellness, skills development, and capacity building. So far, the Department has been meeting reporting compliance requirements in annual performance plans, performance monitoring, and evaluation of internal service delivery projects. Programme 2 received a qualified opinion on performance information due to challenges experienced with auditing standardised sector indicators, and Programme 3 received an unqualified audit opinion.

The department endeavours to assess its compliance with key WYPD acts and frameworks. It will incorporate relevant data, findings, and emerging trends related to WYPD gaps affecting women and girls, gender equality, youth development, and the promotion of disability rights in the province for the new MTSF cycle. Consideration will then be given to include possible outcome statements promoting the rights and advancement of WYPD priorities. A proper risk assessment will be conducted to identify the potential risks of exclusion and non-compliance with priorities and targets for WYPD, categorising and outlining risk mitigation factors.

Addressing the 50/50 SMS equity poses a challenge, as it can only be addressed by filling vacancies as they occur. The department will strive to address the requirements of youth and persons with disabilities. Running sexual harassment campaigns via email is considered an operational activity not listed in the APP.

During the past year, the department capacitated 35 interns and learners, of whom 15 were appointed permanently after completing their respective internships or leadership roles. One of the permanently appointed youths is disabled.

The NDP has identified Information Technology (ICT) as an important tool for improving service delivery. It can make services more accessible, reduce the cost of accessing services, streamline administrative processes, improve turnaround times, and strengthen accountability and responsiveness. The Department has identified key challenges and weaknesses concerning implementing ICT Governance and ICT security measures. ICT capacity is another challenge, as there appears to be a lack of strategic contribution to implementing its objectives. The Department endeavours to implement several policy interventions that will include, amongst others:

- strengthening ICT security;
- the ongoing monitoring of the Governance of Corporate ICT Framework;
- creating and sustaining an environment within which ICT is deployable as a strategic tool of government;
- implementing an E-government strategy that advances ICT as a tool for service delivery;

- monitoring department ICT expenditure; and
- introducing cost containment measures.

The Fourth Industrial Revolution (4IR) digitalisation will form the cornerstone of our socio-economic development, pushing the boundaries within which industries operate across all sectors. Digitalisation is the engine behind the Fourth Industrial Revolution. It is, therefore, critical that the government drive digital transformation as an enabler and dependency for the effective utilisation of 4IR Technologies. This also leads to the diffusion of digital technologies, which impacts all sectors and sub-sectors of our economy.

Therefore, in line with its mandate and as part of its digitalisation journey, COGHSTA will prioritise the implementation of the Provincial Digitisation Strategy towards a paperless organisation. This programme will continue within COGHSTA through the digitalisation of additional business processes and systems by prioritising areas that will ensure digital transformation towards government automation, integration, and digitisation of services to yield efficient service delivery, economic opportunities, and innovation.

The department was identified as a pilot department to participate in the e-Leave and e-Submission projects.

Financial Management

For the eighth consecutive year, the department received an unqualified audit opinion with emphasis on matters. Matters raised in the 2023/24 audit report, included in the departmental Audit Action Plan, are being addressed continuously. Cost containment measures declared by the Provincial Treasury and the Government make it difficult for the Department to fill vacant positions.

The department has been identified as a pilot for receiving a clean audit opinion for the 2024/2025 financial year. This approach will need a more dedicated and committed senior management team to ensure this goal is achieved. Based on the 2023/24 audit outcomes, the two issues for targeted intervention were:

- Notable improvements have been made in the current financial year to address findings related to consequence management. The Financial Misconduct Committee (FMC) has been established to identify possible irregularities in transactions processed and confirm allegations of irregular expenditure.
- Discussions regarding the categorisation of title deeds with national human settlements have unfolded in the current financial year. The status regarding this indicator will remain unchanged. However, the indicator is expected to change in 2025/2026, resulting in a more favourable audit outcome.

Contract management processes will be improved to ensure that all currently running contracts have a centralised register, which will be updated regularly to hold contractors accountable for any non-performance.

Programme 2: Human Settlements

The Department strives to achieve sustainable human settlements and improved quality of household life, culminating in the establishment of viable, socially and economically integrated communities that provide convenient access to economic opportunities and health, educational, and social amenities.

As of the 2022 Census, the Northern Cape continues to face significant housing backlogs, underscoring a pressing need for adequate housing solutions in the province. The census data reveals that approximately 25% of households reside in informal settlements, with many lacking access to basic services such as clean water and sanitation. Furthermore, the housing backlog in the Northern Cape is estimated to exceed 50,000 units, exacerbated by rapid urbanisation and population growth. The census also indicates that most of the province's housing stock comprises low-income dwellings, emphasising the urgency for targeted government interventions and partnerships to address these challenges.

Capacity constraints have continued since the 2019/2020 financial year. Filling critical posts within Human Settlements remains challenging, as it fails to achieve delivery targets. The inferior performance of the Human Settlements Programme is attributed mainly to these vital vacancies. These vacancies must urgently be filled to improve the performance of the Human Settlements Programme.

The Northern Cape Provincial Treasury allocated an amount of R250,000,000 under the equitable share to provide the department with funds to offset accruals for Human Settlements Projects for the 2024/2025 financial year. Funds were received in the first quarter, and to date, the total amount has been processed towards these accruals.

The DBSA pledging funds received in the current fiscal year have been reduced to R300 million in the 2024/25 adjustment budget. The reduction from R600 million to R300 million is due to slow spending. The execution of the accelerated housing projects was negatively impacted by several difficulties, including challenges with beneficiary administration and NHBRC enrolment.

Programme 3: Cooperative Governance

The Department remains committed to supporting and guiding the 31 municipalities of the Northern Cape in achieving sound governance structures, improved audit outcomes, efficient and effective service delivery, and deepening participatory democracy within their communities.

All nine dysfunctional/distressed municipalities, mainly in Pixley ka Seme and ZF Mgcawu districts, will continue to receive support from the Department through the Municipal, Support, and Intervention Package (MSIP) approved by the Cabinet and Provincial Executive Council. During September 2023, the National DCOG and the Province undertook a Municipal Performance Assessment Tool (MPAT) self-assessment by municipalities to update the State of Local Government as of 30 June 2023. This will replace the State of Local Government adopted in July 2021, reclassifying the municipalities' categorisation and requiring departments to compile the new Municipal Support and Intervention Package to support the identified municipalities.

Cost containment negatively affects the implementation of the chief directorate's APP and AOP. Filling vacancies is dependent on completing job evaluation processes. The lack of trade tools, such as laptops and computers, also poses a challenge. Despite the financial challenges affecting the chief directorate, there is significant work that requires specific support for municipalities.

To this end, the programme has included additional indicators which are non-customised under spatial planning and municipal infrastructure and free basic services:

1. Municipalities monitored on implementing the Spatial Planning and Land Use Management Act;
2. Districts supported on the DDM spatialisation; and
3. Number of municipalities monitored on the implementation of Operation and Maintenance programmes.

The Provincial Disaster Management Centre's challenge is personnel capacity, including dedicated budgets for the total implementation of the Act. The added fundamental challenge is the lack of a physical facility to house the PDMC.

The budget allocation for this programme accounts for only 11% of the total departmental budget. The budget of the Programme is insufficient to provide the necessary support and monitoring of legislative compliance among municipalities, enabling them to fulfil their constitutional obligations and mitigate against disaster incidents.

Programme 4: Traditional Institutional Development

As far as traditional institutional development is concerned, the Department continues to support traditional leadership institutions. The department strives to recruit and retain a competent and skilled workforce. It remains committed to training and developing its personnel to ensure that set service delivery targets are achieved throughout the various departmental strategic programmes. The department will continue to strive towards achieving employment equity targets outlined in the relevant legislative prescripts, ensuring labour peace, and fostering a healthy and productive workforce. The Department provides financial, legal, and human capital support to preserve and promote traditions, customs, and culture within the recognised traditional communities, per the Traditional and Khoi-San Leadership Act (TKLA), which took effect on 1 April 2021. The TKLA repeals the Traditional Leadership Governance and Framework Act of 2003 and the National House of Traditional Leaders Act of 1997. While the Northern Cape Provincial Governance Framework and Houses of Traditional Leaders Act of 2007 remain in force, the TKLA gives recognition to traditional and Khoi-

San communities, structures, and leadership positions, and, for the withdrawal of such recognition, provides for the functions and roles of traditional and Khoi-San leaders, the establishment of councils, as well as support to those councils.

Considering legislative changes (TKLA), the organisational structure of the Traditional Institutional Development directorate will need to be benchmarked against other provinces to ensure effective compliance with the said changes. Units such as customary initiation and anthropology will also be considered during the benchmarking process.

2.2 Service Delivery Improvement Plan

The department has completed a Service Delivery Improvement Plan. The tables below highlight the Service Delivery Plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Fully subsidised houses delivered	Qualifying housing subsidy beneficiaries	Construction and allocation of BNG housing units to qualifying subsidy beneficiaries	2758	178
Title Deeds registered	Persons qualifying for houses built pre-1994	Registration and issuing of title deeds to qualifying beneficiaries	150	182
	Persons qualifying for houses built post-1994		100	216
	Persons qualifying for houses built post-2014		150	184
	Persons qualifying for houses built post-2019		343	434

Batho Pele arrangements with beneficiaries (Consultation access, etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Annual information sessions with communities of the total houses to be built and Title Deeds	Departmental officials meet the communities	Involvement of municipalities and communities.

Service delivery information tool

Current/actual arrangements	Desired arrangements	Actual achievements
Communities raise and submit their complaints to the regional offices. Complaints are also raised during EXCO/Presidential Imbizo outreach programs	The Regional and Provincial offices are used for community members to report their complaints.	Complaints are received and responded to through the involvement of regional and provincial officials.

Complaints mechanism

Current/actual arrangements	Desired arrangements	Actual achievements
The department has the Service Charter as a mechanism for community members to raise their complaints to the regional or provincial offices.	Complaints of community members to be addressed through the assistance of the regional and provincial offices.	The Service Charter has been circulated to the regional offices to inform community members about the department's services and the complaint mechanisms in place. The Service Charter is on display in the Department's offices.

2.3 Organisational environment

The Department consists of the following four programmes:

- Programme 1: Administration (Corporate Management & Financial Management)
- Programme 2: Human Settlements

- Programme 3: Cooperative Governance
- Programme 4: Traditional Institutional Development

The department's employment equity does not reflect the country's demographics or the province's population. The Employment Equity Act requires 50% representation of women in SMS positions, 30% representation of youth, and 3% representation of persons with disabilities.

SMS equity declined from 19% in 2020/2021 to 11% in 2021/2022. It increased to 16% in 2022/2023 and further increased to 26% and 28% in the 2023/2024 and 2024/2025 financial years, respectively, with 12% of SMS posts remaining vacant in 2024/2025.

Overall gender equity in the Department has remained steady: 53% in 2020/2021, 54% in 2021/2022, 54% in 2022/2023, and 54% in the 2023/2024 financial year.

To address SMS equity, the Department endeavours to prioritise empowering female employees from middle management through training and exposure to senior management positions. Additionally, the department would prefer to hire females for all vacant positions, including those at the senior management service (SMS) level.

The Department consists of 66% black Africans, 42% Coloured people, 1% Indian/Asian people, and 3% White people, while the Northern Cape population demographics are as follows: 50% black Africans, 42% Coloured people, 1% Indian/Asian people, and 7% White people. Over the past two years, recruitment has focused on internal promotions of department officials.

The Department's disability rate is currently at 2.73%, compared to the National target of 3% set by the Department of Women, Youth, and Persons with Disabilities.

Programme 1: SWOT Analysis

Programme 1 boasts several notable strengths, including a strong internal control environment with sound financial management principles. An improved corporate identity and a team of experienced staff complement this foundation. Additionally, a sense of organisational harmony with organised labour contributes to a positive workplace culture.

They face several weaknesses that hinder their overall performance. There is inadequate utilisation of budget allocations, which impacts financial efficiency. A concerning risk culture persists, particularly concerning incident management reporting, while the integrity of reporting and information remains questionable. Additionally, there is a lack of consequence management, undermining accountability. The availability of specialist skills is insufficient, contributing to broader operational challenges, and the corporate culture is poor, affecting employee morale and engagement. Furthermore, there is a lack of retention and succession planning, which jeopardises long-term stability. The organisation also struggles with insufficient tools of trade and poor communication, which hamper workflow and coordination. Finally, there is a failure to implement change management effectively, stalling necessary progress and adaptation.

The Programme has several opportunities for improvement and growth. It can strengthen its workforce by enhancing its brand image and investing in training and development through bursaries and skills development programs. Implementing fair and transparent recruitment processes, possibly by exploring external candidates, will also be beneficial. Additionally, sharing best practices from other provinces and inviting their input could lead to valuable insights. Increased budget allocations are possible, which can further support initiatives. Creating conducive private-public partnerships will foster collaboration, while improved corporate culture management can enhance overall workplace satisfaction. Finally, digitising internal processes such as e-leave, e-submission, and electronic recruitment could streamline operations and improve efficiency.

The Programme faces several significant threats that could impact its operations and effectiveness. Budget limitations pose a considerable challenge, mainly due to national budget cuts and cost containment measures. A weak economy exacerbates poverty, unemployment, and crime while also impacting the

construction sector. Additionally, the delivery of infrastructure projects is at risk due to changes in legislative prescripts and regulations, coupled with poor integrated planning. The lack of innovation, particularly in digitisation and mobile connectivity, further hinders progress. Furthermore, litigation cases against the department and potential changes in political mandate, such as those that might arise from a Government of National Unity (GNU), create further uncertainty. Lastly, protracted recruitment processes can lead to staffing shortages, which in turn hinder the department's ability to achieve its goals.

In conclusion, Programme 1 has a strong foundation, particularly in financial management and workplace culture. However, critical weaknesses, such as ineffective budget utilisation and inadequate staffing, must be addressed to improve accountability and efficiency. By capitalising on opportunities such as enhancing its brand image and embracing digital transformation, Programme 1 can drive substantial growth. Additionally, it must remain aware of external threats, such as budget constraints and regulatory changes. A strategic focus on innovation and proactive recruitment is crucial for Programme 1 to thrive and meet its goals.

Programme 2: SWOT Analysis

Programme 2 benefits from several strengths that contribute to its effectiveness. Enabling policies and a well-structured budget, which includes equitable shares and grants, provide a solid foundation for its operations. Additionally, the institutional knowledge and seamless integration of business processes enhance overall efficiency. Key professionals, such as building inspectors, ensure that high standards are maintained. Support from the National Department of Human Settlements (DHS) and oversight and evaluation by entities such as the NHBRC and HDA further strengthen its capabilities. Lastly, accountable leadership ensures that these strengths are effectively harnessed to achieve organisational goals.

They face several weaknesses that hinder their effectiveness. These include financial sustainability issues stemming from insufficient funding, over-commitment, and challenges in project and contract management. Additionally, the notable lack of technical capacity in regional offices exacerbates deficiencies in internal supply chain management processes. The support provided by legal services is also inefficient, contributing to these challenges. Furthermore, the organisation lacks adequate systems and technology, resulting in an inability to access real-time data for decision-making and record-keeping. Lastly, there is an evident lack of social facilitation for stakeholders involved in the projects.

There are numerous opportunities to explore in various sectors, mainly through key partnerships such as those with DBSA and SU. Integrated planning involving the built environment and municipalities can foster effective intergovernmental relations (IGR). This approach not only opens job opportunities and promotes contractor empowerment but also facilitates skills transfers to address issues of poverty and unemployment. Diversification within human settlement programmes, including social housing and the Finance Linked Subsidy Programme (FLSP), further supports these goals. Additionally, land acquisition plays a vital role in development, alongside the adoption of sustainable, resilient, and alternative building technologies. It is essential to re-engineer systems and processes, as well as to establish benchmarking practices on both national and international levels, to ensure progress and effectiveness in these initiatives.

The current landscape is fraught with various threats that hinder progress in human settlements. These include significant backlogs in meeting housing needs and a contractor database that lacks adequate capacity, skills, knowledge, and cash flows. Furthermore, the subsidy quantum jeopardises the viability of the construction business while implementing cost containment measures, which raises concerns regarding quality control. The challenge of recruiting and retaining scarce skills exacerbates these issues, which are further compounded by municipalities' political and administrative failures to manage beneficiary administration effectively. Additionally, the interference from business forums and extortionists poses further complications. The absence of standardised indicators hinders assessment, and declining population growth impacts allocation strategies.

In conclusion, Programme 2 demonstrates a strong framework with effective policies, institutional knowledge, and valuable partnerships essential for its success. However, challenges like financial sustainability and limited regional capacity threaten its effectiveness in meeting housing needs. The programme can enhance operational efficiency and advance its mission by focusing on integrated planning and diversification in human settlements while addressing weaknesses and external threats. Strengthening

systems, engaging stakeholders, and ensuring a resilient construction sector will be vital for driving positive change in communities.

Programme 3: SWOT Analysis

Programme 3 has successfully filled its senior positions, providing a strong foundation for effective leadership. Additionally, legislative clarity guides operations, ensuring compliance and transparency. The staff is knowledgeable, qualified, and experienced, which contributes to the overall efficiency and expertise. Furthermore, a uniform and systematic approach is in place, promoting consistency and effectiveness across various processes.

The identified weaknesses include a slow response to municipal challenges and a poor turnaround time in intervening within municipalities. There is an insufficient workforce and an inability to enforce compliance effectively. Additionally, a focused and coordinated approach is lacking, along with a deficiency in the staff's continuous professional development. Furthermore, there is an inconsistency in the application of legislative prescriptions, as well as a notable absence of internal peer review mechanisms.

Several key opportunities for improvement can be leveraged, including legislative reforms and fostering partnerships to enhance collaboration and cooperation. A thorough revision of standard operating procedures can streamline processes, while implementing an internal peer review mechanism will promote accountability and quality assurance. Adopting a focused and coordinated approach will help align efforts across various sectors. Additionally, integrated reporting reform can provide clearer insights, and investing in the development of councillors will strengthen local governance capabilities. These initiatives aim to enhance local government effectiveness and responsiveness to community needs.

Municipal political instability poses a significant threat, as it can lead to a lack of cohesive governance and hinder effective decision-making. Additionally, municipal defiance of directives can undermine the implementation of essential policies. Compounding these issues is the presence of limited budgets, which restrict the resources available for vital initiatives. Legislative red tape often adds further complications, stalling progress and making it difficult for municipalities to navigate required procedures. Furthermore, inadequate spending capacity in municipalities hinders their ability to execute projects and effectively address community needs. Lastly, the dynamics within coalition municipal governments can lead to challenges in consensus-building, further complicating the overall governance landscape.

In conclusion, while Programme 3 has made strides in leadership and operational clarity, significant challenges must be addressed for optimal functioning. The identified weaknesses, such as slow responses to municipal challenges and a lack of cohesive strategies, highlight areas for improvement. By leveraging the identified opportunities, such as fostering partnerships and revising standard operating procedures, Programme 3 can enhance its effectiveness and responsiveness to community needs. However, the threats posed by political instability, budget constraints, and legislative hurdles must be navigated carefully to ensure sustainable progress. A focused and coordinated effort is essential to establish a stronger foundation for local governance, ultimately leading to better outcomes for the communities served.

Programme 4: SWOT Analysis

Programme 4 boasts several strengths, including a skilled and knowledgeable staff capable of resolving succession disputes related to traditional leadership internally. They excel in developing research tools, such as genealogy development tools and data collection instruments, and possess a strong understanding of customary laws of succession. Additionally, they have a proven capacity to monitor initiation practices, legislation, and governance while consistently engaging with stakeholders, including the Human Rights Commission and the CRL, on traditional leadership issues. Their expertise encompasses customary laws and Indigenous knowledge systems, and they maintain functional traditional courts and customary initiation structures to address disputes related to customary marriages and lobola cases. Through these efforts, they foster trust between traditional communities and the government.

They face several weaknesses that hinder their effectiveness. Insufficient personnel and resources are available, coupled with a lack of infrastructure development, particularly in information and communication technology and office facilities. Additionally, undocumented Indigenous data on customary usage poses a

challenge, while there is a notable shortage of skilled traditional surgeons and caregivers. Furthermore, the presence of aged traditional leaders, who resist relinquishing their roles or handing over responsibilities to their successors, compounds these issues.

There are several opportunities for development and community enhancement. Firstly, the rollout of a rural master plan is essential for developing communal areas, such as establishing a shopping centre in Kagung along the N14 route. Additionally, preserving heritage sites like Dithakong and Heuningvlei should be prioritised. Public-private partnerships are also vital, involving institutions of higher learning like SPU, UFS, and McGregor Museum, along with mining companies and international agencies such as CADCA and SANCA, to effectively tackle drug demand reduction in our traditional communities. Furthermore, corporate social investment from mines can significantly contribute to local development efforts. Collaboration with relevant stakeholders is necessary to address and curb gender-based violence and femicide (GBVF). Finally, incorporating these changes into the school curriculum will help instil awareness and knowledge among the youth.

The traditional leadership landscape faces several pressing threats, including the rejection of commission report outcomes and the risk of costly legal litigation. Additionally, there is a concerning rise in bogus initiation schools and traditional leaders, which further complicates the situation. The inauguration of Khoi-San and traditional leaders by the structure of the Khoi-San kingdom raises questions regarding the rectification, restoration, and elevation of these leaders. Financial management issues are exacerbated by unaudited traditional council accounts and the non-reconstitution of traditional councils, leading to budget constraints. Furthermore, there is a lack of harmony between traditional leaders and councillors, alongside ongoing succession disputes and the infiltration of illegal substances in initiation practices.

In summary, Programme 4 has notable strengths, such as knowledgeable staff and effective systems for resolving succession disputes and engaging stakeholders to uphold customary laws. However, it faces challenges, including insufficient resources, a lack of skilled personnel, and outdated infrastructure. Growth opportunities exist in local community development, the preservation of heritage sites, and collaboration on social issues such as drug demand and gender-based violence. However, threats such as legal challenges, fraudulent entities, and financial mismanagement require urgent attention to maintain the integrity of traditional leadership. Addressing these challenges while leveraging opportunities is vital for building community trust and enhancing the relationship between traditional systems and modern governance.

2.4 Key policy developments and legislative changes

During the 2024/25 financial year, several significant policy and legislative developments were introduced across the local governance and human settlements landscape, marking a period of institutional alignment, policy refinement, and strengthened regulatory oversight.

In the first quarter, the national fiscal framework was confirmed through the gazetting of the Division of Revenue Act (DoRA) on 21 June 2024. Key legislative amendments were also proposed, including changes to the Local Government: Municipal Structures Act to address the increasing prevalence of coalition governments. These amendments, along with proposed revisions to the Municipal Systems Act and the Municipal Property Rates Act (MPRA), were published for public comment, closing on 31 July 2024. Concurrently, the Department began piloting processes aligned to MFMA Circular 81 in preparation for the review of the Municipal Planning and Performance Regulations (2001). The institutionalisation of the District Development Model (DDM) was further solidified with the gazetting of the DDM Regulations on 10 May 2024, setting a clear framework for intergovernmental coordination.

In the second quarter, the Department undertook a comprehensive policy rationalisation process. While it maintained a portfolio of 49 approved policies, several national policies—such as the Housing Assistance in Emergency Policy—were removed from the departmental register, as they are implemented directly at national level. The DPSA's GPSSBC Resolution 2 of 2024 necessitated

the development of a new provincial leave policy. Several departmental policies were under review during this period, including those related to Acting Allowance, Bereavement, Employment Equity, and Ethics and Risk Management. Notably, the Department approved its 2024/25 Fraud Prevention Plan and implemented the new automated job evaluation system. In addition, the departmental Organisational Macro-Structure (OMF) Policy was approved, while Employee Health and Wellness (EHW) policies and related risk and ethics frameworks were under review.

The third quarter saw a shift toward alignment with national communication and governance directives. The Provincial Communications Forum adopted a communications policy developed by the national GCIS, prompting departments to develop aligned internal policies. The Health and Safety Policy was approved on 29 November 2024, while a draft Reasonable Accommodation Policy was submitted for review. The Department also implemented the newly launched Policy on the Prevention and Elimination of Harassment and Violence in the Public Service. In the realm of local government, the Minister published notices to determine the number of municipal councillors for the 2026 Local Government Elections (LGE), with the MEC gazetting provincial determinations on 20 November 2024. Upper limits for councillor remuneration were published for both the 2023/24 and 2024/25 financial years, and a Standard Draft By-law for Township Economies was introduced to address health and safety concerns linked to informal food retail. Additionally, consultations commenced on revisions to the Municipal Planning and Performance Regulations, supported by the piloting of MFMA Circular 88. Several draft policies related to traditional affairs were developed, including customary initiation regulations, a fees policy, and a gratuity policy for non-returning members of the Houses of Traditional Leaders.

In the final quarter, focus shifted to implementation and finalisation. The Department fully implemented the DPSA Directive on Human Resource Management and Development for Professionalisation (Volume 2), and received provincial ICT directives. Several policies remained under review, including the Facilities Management Policy and the draft Fleet Management Policies. The revised HIV, TB, and STI Policy was completed and submitted for consultation. The comprehensive suite of risk management policies also remained under review. At national level, the Minister for COGTA published draft amendments related to the upper limits of councillor remuneration for 2025 and an Intergovernmental Relations Framework Amendment Bill. The Department also continued its participation in implementing the Municipal Support Plan (MPTAS), with a special focus on distressed municipalities, such as Thembelihle. The gazetting of Customary Initiation Fees by the Minister was also confirmed, marking a critical step toward standardising traditional practices across provinces.

Overall, the 2024/25 financial year was characterised by strategic legislative reform, policy integration, and strengthened governance mechanisms aimed at improving local government stability, performance, and service delivery.

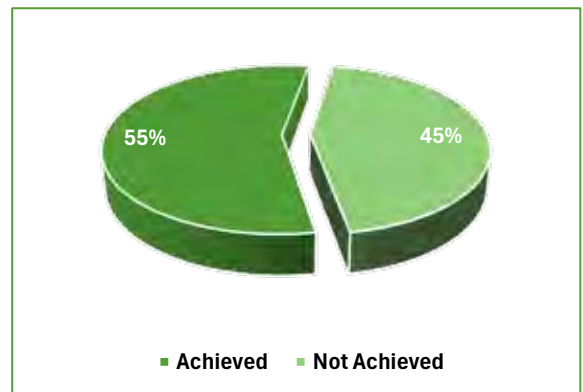
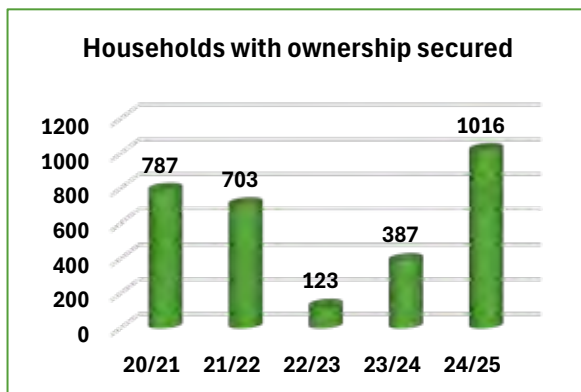
3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact Statement	Spatial transformation through improved integrated settlement development in collaboration with a capable Local Government sector
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Outcomes

MTSF	Priority 5: Spatial integration, human settlements and local government			
Outcomes	Outcome Indicators	Baseline	Five-year target	Actual Achievement as of 31 March 2025
Improved audit outcome	Reduced number of matters raised in the Audit report	Unqualified audit with 11 matters	Unqualified audit with no matters	Year-on-year reduction in matters raised in AG report
Adequate Housing in improved quality living environments	Number of priority housing development areas invested in	New	Investment in 5 priority development areas	Achieved investment in 5 gazetted priority development areas (Kimberley, Kathu, Aggenys/Pofadder, Upington, Postmasburg/ Tsantsabane)
Security of Tenure to households in the subsidy market	Number of households securing ownership	13 308	5 450 households with ownership secured	3 016 households with ownership secured
Transformation of the Local Government sector	Number of municipalities progressing from dysfunctional to functional	15	15 municipalities progressing from dysfunctional to functional	6 [0 – dysfunctional to functional 3 – Risk to functional (3 Districts) In 2021, we had 15 dysfunctional, 6 were moved to the risk category, and currently, there are 9 dysfunctional municipalities. Secondment of AMM at !Kheis LM, Review of the SDFs of !Kheis LM, Magareng LM, supplementary and general valuation rolls at !Kheis LM, Thembelihle LM, Siyathemba LM and Renosterberg LM.]
Realising good governance, peaceful co-existence and development within Traditional Communities	Number of Traditional Councils with inter-sphere relationships	New	8 Traditional Councils with inter-sphere relationships	8

Reduced number of matters raised in the Audit report				
20/21	21/22	22/23	23/24	24/25
Unqualified with 2 matters of emphasis	Unqualified with 1 matter of emphasis	Unqualified with 1 matter of emphasis	Unqualified with 2 matters of emphasis	Unqualified with 1 matter of emphasis



PROGRAMME 1: ADMINISTRATION

Outcome: Improved audit outcome

Outcome Indicator: Reduced number of matters raised in the Audit report

The Office of the CFO ensures the effective, efficient, and economical use of financial resources in accordance with the PFMA through the implementation of policies, procedures, and frameworks. This includes budget planning, cash flow and expenditure monitoring, procurement, logistics, assets, and financial accounting. The department complied with the legislative requirements for the submission of financial reports and related plans.

Programme 1 focused on enhancing institutional governance, audit outcomes, and corporate support systems to enable the department to function efficiently and comply with key public administration standards. The 2024/25 performance reflects a combination of high-level compliance, improvement trends, and minor shortfalls in operational processes.

Financial Management and Compliance

The Department achieved 97.5% of uncontested supplier invoices paid within 30 days, slightly below the 100% target. The deviation of 2.5% was attributed to delays in the submission of invoices and unresolved banking queries. While this fell short of full compliance, the performance still reflects improved efficiency compared to previous years and signals progress toward financial discipline.

Preferential Procurement

In support of economic transformation, the Department exceeded its target for procurement transactions awarded to women-owned businesses (WOBs). Against a 30% target, 31.7% of procurement was directed toward WOBS. This overachievement demonstrates the Department's commitment to inclusive procurement practices and economic empowerment of women in the province.

Audit Outcomes and Governance

The Department made significant strides in addressing external audit findings, implementing 90.5% of external audit recommendations against a target of 100%. While a 9.5% shortfall was recorded, this still represents a marked improvement from previous years. The delay was due to incomplete execution of the Audit Action Plan, although implementation momentum had noticeably increased.

Policy Implementation

The Department maintained full compliance in internal governance, achieving 100% implementation of departmental policies, thereby ensuring that internal processes were aligned with prescripts and standards governing the public service.

PROGRAMME 2: HUMAN SETTLEMENTS

Outcome: Adequate Housing in improved quality living environments

Outcome Indicator: Number of informal settlements upgraded to Phase 2 of the Informal Settlements Upgrading Programme
Number of priority housing development areas invested

Outcome: Security of Tenure to households in the subsidy market

Outcome Indicator: Number of households securing ownership

The Human Settlement sector is broad, and its achievements are determined mainly by the number of houses delivered. This is used as a baseline to evaluate its performance, but it is a complicated and complex sector. The sector is highly dependent on government funding, land availability, professionals with relevant skills, planning, project management, and environmental issues.

During the 2024/25 financial year, Programme 2: Human Settlements demonstrated mixed performance results across its core focus areas of housing development, land use planning, tenure security, and housing asset management. While notable progress was made in several output indicators, others fell significantly short due to systemic and operational constraints.

Housing Needs, Research and Planning

The Department maintained its commitment to spatial transformation by investing 30.99% of the total Human Settlements Development Grant (HSDG) allocation in gazetted Priority Development Areas (PDAs), slightly surpassing the annual target of 30%. This reflects alignment with integrated spatial planning objectives. In addition, the Department successfully rezoned 100% of the land acquired between 2014 and 2019 within PDAs, reflecting strategic land use management.

Housing Development

Performance in the delivery of housing units was uneven. While only 14 households benefited from the FLISP subsidy, against a target of 20, challenges were mainly administrative, involving payment system registrations and HSDG funding constraints. A significant underperformance occurred in the delivery of Breaking New Ground (BNG) houses, where only 178 units were completed against a target of 2,758, resulting in a shortfall of 2,580 units. The delays were attributed to poor contractor performance, payment delays, community disputes, unresolved dolomitic risks, and site-specific challenges like terrain and hard rock.

In contrast, the delivery of serviced sites far exceeded expectations, with 9,571 sites delivered against a target of 1,065, due to effective contractor performance and sound project management. Similarly, 5 informal settlements were upgraded to Phase 3 of the UISP, significantly surpassing the single settlement target.

The Department, however, recorded no progress in the delivery of rental social housing units, as this output is implemented by the Social Housing Regulatory Authority (SHRA) and SASIHC, and thus falls outside the Department's direct control.

Housing Asset Management

The Department made commendable progress in housing asset management, particularly in the registration of title deeds across all categories:

- Pre-1994 title deeds: 182 registered against a target of 150.
- Post-1994 title deeds: 216 registered, exceeding the 100 target.
- Post-2014 title deeds: 184 registered, surpassing the 150 target.
- New title deeds: 434 registered against a target of 343.

This success is attributed to improved partnerships with conveyancers and external stakeholders, and consistent monitoring of performance through monthly reviews.

PROGRAMME 3: COOPERATIVE GOVERNANCE

Outcome: Transformation of the Local Government sector

Outcome Indicator: Number of municipalities progressing from dysfunctional to functional

In the 2024/25 financial year, Programme 3 focused on strengthening the institutional capacity, governance systems, and developmental responsiveness of municipalities across the province. The programme's interventions spanned municipal administration, infrastructure, public participation, spatial planning, and disaster management, with most targets fully achieved, demonstrating a consistent and results-driven performance.

Local Government Governance and Administration

The Department provided oversight and support to all 31 municipalities in the province to ensure compliance with Municipal Systems Act (MSA) Regulations on the appointment of senior managers, marking consistent performance in promoting sound governance practices. Similarly, all 31 municipalities were monitored on the implementation of anti-corruption measures and institutionalisation of performance management systems.

The Department also facilitated 64 capacity-building interventions, significantly surpassing the annual target of 10. This reflects proactive responsiveness to widespread capacity gaps in municipalities, enabling them to improve governance effectiveness and prepare staff for formal development.

Municipal Performance, Reporting and Evaluation

Key legislative and oversight functions were supported through complete compliance guidance for all 26 municipalities under the Municipal Property Rates Act (MPRA). Furthermore, all 16 municipalities targeted for reducing unauthorised, irregular, fruitless and wasteful expenditure received targeted support, and the Section 47 report was compiled as required, maintaining oversight and accountability mechanisms.

Public Participation and Community Engagement

The Department sustained efforts to deepen democratic governance through public participation. All 26 targeted municipalities were supported to:

- Implement Gender-Based Violence and Femicide (GBVF) responsive programmes,
- Promote community-based governance,
- Resolve community concerns, and
- Maintain functional ward committees.

This comprehensive support contributed to more responsive, community-focused local government institutions.

Job Creation through Community Works Programme (CWP)

The only notable underperformance occurred in the delivery of work opportunities through the Community Works Programme, where 18,514 opportunities were reported, falling short of the 21,000 target. The variance was attributed to policy changes and financial constraints resulting from COGTA's Circular 13 of 2024 and its subsequent retraction. The APP target could not be revised formally, although programme adjustments were implemented mid-year to manage financial pressures.

Infrastructure Development

The Department maintained strong oversight in infrastructure-related areas:

- All 26 municipalities were monitored on indigent policy implementation and infrastructure delivery programmes.
- All five districts were monitored on the spending of national grants, supporting effective service delivery.

Spatial Planning and Disaster Management

Progress in spatial planning was robust, with all five districts/metropolitan municipalities monitored on the implementation of District Development Model (DDM) One Plans, and all 31 municipalities having legally compliant Integrated Development Plans (IDPs).

In Disaster Management, the Department supported five municipalities in maintaining functional Disaster Management Centres, and extended support for Fire Brigade Services across all five targeted municipalities, enhancing resilience and emergency response readiness.

PROGRAMME 4: TRADITIONAL AFFAIRS

Outcome: Realizing good governance, peaceful co-existence and development within Traditional Communities

Outcome Indicator: Number of Traditional Councils with inter-sphere relationships

Programme 4 continued to play a critical role in promoting good governance, peaceful coexistence, and socio-cultural development within traditional communities during the 2024/25 financial year. Despite its relatively smaller scope compared to other programmes, it successfully met all its annual targets, reflecting stability and strong administrative coordination within the traditional leadership sector.

Traditional Leadership and Institutional Support

The Department sustained its commitment to strengthening traditional governance structures by ensuring that all eight Traditional Councils in the province received adequate support to perform their statutory functions. This included guidance on compliance, capacity building, and administrative support, ensuring effective and responsive traditional governance systems.

The programme also contributed to broader societal goals by conducting two Anti-Gender-Based Violence and Femicide (GBVF) interventions or campaigns targeted at traditional leadership. These interventions supported the National Strategic Plan (NSP) on GBVF, specifically under Pillar 2, which focuses on the prevention and restoration of the social fabric. Traditional leaders were empowered to play a more active role in combating gender-based violence in their communities.

Moreover, the Department maintained a 100% processing rate of traditional leadership succession disputes, ensuring swift resolution of disputes in accordance with applicable legislation and traditional customs. This contributed to stability within traditional communities and prevented potential governance vacuums or conflicts.

4. INSTITUTIONAL PROGRAMME PERFORMANCE

4.1 Programme 1: Administration

Purpose: To provide overall management in the Department in accordance with all applicable Acts and policies

Outcomes contributed to: Improved audit outcome

4.1.1 Sub-Programme: Office of the MEC

Purpose: To provide for the functioning of the office of the MEC

4.1.2 Sub-Programme: Corporate Services

Purpose: To provide corporate and financial support that is non-core for the Department

4.2 Programme 2: Human Settlements

Purpose: To develop sustainable human settlements in the Northern Cape in the context of transforming cities, towns and rural communities, through the building of cohesive, sustainable, and caring communities with closer access to work and other critical amenities.

Outcomes contributed to: Adequate Housing in improved quality living environments

Security of Tenure to households in the subsidy market

4.2.1 Sub-Programme: Housing Needs, Research and Planning

Purpose: To facilitate and undertake housing delivery planning

4.2.2 Sub-Programme: Housing Development

Purpose: To provide individual subsidies and housing opportunities to beneficiaries in accordance with the housing policy

4.2.3 Sub-Programme: Housing Asset Management

Purpose: To provide for the effective management of housing

4.3 Programme 3: Cooperative Governance

Purpose: To strengthen the capacity of 31 municipalities of the Northern Cape in order to render quality services to communities

Outcomes contributed to: Transformation of the Local Government sector.

4.3.1 Sub-Programme: Municipal Administration

Purpose: To ensure legislative compliance and good governance

4.3.2 Sub-Programme: Municipal Performance Monitoring, Reporting and Evaluation

Purpose: To improve and support performance management, property valuations and Back to Basics

4.3.3 Sub-Programme: Municipal Infrastructure

Purpose: To promote, facilitate, coordinate, and monitor infrastructure development and provision of free basic services at municipalities

4.3.4 Sub-Programme: Public Participation

Purpose: To tackle poverty, provide livelihood support for poor households and maximise public participation and community involvement in matters of local government

4.3.5 Sub-Programme: Municipal Planning

Purpose: To strengthen the planning capacity of 31 municipalities to perform their functions

4.4 Programme 4: Traditional Affairs

Purpose: To coordinate the activities of the Traditional Leadership and Institutions in the Northern Cape Province and give overall strategic management

Outcomes contributed to: Realizing good governance, peaceful co-existence, and development within Traditional Communities

4.4.1 Sub-Programme: Traditional Leadership and Institutional Support

Purpose: To provide administrative, financial & legislative support to traditional leaders, councils, communities and royal councils

4.5 Outcomes, outputs, output indicators, targets and actual achievement

Programme 1: Administration

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
Improved audit outcome	All supplier invoices paid within 30 days	Percentage of uncontested invoices paid within 30 days	97,2%	98,2%	100%	97,5%	-2,5%	Delays in the submission of invoices and bank queries are the reasons for non-compliance
	Increased preferential procurement for women	Percentage of procurement transactions awarded to women-owned businesses (WOB)	New	28,1%	30%	31,7%	+1,7%	The department managed to prioritise WOB in procurement.
	External audit recommendations implemented	Percentage of external audit recommendations implemented	69%	71%	100%	90,5%	-9,5%	The Audit Action Plan has not been fully implemented, however, a notable improvement in performance towards the effective implementation of action plans has been made.
	Corporate support services rendered	Percentage of departmental policies implemented	100%	100%	100%	100%	-	-

Linking performance with budgets

The programme has spent R195,150 million or 100.5 percent of its final appropriation of R194,119 million by the 31 March 2025. There was a slight overspending of 0.5 percent or R1,031 million for the 2024/25 financial year. The programme has spent 102.9 percent or R113,965 million of its final allocation for Compensation of Employees. Spending on Goods and Services was R66,949 million or 95.1 percent of its final allocation of R70,400 million. It realised a savings of R3,451 million. A total savings of R191 thousand or 0.1 percent was realised on Current Payments. Payments for Capital Assets amount to R10,911 million or 103.2 percent of its final allocation of R10,577 million. The total budget was overspent by 3.2 percent or R334 thousand. The overspending was in respect of software and intangible assets in respect of Microsoft licenses for all new and old users.

Sub- Programme Name	2024/2025			2023/2024		
	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
Programme 1						
Office of the MEC	18 160	16 332	1 828	17294	15 870	1 424
Corporate Services	175 959	178 818	(2 859)	209 265	210 652	(1 387)
Sub-Total	194 119	195 150	(1031)	226 559	226 522	37



Strategy to overcome areas of underperformance

To address the underperformance in the payment of uncontested invoices within 30 days, the department will streamline invoice submission processes by introducing a reminder system to monitor pending submissions and trigger timely follow-ups. In addition, a dedicated liaison function will be established with financial institutions to expedite the resolution of bank-related queries, while targeted training will be provided to officials to ensure adherence to payment timelines. Regarding the implementation of external audit recommendations, the department will accelerate the execution of the Audit Action Plan by assigning clear responsibilities, setting firm timelines, and introducing escalation procedures for outstanding actions. Monthly progress review meetings between programme managers and internal audit will be institutionalised to monitor implementation and address challenges proactively, while management accountability will be reinforced by linking officials' performance agreements to the timely execution of audit recommendations. Although the target for preferential procurement to women-owned businesses was exceeded, the department will sustain and enhance this performance by expanding the pool of compliant, competitive women-owned suppliers through targeted supplier development programmes and setting sub-category procurement targets, particularly in high-value contracts, to further strengthen women's participation in the procurement value chain.

Programme 2: Human Settlements

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
Housing Needs, Research and Planning								
Adequate Housing and improved	Investment of the total Human Settlements allocation in PDAs	<i>Percentage of investment of the total Human Settlements allocation in PDAs</i>	71,4%	46,34%	30%	30,99%	-	-
	Acquired land during 2014-2019 falling within the PDAs rezoned	<i>Percentage of land acquired during 2014-2019</i>	0%	0,1%	100%	100%	-	-

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
quality living environments		<i>within the PDAs rezoned</i>						
Security of Tenure to households in the subsidy market	Housing Development							
	Households that received subsidies through FLISP	Number of households that received subsidies through FLISP	21	13	20	14	-6	Processing and disbursement of the subsidy is at times hampered by the registration of the bank or attorney on the BAS payment system. The pressure on the inadequate HSDG affected the cash flow available for the effective implementation of the programme.
	Breaking New Ground (BNG) houses	Number of Breaking New Ground (BNG) houses delivered	153	105	2758	178	-2580	Delays due to: Non-performing contractors Contractors are experiencing cash flow problems Community interference (community stopped work for labour appointments disputes) Delayed payments- contractors have indicated that they are unable to accelerate work on site and procure additional resources if not paid on time. Finalization of Dolomitic Risk Management Plan (DRMP) and NHBRC enrolment- resulted in the contractor not being able to

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
								commence at Padstow, Wyk 5 and Loopeng Poor workmanship Adverse geographical conditions (Terrain and hard rock) Electrical connections by Eskom and Local Municipalities. Funding constraints on HSDG Projects
	Serviced sites	Number of serviced sites delivered	3832	2440	1065	9571	+8506	Contractors are ahead of their schedules. Good project management.
	Rental Social Housing units	Number of rental social housing units delivered	0	0	80	0	-80	The Department is not responsible for the implementation of this project. The project is implemented by SASIHC and Social Housing Regulatory Authority (SHRA).
	Informal settlements upgraded to phase 3 of the UISP	Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	7	1	1	5	+4	Contractors are ahead of their schedules. Good project management.
	Housing Asset Management							
	Title deeds pre-registered pre-1994	Number of pre-1994 title deeds registered	59	61	150	182	+32	Monthly performance meetings were held to monitor the performance of appointed conveyancers. Strategic partnership with
	Title deeds pre-registered post-1994	Number of post-1994 title deeds registered	20	275	100	216	+116	
	Title deeds pre-registered post-2014	Number of post-2014 title deeds registered	44	40	150	184	+34	

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
	New title deeds registered	Number of new title deeds registered	0	11	343	434	+91	external stakeholders was improved, hence, over-achievements in the annual targets could be reached.

Linking performance with budgets

The programme has spent R499,785 million or 67.2 percent of its final appropriation of R743,683 million by the 31 March 2025. The programme realised an overall saving of R243,898 million or 33 percent for the 2024/25 financial year. The programme has spent 99.2 percent or R52,608 million of its final allocation for Compensation of Employees. Spending on Goods and Services was R6,338 million or 90.3 percent of its final allocation of R7,022 million. The programme realised an overall savings of R1,130 million or 1.9 percent on Current Payments. Transfers and Subsidies include a provincial allocation of R250,000 million and R300,000 million received from DBSA in the 2024/25 budget for human settlement projects. The purpose of these allocations was to fast-track housing delivery in the province. Included in the total underspending of R243,898 million was an amount of R242,858 million for provincial housing programmes received from DBSA. The underspending is as a result of poor performance of contractors. The funding is committed therefore a rollover will be requested in the 2025/26 financial year.

Sub- Programme Name	2024/2025			2023/2024		
	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
Programme 2						
Housing: Needs, Planning and Research	12 165	11 808	357	12 588	9 943	2 645
Housing: Settlements: Development	716 541	471 271	245 270	437 601	423 251	14 350
Housing: Asset Management	14 977	16 706	(1 729)	11 838	23 609	(11 771)
Sub-Total	743 683	499 785	243 898	462 027	456 803	5 224



Strategy to overcome areas of underperformance

To address the underperformance in the delivery of FLISP subsidies, the Department will work closely with financial institutions and conveyancers to fast-track the registration of banks and attorneys on the BAS

payment system. Measures will also be implemented to improve cash flow management to ensure that the limited HSDG allocation is optimally utilised for timely disbursement of subsidies. In response to the significant shortfall in the delivery of Breaking New Ground (BNG) houses, the Department will strengthen contractor performance management, provide targeted support to address cash flow constraints, and enforce contractual obligations. Strategies will include proactive community engagement to prevent work stoppages, expediting payments to contractors, fast-tracking the finalisation of the Dolomitic Risk Management Plan and NHBRC enrolment processes, and providing technical support to address poor workmanship and challenging geographical conditions. Engagements with Eskom and municipalities will also be intensified to ensure timely electrical connections. The non-delivery of rental social housing units will be addressed through strengthened coordination with SASIHC and the Social Housing Regulatory Authority to improve project implementation oversight.

Programme 3: Cooperative Governance

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
LOCAL GOVERNMENT								
Transformation of the Local Government sector	Municipal Governance and Administration							
	Promote sound municipal governance	Number of municipalities supported to comply with MSA Regulations on the appointment of senior managers (Linked to MTSF 2019 – 2024, Priority 1)	27	29	31	31	-	-
		Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Linked to MTSF 2019 – 2024, Priority 1)	18	31	31	31	-	-
		Number of capacity building interventions conducted in municipalities (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)	32	42	10	64	+54	Due to the capacity needs and the shortage of skills in municipalities, the training initiatives improve on the challenges. As the MSR requires staff to be fit for purpose, the municipalities are striving to capacitate their staff to have a level of

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
								understanding and in preparation for formal learning.
Municipal Valuations, Performance Monitoring, Reporting & Evaluation								
	Ensure MPRA Compliance	Number of municipalities guided to comply with the MPRA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 4)	26	26	26	26	-	-
	Promote sound municipal performance management	Number of municipalities supported to reduce Unauthorised, Irregular, Wasteful and Fruitless expenditure (Linked to MTSF 2019 – 2024, Priority 1)	13	13	16	16	-	-
		Number of municipalities supported to institutionalize the performance management system (PMS) (Linked to MTSF 2019 – 2024, Priority 1)	31	31	31	31	-	-
		Number of Section 47 Reports compiled as prescribed by the MSA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)	1	1	1	1	-	-
Public Participation								
	Promote participation in community-based governance processes	Number of Municipalities monitored on the implementation of GBVF responsive programmes (Final M&E Plan for NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)	15	26	26	26	-	-

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
		<i>Number of municipalities supported to promote participation in community-based local governance processes (Priority 1: Capable, Ethical and Developmental State and Priority 6 MTEF indicator: Social Cohesion and Safer Communities)</i>	8	26	26	26	-	-
		<i>Number of municipalities supported to resolve community concerns (Outcome 9: Sub-Outcome 2) (B2B Pillar 1)</i>	25	26	26	26	-	-
		<i>Number of municipalities supported to maintain functional ward committees (Linked to MTSF 2019 – 2024, Priority 1)</i>	12	26	26	26	-	-
	Create jobs through Job Summits, Operation Phakisa and other public sector employment programmes	<i>Number of work opportunities reported through Community Works Programme (CWP) (MTSF 2019-2024, Priority 2)</i>	22 343	20 515	21 000	18 514	-2 486	COGTA issued directive ending the CWP Participants aged 55 years and older by 31 January 2025 (Circular no. 13 of 2024) (Annexure B), however COGTA issued another directive that “The retraction of circular 13 of 2024 and replacement with Circular 1 of 2025”. (Annexure C).

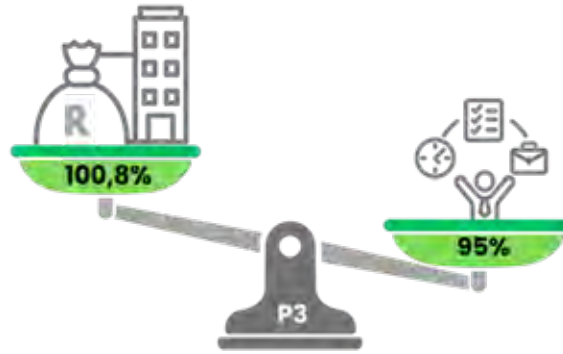
Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
								This meant that the Department was looking at various options to deal with the current financial challenges, and by virtue of that, all participants who were affected by the Circular 13 of 2024 were allowed to return to work on Thursday, the 6th of February 2025. Considering the above, COGTA downscaled our target of 21000 participants to 16471 on 27 September 2024. APP could not be re-tabled to adjust the target.
DEVELOPMENT PLANNING								
Transformation of the Local Government sector	Municipal Infrastructure and Basic Services							
	Promote improved access to basic services	<i>Number of municipalities monitored on the implementation of indigent policies (Sub-outcome 1) (B2B Pillar 2)</i>	23	26	26	26	-	-
		<i>Number of municipalities monitored on the implementation of infrastructure delivery programmes (Outcome 9, Sub-outcome 1) (B2B Pillar 5)</i>	26	26	26	26	-	-
		<i>Number of Districts monitored on the spending of National grants</i>	5	5	5	5	-	-
	Spatial Planning							

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			22/23	23/24	24/25	24/25	24/25	
	Promote integrated municipal spatial planning and development	<i>Number of Districts/Metros monitored on the implementation of One Plans (MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements and local government)</i>	0	5	5	5	-	-
		<i>Number of municipalities with legally compliant IDPs</i>	0	31	31	31	-	-
	Disaster Management							
	Coordinated Provincial Disaster Management	<i>Number of municipalities supported to maintain functional Disaster Management Centres</i>	0	5	5	5	-	-
		<i>Number of municipalities supported on Fire Brigade Services</i>	4	5	5	5	-	-

Linking performance with budgets

The programme has spent R139, 291 million or 100.8 percent of its final appropriation of R138, 236 million by the 31 March 2025. There was a slight overspending of 0.8 percent on the total appropriation. The total of Current Payments was overspent by R1,027 million or 0.7 percent of its total allocation of R137,904 million. The overspending was mainly on Compensation of Employees, as a result of budget reduction in the 2024/25 adjustment budget. Spending on Goods and Services was at 39.7 percent or R5, 951 million of its total appropriation of R14,974 million. The funds allocated for projects to be commissioned in municipalities was only 1.1 percent of their total allocation of R4,907 million. Professional Service providers were appointed by the department to assist with infrastructure projects in Umsobomvu and Hantam municipalities; however, the appointment of the contractors could not commence in the 2025 financial year due to limited funding.

Sub- Programme Name	2024/2025			2023/2024		
	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
Programme 3						
Local Governance	119 721	128 400	(8 679)	123 878	127 301	(3 423)
Development & Planning	18 515	10 891	7 624	15 737	11 419	4 318
Sub-Total	138 236	139 291	(1 055)	139 615	138 720	895



Strategy to overcome areas of underperformance

To address the underperformance in the Community Works Programme (CWP) work opportunities, the Department will enhance coordination with COGTA to ensure that directives impacting participant numbers are addressed proactively and communicated timeously to stakeholders. This will include contingency planning to mitigate the impact of sudden policy shifts on programme outputs and exploring alternative measures to retain and absorb affected participants where feasible. The Department will also engage in strategic planning with CoGTA to ensure that target adjustments are promptly reflected in planning documents and that financial constraints are managed in a way that minimises disruption to service delivery.

Programme 4: Traditional Affairs

Outcome	Outputs	Output Indicators	Annual Targets					
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reason for deviations
			22/23	23/24	24/25	24/25	2024/25	
Realizing good governance, peaceful co-existence and development within Traditional Communities	Traditional Leadership and Institutional Support							
	Promote traditional leaderships with good governance and sound administration	Number of Traditional Councils supported to perform their functions	8	8	8	8	-	-
		Number of Anti GBVF Intervention/campaigns for traditional leadership (Final M&E Plan for the NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)	3	3	2	2	-	-
		Percentage of traditional leadership succession disputes processed	100%	100%	100%	100%	-	-

Linking performance with budgets

The programme has spent R27,629 million or 100 percent of its final appropriation by the 31 March 2025. The programme received an additional allocation of R6,000 million earmarked for Transfers to the Traditional

Councils (TC's) in the 2024/25 adjustment budget. This funding was used to augment salaries and wages of employees appointed by the TC's. The programme's spending was on par with its allocated budget received for the 2024/25 financial year.

Sub- Programme Name	2024/2025			2023/2024		
	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
Programme 4						
Traditional Affairs	27 629	27 629	-	30 753	24 342	6 411
Sub-Total	27 629	27 629	-	30 753	24 342	6 411



Strategy to overcome areas of underperformance

No intervention strategies are required to address underperformance, as the programme achieved 100% performance against its set targets and fully expended its allocated budget. This reflects effective planning, efficient implementation, and optimal resource utilisation, ensuring that all intended outcomes were delivered as planned.

4.6 Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Both Human Settlements and Cooperative Governance approved standardised outputs and output indicators that must be reflected in the Annual Performance Plan and reported on in the annual report. The department has agreed to implement all standardised outputs and output indicators except for the following, which have not been incorporated in the Annual Performance Plans and therefore not implemented and reported on in the Annual Report:

Programme 2: Human Settlements

Outcome	Outputs	Output Indicators	Reason
Adequate Housing and improved quality living environments	Housing Needs, Research and Planning		
	Integrated Implementation Programmes for priority development areas	Number of integrated implementation programmes for priority development areas completed per year	The target has already been achieved in prior years of standardisation. The department completed implementation programmes for all our PDAs during the 22/23 FY. Exemption was also granted for 23/24.
Security of Tenure to households in the subsidy market	Housing Development		
	Community Residential Units	Number of Community Residential Units (CRU) delivered	The target has already been achieved in prior years of standardisation. The department delivered all Community Residential Units (CRU) during the 20/21 FY. Exemption was also granted for 22/23 and 23/24.

5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

Name of Public Entity	Key outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
None				

5.2 Transfer payments to all organisations other than public entities

The table below reflects the **transfer payments made** for the period **1 April 2024 to 31 March 2025**

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Traditional Council	Traditional Council	Transfer funds to augment salaries and wages for employees appointed by the Traditional Councils	Yes	R5 200	R5 200	None

The table below reflects the **transfer payments budgeted** for in the period **1 April 2024 to 31 March 2025**, but the Department made no transfer payments.

Name of transferee	Type of organisation	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
None					

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

None

6.2 Conditional grants and earmarked funds received

The table/s below detail the conditional grants and earmarked funds received during the period **1 April 2024 to 31 March 2025**.

Conditional Grant 2: Human Settlements Development Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	To provide funding for the creation of sustainable human settlements
Actual outputs achieved	Revised Business Plan outputs: Units: Serviced sites:
Amount per amended DORA (R'000)	R269 298
Amount received (R'000)	R269 298
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R269 297 720
Reasons for the funds unspent by the entity	n/a
Reasons for deviations on performance	The underperformance of top structures can be attributed to two primary factors: a lack of internal capacity and substandard performance by appointed contractors.
Measures taken to improve performance	Termination of poor-performing contractors and improved contract and project management.
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every financial year. Monthly and quarterly DoRA reports, as well as reports to the Office of the Premier, are submitted, detailing both financial and non-financial achievements. The HSS System

	will only allow payments to be authorised if there is an approved submission, an appointment letter and certified original invoices submitted.
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Conditional Grant 2: Informal Settlements Upgrading Partnership Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	To provide funding for the creation of sustainable human settlements
Actual outputs achieved	Serviced sites
Amount per amended DORA (R'000)	Serviced sites
Amount received (R'000)	R64 112
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R64 088
Reasons for the funds unspent by the entity	n/a
Reasons for deviations on performance	n/a
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every financial year. Monthly and quarterly DoRA Reports, as well as reports to the Office of the Premier, are submitted, detailing both financial and non-financial achievements. The HSS System will only allow payments to be authorised if there is an approved submission, appointment letter and certified original invoices submitted.

Conditional Grant 3: Extended Public Works Programme

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To increase the labour intensity of government-funded infrastructure construction and maintenance projects using labour-intensive methods
Expected outputs of the grant	To create work for the EPWP target group, defined as: local, unemployed, low, or unskilled labour, and such work must comply with the stipulations in the Ministerial Determination
Actual outputs achieved	343 work opportunities created
Amount per amended DORA (R'000)	R2 000
Amount received (R'000)	R2 000
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R1 519
Reasons for the funds unspent by the entity	R481 155.00 The department experienced delays in the procurement process, which resulted in underspending on the allocated incentive grant for the 2024/25 financial year. In response, a formal request for a rollover of the unspent funds was submitted to the Provincial Treasury. To support this request, the department provided comprehensive evidence of outstanding commitments.
Reasons for deviations on performance	Submission of monthly labour stats by all contracts
Measures taken to improve performance	To increase the labour intensity of government-funded infrastructure construction and maintenance projects using labour-intensive methods
Monitoring mechanism by the receiving department	To create work for the EPWP target group, defined as local, unemployed, low, or unskilled labour, and such work must comply with the stipulations in the Ministerial Determination

7. DONOR FUNDS

7.1 Donor Funds Received

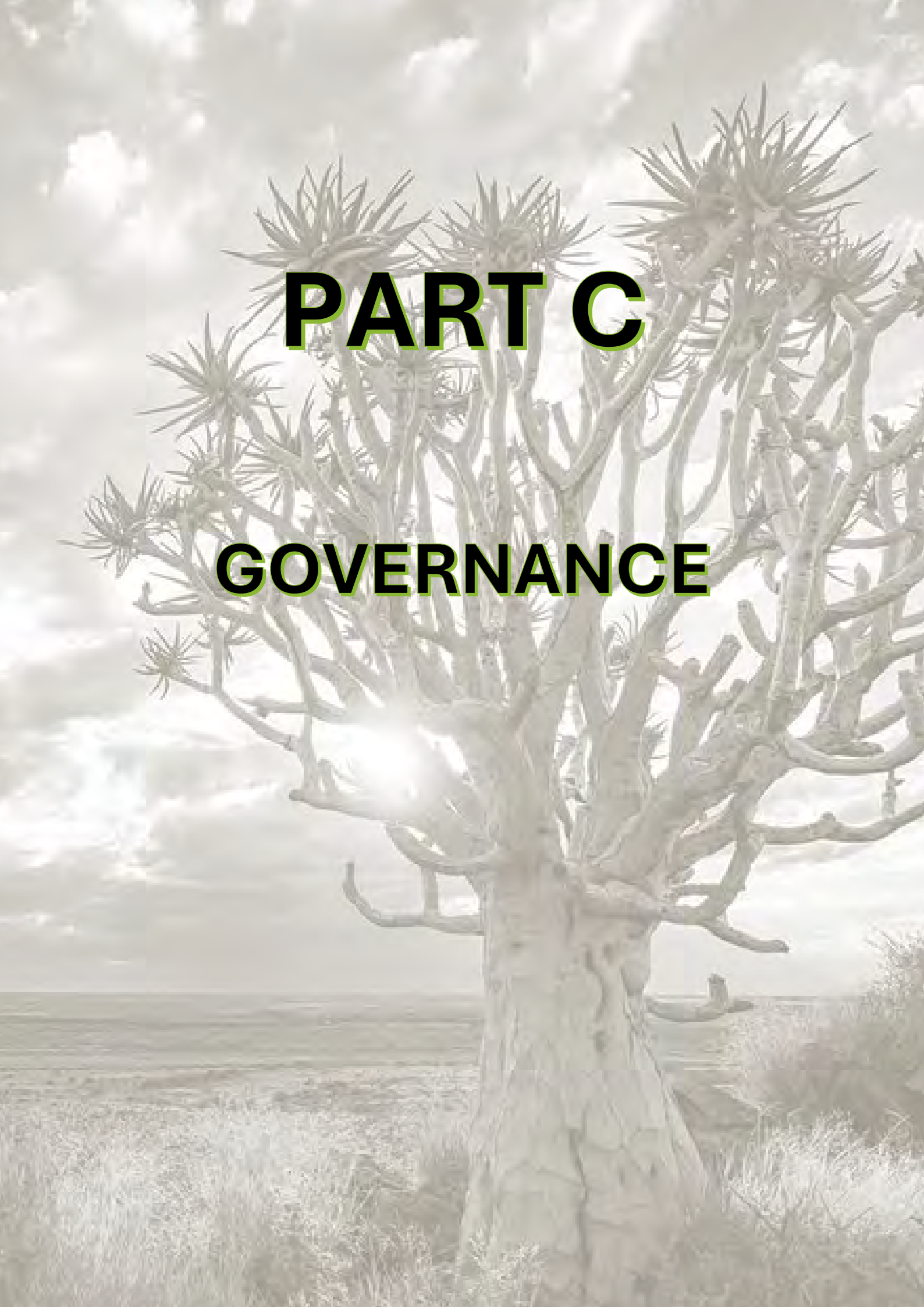
None

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

None





PART C

GOVERNANCE

1. INTRODUCTION

The Department of Cooperative Governance, Human Settlements and Traditional Affairs commits to upholding good corporate governance as espoused in the King III report and the Public Finance Management Act. We strive to promote good management practices in the areas of Risk Management, Fraud Prevention, Ethics, Procurement and Good Governance, as well as to safeguard the department against any misconduct or fraud.

2. RISK MANAGEMENT

In today`s complex and dynamic business environment, effective risk management has become paramount for sustainable organisational success. Our Risk Management Unit (RMU) plays a vital role in identifying, assessing and mitigating risks that could impact our strategic objectives and operational efficiency.

The vision of the Risk Management Unit is to foster a risk-aware culture across the organisation, ensuring that risk management is integrated into our decision-making processes. Our mission is to provide a systematic approach to managing risks, enabling the organisation to seize opportunities and minimise potential adverse impacts.

For the 2024/2025 financial year, the department`s Risk Management unit facilitated and implemented governance documents relating to Risk Management, such as the Risk Management Policy, Risk Management Strategy, Risk Management Implementation Plan and Charter approved by the Accounting Officer.

Quarterly Risk Management Committee (RMC) meetings, as outlined in the RMC charter, are conducted to discuss the outcomes of risk assessments and reviews, and to advise management on the overall risk management system and the mitigation of unacceptable risk levels. A risk mitigation plan has also been developed and is being updated quarterly after each risk review session. The appointed independent Chairperson submits quarterly reports to the accounting officer, which include recommendations for actions and implementation. All senior managers also serve on the RMC, which gives them greater insight into the risks facing the department.

A functional Audit Committee serves the Department at least four times a year, with risk management as a standing agenda item for the audit committee meetings. Risk management encompasses changes to the Risk register, and reports are discussed in detail by the audit committee and management. The Risk Management Unit reports back on recommendations made by the audit committee.

In the past year, the Risk Management Unit has successfully implemented several initiatives, including:

- Conducting risk assessment/reviews every quarter for both Operational and Strategic Risk Register.
- Awareness and workshops on the following topics: Risk Management Culture. Risk Management Response Strategies and Risk Management Thresholds.
- The unit conducted an orientation session in collaboration with HRD regarding the roles and responsibilities of the Risk Management Unit.
- Published an article in the departmental newsletter in February 2025 - "The Power Duo" (Risk and Ethics Management).
- The officials within the Unit attended training conducted by IRMSA (Institute of Risk Management South Africa) in the last quarter of the year.

Overview of the risk assessment

	2023/2024	2024/2025
High	6	7
Medium	16	18
Low	34	31
Total Risk	56	56

- The number of high risks for both years remains under 10, which means that most internal controls are effective at keeping risks at a minimal level.
- The total number of risks identified in 2023/2024 was 56, and for 2024/2025, it is 56.
- The Strategic Risks for 2024/2025 are 5.

3. FRAUD AND CORRUPTION

The Department has an approved fraud and anti-corruption policy and strategy in place, which is further supplemented by a fraud and anti-corruption plan with planned action and clearly defined outcomes. The plan also provides mechanisms for reporting fraud and corruption. The Department also has a whistle-blowing policy and an ethics management strategy in place, which outlines how officials can report cases of fraud and corruption. The Ethics Unit reports quarterly on the fraud prevention plan activities

The Fraud and Anti-Corruption Hotline is on our Departmental Website.

No instances of fraud and corruption were reported for the year under review, due to financial control measures instituted within the department.

Training and Capacity Building:

Conducted training sessions for staff on ethics, integrity, and consequence management. Participated in Public Sector Integrity Forums and engagements hosted by the Department of Public Service and Administration (DPSA) and the Public Service Commission (PSC). Four hundred and eighty-three (483) officials completed the compulsory online ethics management course.

4. MINIMISING CONFLICT OF INTEREST

All designated officials, as indicated by the Minister of Public Service Administration, are required to submit compulsory financial disclosure on the e-disclosure system. The department has a financial disclosure policy in place with compulsory annexures, which all officials who are subject to the disclosure system must complete and submit to the ethics officer on an annual basis. Officials are further subjected to vetting and security clearance. The department has also embarked on the process of lifestyle audit, which is conducted in line with the e-disclosure system

The department has achieved a 100% submission rate for compulsory financial disclosures by senior management (SMS) and other designated officers. Conducted verification of submitted disclosures and referred identified risks for further investigation where necessary. Investigated reported allegations of misconduct and fraud in collaboration with Labour Relations and Internal Control.

5. CODE OF CONDUCT

The need exists to provide guidelines to employees regarding their relationship with the legislature, political and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interest and what is expected of them in terms of their personal conduct in public and private life.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The general obligations of an employer to their employees are outlined in Section 8(1) of the Occupational Health and Safety Act (No. 85 of 1993). Employers are required to create and maintain a workplace that is free from hazards that could affect their workers' health and safety. A wide range of issues related to safeguarding human health is encompassed in health and safety concerns. This encompasses workplace safety, which addresses injuries related to physical hazards, ergonomic concerns, and promoting safe work habits, as well as occupational health, which focuses on diseases associated with the workplace. All staff have been given access to the department's reviewed and approved health and safety management policy. Additionally, all COGHSTA buildings have implemented the reviewed and approved standard operating procedures for on-duty injuries.

In accordance with the Occupational Health and Safety Act (85 of 1993), all legal appointments have been designated. The implementation of approved hygiene control measures has been successful. The Departmental supply chain management policy now includes the approved ergonomic desk chair specifications as an accepted standard. Every year, the Department also manages to reduce the number of hazards that are identified. The Department has also received an occupational certificate from the Services SETA, confirming that it meets the standards required for workplace approval for work-based learning. Following a thorough evaluation, the Services SETA concluded that COGHSTA Buildings are risk-free, safe, and supportive of learning for its students.

7. PORTFOLIO COMMITTEES

Date	Matters raised	Department's response
02/10/2024	Annual Performance Plan 2024/2025:	Comprehensive, in-depth reports were presented to the Portfolio Committee and can be made available on request.
	A detailed report on the progress made in the construction of the 2,500 houses. The report must also include the list of contractors appointed.	
	A comprehensive report on the role and impact of all departmental officials who were seconded to municipalities.	
	A report on Employment Equity Targets.	
30/10/2024	Annual Performance Plan 2024/2025:	- The Department supports the municipalities with advertisements. - The municipal council must appoint CoGHSTA to participate in all the recruitment, selection, and appointment processes (sitting on the shortlisting and interview panels). - Municipalities must accept the department's advice and support.
	Assess the support needed by municipalities to strengthen their capacities to manage their own affairs, exercise their powers and perform their functions, especially as it relates to filling vacancies of critical posts and senior management positions. The department must spearhead a platform with the Auditor-General of South Africa, Provincial Treasury, and the Office of the Premier and submit a report every quarter to the committee on measures to be implemented for the desired outcomes in the next financial year.	

Date	Matters raised	Department's response
		reasons for late submission of AFS& APR and disclaimer municipalities with the objective of moving them to a clean audit.

8. SCOPA RESOLUTIONS

None

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The department successfully reduced the number of findings from 52 in 2024/25 to a total of 32 for the same period. This represents a 48% year-over-year improvement. These findings relate mainly to contract management, of which no combined register was in place, supply chain management issues raised, such as non-compliance on quotations, evaluations of winning bidders not in line with the prescripts, title deeds not reported on, which relates to pre-1994 and post-1994 registered numbers and Human Settlements project implementation. The Financial Misconduct Committee was established to address all matters pertaining to consequence management and to promote sound financial governance within the department.

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
Non - compliance matters in SCM	2021	Implementation of a checklist to ensure all compliance matters have been addressed, and procurement is done based on all the relevant prescripts and legislation. These processes ensure a clean bill of health in supply chain during the year under review.
Registration of the number of pre- and post-1994 title deeds to the beneficiaries of houses.	2023/24	The human settlements programme did improve on this matter and received a clean bill of health from an initial qualification during the 2023/24 financial period.
Contract register not in place	2023/24	No issues were raised during the period under review, and a combined register is in place to ensure better monitoring of contracts.

10. INTERNAL CONTROL UNIT

The Internal Control unit, performs the assessment of payment batches to identify possible UIF&WE (Unauthorised, Irregular, Fruitless and Wasteful Expenditure) and report such instances to the FMC (Financial Misconduct Committee) to perform the determination function, in determining whether actual UIF&WE and write to the Accounting officer to make recommendations, depending of the outcome of the FMC, to request either for condonation or write off of those findings. The Internal Control unit is also responsible for populating audit findings as per the Management Report issued and circulated to all action owners, who are then required to implement actions to improve their controls and ensure compliance with the applicable legislative framework. The Internal Control unit serves as the liaison between Internal Audit and the department, ensuring compliance, testing controls, and identifying internal control deficiencies to be corrected and strengthening controls. The Internal Control unit also serves as the liaison between the secretariat of the Audit Committee to ensure proper coordination between Internal Audit and the department. The Internal Control unit reports quarterly to NCPT (Northern Cape Provincial Treasury) on possible and confirmed UIF&WE, as well as the updated Audit Action Plan, which has been signed off on by the Accounting Officer.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

11.1 Internal audit

The Executive Council of the Northern Cape Provincial Government has established an Internal Audit Unit (IAU) to provide internal audit services to all 11 departments, listed public entities and one trading entity within the province. The shared Internal Audit Unit is divided into 4 clusters, Department of Cooperative

Governance, Human Settlements and Traditional Affairs being serviced by the Internal Audit Unit – Agriculture Cluster (Cluster 3). The IAU is an independent, objective assurance and consulting activity designed to add value and improve the client's operations.

Mandate

The Internal Audit Unit was established according to the Public Finance Management Act, 1999 (Act No 1 of 1999) section 38(a)(ii) which requires that the accounting officer establish a system of internal audit under the control and direction of an audit committee. Internal Audit assisted the department and management with the achievement of their objectives and remains a vital part of the department's governance and combined assurance structures. Internal Audit is the primary independent assurance provider on the adequacy and effectiveness of the department's governance, risk management and control structures, systems and processes.

Vision and strategy

Vision: Contributing to a modern, growing and successful province by delivering assurance and advisory audits.

The strategy is to:

- **Contribute to the focus area of clients:** This includes high-risk areas and significant projects and program. Internal audit includes relevant assurance / advisory assignments in the internal audit plans, attend meetings to provide inputs, is available to clients to bounce ideas off and serve as a communication link to other stakeholders, inclusive of risk units and audit committees.
- **Clean audits:** The internal audit function will contribute to assist the achievement of clean audits, by focussing on those areas that attracted qualifications from the AGSA and conducting follow-up assignments on the status of implementation of internal audit and AGSA action plans. Internal audit will summarize the audit committee recommendations annually and report the results of the abovementioned to the clients and relevant oversight bodies. Combined assurance arrangements will be enhanced with various stakeholders, including the AGSA Regulatory Auditors, AGSA Information Systems Auditors for IT audits, OTP Monitoring and Evaluation Unit for performance report audits, PT Infrastructure Unit for infrastructure audits, Provincial Accountant General Office for financial audits.
- **Technology:** Technology play a central role in the strategy and entails increasing the use of data analytics, receiving and providing training on the use of technology as a business enabler and to explore new digital methods to create efficiency.

More resources are allocated towards the bigger and riskier departments in an effort to assist towards clean audits. The internal audit service to the departments is done with internal capacity and the internal audit service to the public entities are outsourced.

The internal audit function compiles an annual controls conclusion report that summarise all the assignments for the year and provide an assessment of the governance, risk management and internal control environment.

The internal audit function transitioned to the new Global Internal Audit Standards that became effective in January 2025 and will continue to operate in accordance with all guiding prescripts to maintain its status of being in general conformance to the Standards.

Charter, methodology and internal audit plans

The IAF operates in accordance with a formally approved Internal Audit Charter, which aligns with the Treasury Regulations, International Professional Practices Framework, and methodologies from the Institute of Internal Auditors (IIA) and ISACA for IT audits. A three-year rolling internal audit plan and annual operational plan guide audit activities, reviewed and approved annually by the Audit Committee.

Annual internal audit assurance statement

Internal Audit assurance can only be reasonable and not absolute and does not supersede the department's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

Independence and authority

The independence of internal audit is considered by the Chief Audit Executive and Audit Committee on an ongoing basis. It has been determined and confirmed that Internal Audit has remained independent of all operational functions and that the functional reporting to the Audit Committee and administrative reporting to the Treasury Head of Department have enabled appropriate organisational positioning. A shared internal audit model is in place, stationed in Provincial Treasury and operates in 4 clusters of 3 departments each. This contributed positively to independence. Internal Audit has access to all stakeholders as well as free and unrestricted access to all areas within the department.

Staffing

The IAF staff structure consists of 13 audit staff and 1 secretary servicing the three departments in the cluster. The IAF operated with a reduced capacity due to one vacancy at the senior internal auditor level. The collective skills and experience of IAF staff are appropriate. The training budget was allocated, and the staff was provided with training and sufficient continuing professional development (CPD) hours to comply with the Institute of Internal Auditor's CPD requirements.

All internal audit officials are registered members of the Institute of Internal Auditors.

Quality assurance and improvement program

The compulsory 5-yearly external quality assurance review was concluded in December 2022. The outcome was again the highest rating, namely general conformance to the Standards for the Professional Practice of Internal Auditing. The internal audit function transitioned to the new Global Internal Audit Standards that became effective 9 January 2025.

For the last 11 consecutive years, the Auditor-General did not raise any negative findings during their annual review of Internal Audit. Internal Audit continued with the combined assurance model and is in constant communication with the Auditor-General, Provincial Treasury and Office of the Premier to refine it in various fields.

Stakeholder relationships

To ensure proper coordination and maximisation of audit effort the IAF liaised with other external review agencies and coordinated all review, evaluation and/or investigation activities within the NCPG. These combined assurance efforts include assurance, control, and monitoring functions such as the Auditor-General of South Africa, Office of the Premier, Risk Management, Compliance, Security, Legal, Ethics, and Anti-corruption.

Key activities of the internal audit:

The following internal audit work was completed during the year under review:

- AGSA action plan completeness and adequacy
- AGSA action plan status of implementation
- Annual Financial Statement and Annual Performance Report
- Compliance and Reporting Framework
- DORA – EPWP
- GCR - Housing Subsidy System
- IA action plan status of implementation
- Interim Financial Statements
- Operational Review - Municipal Development and Planning
- Performance Information
- Risk, fraud and ethics management
- SCM - Quotation Process

Ad hoc projects and value add

No ad hoc audits were conducted during the reporting period. The internal audit unit attended and contributed to various departmental governance committee, operational and management meetings.

Internal audit work has contributed to improved compliance, identification of inefficiencies, and informed decision-making.

Internal audit recommendations

Recommendations were issued to management to address control weaknesses, and each recommendation was taken into an agreed action plan by management. The Audit Committee tracked implementation progress on a quarterly basis and recommended earlier timelines for implementation where necessary.

11.2 Audit Committee

Key activities and objectives of the audit committee:

Mandate, responsibility & authority

The Audit Committee assists the department by providing advice relating to the reporting process, the system of internal control, the risk management processes, the internal and external audit process and the departments processes for monitoring compliance with laws and regulations and the code of conduct.

The risk management function resides under an executive Risk Management Committee, chaired by an independent chairperson from outside the organisation. The Audit Committees receive quarterly reports thereon.

The Cluster Audit Committees assist the relevant management of the Departments and Entities that fall within the ambit of the Cluster by providing advice relating to the reporting process, the system of internal control, risk management, governance, the audit process and the Departments' process for monitoring compliance with laws and regulations and the code of conduct.

Independence and composition of the audit committee

The Executive Council of the Northern Cape Provincial Government has established Cluster Audit Committees for the 11 Provincial Departments, 6 listed public entities and one trading entity. The Cluster Audit Committee deals with 3 departments.

Each Cluster Audit Committee consists of a minimum of two (2) and a maximum of three (3) external members as well as a maximum of two (2) internal members. External members will not be employees of the Northern Cape Provincial Administration and internal members will be employees of the Northern Cape Provincial Administration. The Executive Authority of the Provincial Treasury in consultation with the relevant Executive Authorities of the relevant departments will appoint the Audit Committee members and the Chairperson of each cluster. Members of the relevant Audit Committees shall serve on the committees in their individual capacity. The Chairpersons of the Cluster Audit Committees may not be employees of the Provincial Administration. The Chairpersons must have the ability to preside over meetings and to direct the discussion along constructive lines.

Performance against statutory duties

The AC concluded its work in line with the reviewed AC charter. The quarterly assessment of AC achievement of planned responsibilities indicates AC complied to all statutory requirements.

Audit committee performance evaluation

The performance of AC is evaluated annually by AC stakeholders and the AC members. These evaluations were concluded and did not indicate any areas requiring intervention.

Resolution of audit committee recommendations

The matters arising from each AC meeting as well as the quarterly report by the AC to the HOD and MEC records the key recommendations from the AC to the HOD. Generally, the recommendations from the AC were implemented by the department but the AC requested the HOD and MEC to ensure key areas as outlined in the reports require specific prioritization and attention.

The table below discloses relevant information on the audit committee members:

During the financial year under review, 4 meetings were convened as per its charter including a meeting convened to discuss rectification plan status of implementation.

The term of audit committee members is three years with an opportunity to be renewed for another 3-year term. The audit committee members and their attendance up to 31 March 2025 were as follows:

Current Audit Committee:

Name	Qualifications	Internal or external	Date appointed	No of Meetings attended
C. Motau (Chairperson)	Doctor Technologiae: Computer Science and Data Master's degree in Information Technology Master's degree in Business Leadership Bachelor of Commerce	External	01/12/2023 – 30/11/2026	4
Z. Hlophe	Post-Graduate-Diploma in Internal Auditing Bachelor of Accounting Science (B Compt) Certified Internal Auditor (CIA) Certification in Control Self-Assessment (CCSA)	External	01/12/2023 – 30/11/2026	4
N. de Leeuw	B Compt Hons B Compt CA (SA) Certificate in Effectiveness Reporting and Auditing CIA (Certified Internal Auditor)	External	01/12/2023 – 30/11/2026	4
I. Manyane	Post Graduate Diploma in Public Management BA Psychology	Internal	01/12/2023 – 30/11/2026	4

12. AUDIT COMMITTEE REPORT

1. REPORT OF THE AUDIT COMMITTEE FOR 2023/24

The Audit Committee has adopted formal terms of reference, as its Audit Committee Charter. The Audit Committee has discharged its responsibilities in terms of its charter as contained therein, in line with the requirements of section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13.

2. THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee is satisfied as to the effectiveness of the internal audit function during the year and that the internal audit activity has to a large extent addressed the risks pertinent to the Department. Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the Department revealed certain weaknesses, which were then raised with the Department.

List of internal audit assignment conducted during the year:

- AGSA action plan completeness and adequacy
- AGSA action plan status of implementation
- Annual Financial Statement and Annual Performance Report
- Compliance and Reporting Framework
- Division of Revenue Act – Extended Public Works Program
- General Controls Review - Housing Subsidy System
- Internal Audit action plan status of implementation
- Interim Financial Statements

- Operational Review - Municipal Development and Planning
- Performance Information
- Risk, fraud and ethics management
- Supply Chain Management - Quotation Process

Areas of concern from internal audit assignments:

Governance

Audit rectification plans were developed and not fully implemented on time, resulting in repeat audit findings by internal and external auditors. The departmental financial misconduct committee reported good progress to deal with assessment and determination reports related to unwanted expenditures in line with the National Treasury Compliance and Reporting Framework.

Risk management

The departmental risk management committee did function for the year under review resulting in the implementation of risk mitigation action plans being monitored on an ongoing basis. Risk reports were submitted to the Audit Committee on a quarterly basis.

Controls

- From the various reports and assessments of internal audit, it can be concluded that the internal control environment is partially adequate and partially effective. Management has developed an action plan to address the issues over a period of time. The Audit Committee monitored the implementation of the plan during the quarterly Audit Committee meetings and implementation of its recommendations is in progress.
- The internal audit activity also maintains the combined assurance framework and plan, which were developed in collaboration with the departmental risk management unit and the AGSA. The plan has been useful in ensuring that assurance is placed at all identified high-risk areas.

3. In-Year Management and Monthly/Quarterly Report

The Department has been reporting monthly and quarterly to Provincial Treasury as required by the PFMA. We had engagements with the Department's management to provide clarity on completeness and quality of reports during our quarterly meetings and officials of the Department were able to clarify areas of concern raised by the Audit Committee.

4. Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the annual financial statements and annual performance information report prepared by the department with the AGSA and the Accounting Officer for inclusion in the Annual Report;
- Reviewed the AGSA audit report;
- Reviewed the AGSA's management report and management's responses thereto;
- Reviewed the Department's compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit; and
- Reviewed the outcome of the evaluation of the annual financial statements.

5. Auditor's General Report

The Audit Committee concurs and accepts the conclusion of the AGSA audit report on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the AGSA.

The Audit Committee noted that one material non-compliance matter related to consequence management repeated resulting in the department not attaining a clean audit outcome. The Audit Committee will monitor specifically interventions related to consequence management on a quarterly basis.

6. Report to the Accounting Officer and Executive Authority

On a quarterly basis the Audit Committee writes a report to the Executive Authority and Head of Department which highlights the issues that need attention or improvement within the Department's performance.

The Audit Committee met with the Accounting Officer in the Audit Committee meetings.

7. Conclusion

The Audit Committee wishes to express its appreciation to the management of the department, AGSA and internal audit for the co-operation and information they have provided to fulfil our mandate and enable us to compile this report.



Dr. C. Motau

Chairperson of the Audit Committee

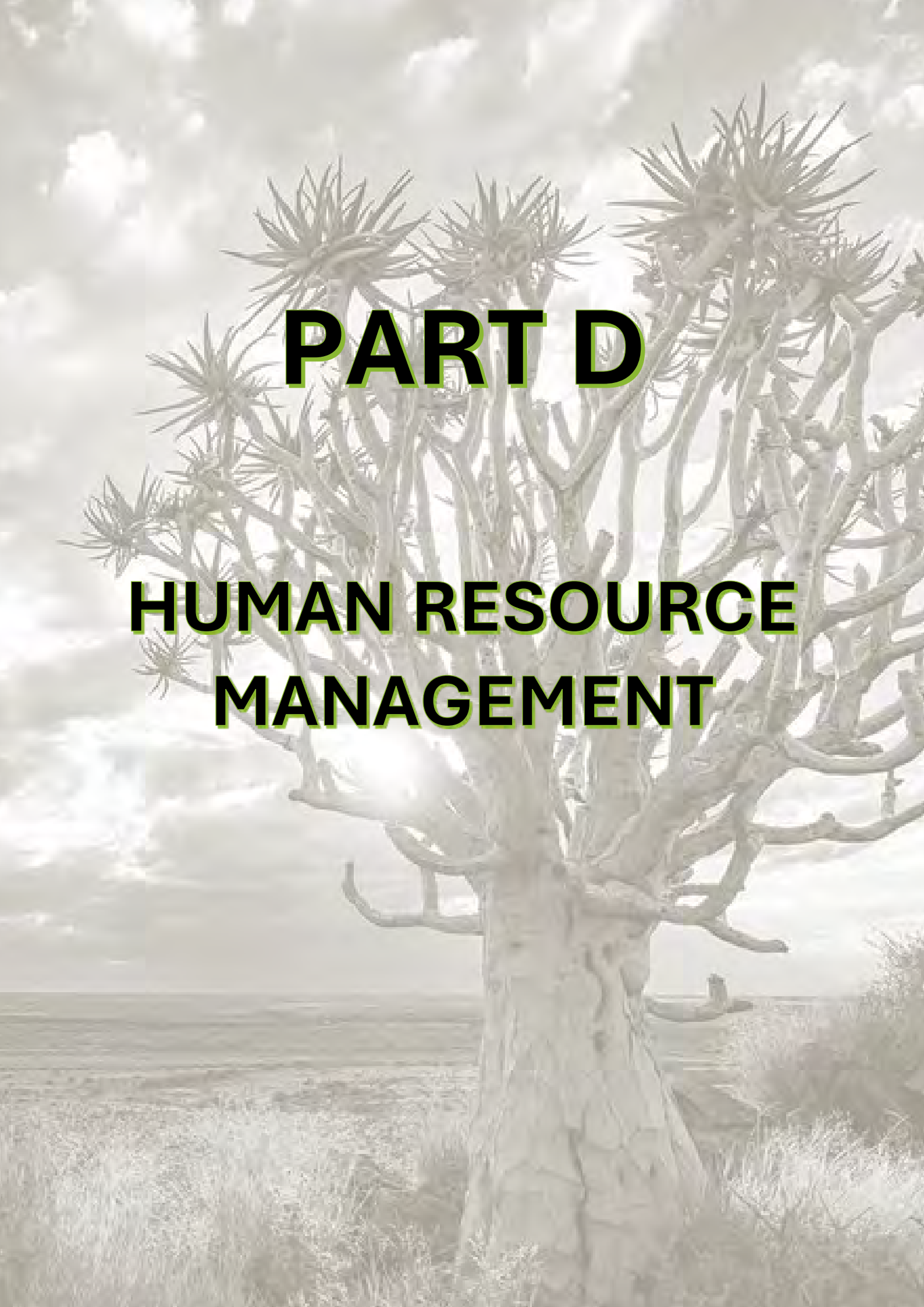
Department of Cooperative Governance Human Settlements and Traditional Affairs

Date: 31 July 2025

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Department 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 licenses, concessions or other authorisations in respect of economic activity in terms of any law?	No	
Developing and implementing a preferential procurement policy?	Yes	The department did implement a procurement policy and updates were made to be in line with all relevant prescripts and latest practice notes to ensure compliance.
Determining qualification criteria for the sale of state-owned enterprises?	No	
Developing criteria for entering into partnerships with the private sector?	No	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	





PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The department aligns HR practices with the DPSA directives on professionalisation of the Public Service. In essence, the directive seeks to transform the public service into a professional, ethical and capable environment.

Whilst awaiting the finalisation of the review of the provincial recruitment and selection policy, the department has been complying with the new developments regarding recruitment and selection as outlined in the directive. The e-leave and e-submission systems have been introduced; HR is providing support to officials struggling with the Smart-Gov system.

The capability assessment of the Departmental Human Resources component strategically assists in the achievement of service delivery goals and enables HR to identify areas for improvement. Implementation of the approved organisational structure continues in line with the directives on professionalisation of the public service.

The Department is successfully implementing the new Web-enabled Job Evaluation system called Compensate-Evaluate Job Evaluation System. However, the process of Job Evaluation is slow because there is only one certified job analyst in the department, and all posts must undergo job evaluation using the new system. Also, even if the department has internally finalised the first phase, the finalisation of the evaluation is dependent on the second and third phases, which are conducted and facilitated by the Office of the Premier. Since the new system was introduced in August 2024, the department has presented posts for finalisation of job evaluations at all panels that have sat so far.

The Service Delivery Model (SDM) was approved in April 2024 and is reviewed annually. The review process was completed in May 2025, and the report was submitted for approval. The online Business Process Modernisation Programme was completed and submitted in November 2024.

The alignment of the structure approved in 2023 with the establishment is an ongoing process. The Organisational Functionality Assessment (OFA) helps the department identify its functionality and capacity constraints that hinder its ability to deliver on its mandate. A departmental OFA Progress Report was submitted in March 2025 as required.

The Human Resource Plan Implementation Report (HRPIR), in accordance with the approved HR plan for MTEF 2024-2027, was submitted in May 2024.

The National directive on implementing control measures aimed at assisting Executive Authorities in managing fiscal sustainability while creating and filling vacant posts in departments has been effective until March 2025 and has created some challenges, such as not effecting necessary changes on the PERSAL system in a timely manner because vacant posts were frozen. There is optimal management of effective processing of employee benefits and PERSAL security.

A total of sixty-four (64) officials were trained, 26 males and 38 females. The department continues to encourage staff to improve their qualifications despite limited resources. Bursaries were awarded to 19 officials, and combined with those continuing their studies from the previous year, the total number amounted to 66.

Employee Health and Wellness continues to render proactive and reactive services to departmental officials. In striving to be an employer of choice, the department aligned its policies with new developments and complied with Occupational Health and Safety (OHS) matters. The department has fully functional OHS committees for the regional offices as well. Few departmental policies were reviewed, including the reasonable accommodation policy. The new national policy on the Prevention and Elimination of Harassment and Violence in the public service workplace was distributed to all directorates, and information sessions were conducted with staff to inform them about it.

2. OVERVIEW OF HUMAN RESOURCES.

The approved Human Resources Plan for the MTEF 2024-2027 is in place, and the 2023 approved structure has been implemented. The Department is successfully implementing the new Web-enabled Job Evaluation system called Compensate-Evaluate Job Evaluation System and fully utilising the Smart-Gov system for E-leave and E-submission. Filling vacant posts, especially critical ones, continues to be a considerable challenge, mainly due to the strict regulations and stringent measures imposed by the directive relating to cost containment, which have made it difficult. Reducing the vacancy rate remains a challenge,

The emphasis on disqualifying non-compliant employees from the performance management benefit has improved compliance with the system, except for the unnecessary mistakes made by employees, such as incorrectly completing assessment forms. Delays by the National School of Government (NSG) in training programs, such as the Compulsory Induction Programme (CIP), result in the department being unable to confirm employees' probation.

The four EHW Pillars were implemented with limited resources available. Five wellness days took place in partnership with Government Employee Medical Scheme (GEMS). Members of the Employment Equity Forum received the required training. Labour Relations amicably deals with reported cases within the stipulated timeframe.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarize 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 2024 to 31 March 2025

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	195 206	113 965	342	1 362	58	34 307
Human Settlements	139 294	132 980	93	1 175	96	233 708
Cooperative Governance	499 519	52 608	-	2 071	11	9 246
Traditional Affairs	27 629	17 588	-	-	64	3 091
Total as on Financial System (BAS)	861 648	317 141	435	4 608	229	280 352

Table 3.1.2 Personnel costs by salary band for the period 1 April 2024 to 31 March 2025

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)	5 549	2	21	264 238
Skilled (Levels 3-5)	15 101	5	45	335 578
Highly skilled production (Levels 6-8)	159 592	49	350	455 977
Highly skilled supervision (Levels 9-12)	99 954	31	120	832 950
Senior and Top management (Levels 13-16)	36 945	11	22	1 679 318
Total	317 141	98	569	557 366

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2024 to 31 March 2025

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R' 000)	Salaries as a % of personnel costs	Amount (R' 000)	Overtime as a % of personnel costs	Amount (R' 000)	HOA as a % of personnel costs	Amount (R' 000)	Medical aid as a % of personnel costs
Administration	92 688	80	-	-	3 915	3	7 010	6
Cooperative Governance	106 912	79	-	-	5 034	4	9 113	7
Human Settlements	43 686	81	-	-	1 455	3	3 062	6
Traditional Affairs	15 449	87	-	-	392	2	562	3
Total	258 735	80	-	-	10 796	3	19 747	6

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2024 to 31 March 2025

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R' 000)	Salaries as a % of personnel costs	Amount (R' 000)	Overtime as a % of personnel costs	Amount (R' 000)	HOA as a % of personnel costs	Amount (R' 000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	3 275	67	-	-	359	7	872	18
Skilled (Levels 3-5)	11 947	82	-	-	829	6	1 650	11
Highly skilled production (Levels 6-8)	126 672	78	-	-	6 744	4	12 911	8
Highly skilled supervision (Levels 9-12)	83 931	86	-	-	2 032	2	4 121	4
Senior and Top management (Levels 13-16)	32 910	98	-	-	830	3	193	1
Total	258 735	80	-	-	10 796	3	19 747	6

3.2 Employment and Vacancies

The tables in this section summarise the position regarding employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that is additional to the establishment.

This information is presented in terms of three key variables:

- 📌 programme
- 📌 salary band
- 📌 critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of vacant (unfilled) posts.

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	238	188	21	1
Cooperative Governance	284	249	12.30	0
Human Settlement	98	81	17.30	0
Traditional Affairs	54	49	9.30	0
Total	674	567	15.9	1

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	Number of employees additional to the establishment
Lower skilled (Levels 1-2)	22	21	4.7	0
Skilled (Levels 3-5)	53	45	17.7	0
Highly skilled production (Levels 6-8)	406	350	16.0	0
Highly skilled supervision (Levels 9-12)	159	120	32.5	0
Senior and Top management (Levels 13-16)	25	22	13.6	0
Contract (Levels 1-2), Permanent	0	0	0	0
Contract (Levels 3-5), Permanent	2	2	0	0
Contract (Levels 6-8), Permanent	1	1	0	1
Contract (Levels 9-12), Permanent	3	3	0	0
Contract (Levels >= 13), Permanent	3	3	0	0
Total	674	567	15.9	1

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2025

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	111	111	27	0
All Artisans in the Building Metal Machinery, etc., Permanent	0	0	0	0
Architects, Town and Traffic Planners, Permanent	4	4	0	0
Cartographic Surveying and Related Technicians, Permanent	2	2	0	0
Cleaners in offices, workshops, hospitals, etc., Permanent	24	24	0	0
Client Inform Clerks (Switchboard Reception Inform Clerks), Permanent	4	4	250	0
Communication and Information Related, Permanent	4	1	0	0
Community Development Workers, Permanent	188	183	8	0
Engineering Sciences Related, Permanent	1	1	0	0
Engineers and Related Professionals, Permanent	3	3	0	0
Finance and Economics Related, Permanent	6	6	0	0
Financial and Related Professionals, Permanent	6	6	0	0
Financial Clerks and Credit Controllers, Permanent	24	24	100	0
Food Services Aids and Waiters, Permanent	3	3	0	0
General Legal Administration and Related Professionals, Permanent	3	3	0	0
Human Resources and Organisational Development and Relate Prof, Permanent	9	9	50	0
Human Resources Clerks, Permanent	10	10	10	0
Human Resources Related, Permanent	19	19	0	0
Information Technology Related, Permanent	4	4	0	0
Inspectors of Apprentices Works and Vehicles, Permanent	11	11	0	0
Legal Related, Permanent	3	3	0	0
Library Mail and Related Clerks, Permanent	9	9	0	0
Logistical Support Personnel, Permanent	8	8	0	0
Material-Recording and Transport Clerks, Permanent	3	3	0	0
Messengers, Porters and Deliverers, Permanent	6	6	0	0
Other Administrative and Related Clerks and Organisers, Permanent	30	30	0	0
Other Administrative Policy and Related Officers, Permanent	24	24	0	0
Other Information Technology Personnel, Permanent	3	3	0	0
Other Occupations, Permanent	98	0	0	0
Risk Management and Security Services, Permanent	2	2	0	0
Secretaries and Other Keyboard Operating Clerks, Permanent	19	19	0	0
Security Officers, Permanent	2	2	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Senior Managers, Permanent	29	29	0	0
Trade Quality Controllers, Permanent	2	2	0	0
Total	674	567	15.9	1

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 2025

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
Salary Level 16	1	1	0.17	0	0
Salary Level 15	1	1	0.17	0	0
Salary Level 14	4	4	0.69	0	0
Salary Level 13	23	20	3.44	3	0.3
Total	29	26	4.47	3	0.3

Table 3.3.2 SMS post information as on 30 September 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
Salary Level 16	1	1	0.17	0	0
Salary Level 15	1	1	0.17	0	0
Salary Level 14	4	4	0.69	0	0.2
Salary Level 13	23	21	3.92	2	0.2
Total	29	27	4.95	2	

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2024 to 31 March 2025

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	3	3	3
Total	3	3	3

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 2024 to 31 March 2025

Reasons for vacancies not advertised within six months
Still awaiting approval of the Office of the Premier with regards to the filling of funded and vacant SMS posts

Reasons for vacancies not filled within twelve months
The implementation of cost containment still has a negative impact on filling vacant and funded posts.

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 2024 to 31 March 2025

Reasons for vacancies not advertised within six months
No disciplinary action taken

Reasons for vacancies not filled within six months
Budgetary constraints on COE did not allow department to advertise posts

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 2024 to 31 March 2025

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)	22	0	0	0	0	0	0
Skilled (Levels 3-5)	53	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	406	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	159	7	4.40	0	0	0	0
Senior Management Service Band A	19	2	10.52	0	0	0	0
Senior Management Service Band B	4	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Contract (Levels 1-2)	0	0	0	0	0	0	0
Contract (Levels 3-5)	2	0	0	0	0	0	0
Contract (Levels 6-8)	1	0	0	0	0	0	0
Contract (Levels 9-12)	3	0	0	0	0	0	0
Contract Band A	3	0	0	0	0	0	0
Total	674	9	14.92	0	0	0	0

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 be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2024 to 31 March 2025

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 disabilities by the end of 31 March 2025

Employees with disabilities	0	0	0	0	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 2024 to 31 March 2025

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0			N/A
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 2024 to 31 March 2025

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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3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2024 to 31 March 2025

Salary band	Number of employees as of 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower Skilled (Levels 1-2), Permanent	22	0	1	4.5
Skilled (Levels 3-5), Permanent	44	2	1	2.3
Highly Skilled Production (Levels 6-8), Permanent	355	6	11	3.1
Highly Skilled Supervision (Levels 9-12), Permanent	121	3	6	5
Senior Management Service Band A, Permanent	18	0	2	11.1
Senior Management Service Band B, Permanent	4	0	0	0
Senior Management Service Band C, Permanent	1	0	0	0
Senior Management Service Band D, Permanent	1	0	0	0
Contract (Levels 1-2), Permanent	0	0	0	0
Contract (Levels 3-5), Permanent	1	5	3	300
Contract (Levels 6-8), Permanent	8	0	8	100
Contract (Levels 9-12), Permanent	4	7	8	200
Contract Band A, Permanent	4	5	6	150
Total	583	28	46	7.90

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2024 to 31 March 2025

Critical occupation	Number of employees at 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related, Permanent	96	7	6	6.3
Architects Town and Traffic Planners, Permanent	2	0	0	0
Cartographic Surveying and Related Technicians, Permanent	22	4	2	9.1
Cleaners in offices, workshops, hospitals etc., Permanent	4	0	0	0
Client Inform Clerks (Switchboard Reception Inform Clerks), Permanent	3	2	0	0
Communication and Information Related, Permanent	0	1	0	0
Community Development Workers, Permanent	186	0	2	66.7
Engineering Sciences Related, Permanent	6	0	0	0
Engineers and Related Professionals, Permanent	5	0	0	0
Finance and Economics Related, Permanent	25	1	2	8
Financial and Related Professionals, Permanent	3	0	0	0
Financial Clerks and Credit Controllers, Permanent	2	1	0	0
Food Services Aids and Waiters, Permanent	10	2	3	30
General Legal Administration and Related Professionals, Permanent	22	2	1	4.5
Human Resources and Organisational Development and Relate Prof, Permanent	1	0	0	0
Human Resources Clerks, Permanent	13	1	2	15.4
Human Resources Related, Permanent	10	1	1	10
Information Technology Related, Permanent	5	2	0	0

Critical occupation	Number of employees at 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Inspectors of Apprentices Works and Vehicles, Permanent	4	0	0	0
Legal Related, Permanent	6	0	0	0
Library Mail and Related Clerks, Permanent	25	10	4	16
Logistical Support Personnel, Permanent	51	1	3	5.9
Material-Recording and Transport Clerks, Permanent	4	0	0	0
Messengers Porters and Deliverers, Permanent	22	1	1	4.5
Other Administrative and Related Clerks and Organisers, Permanent	2	0	0	0
Other Administrative Policy and Related Officers, Permanent	12	3	1	8.3
Other Information Technology Personnel, Permanent	2	0	0	0
Other Occupations, Permanent	30	2	1	3.3
Risk Management and Security Services, Permanent	2	0	1	4.5
Secretaries and Other Keyboard Operating Clerks, Permanent	12	3	1	5.0
Security Officers, Permanent	2	0	0	0
Senior Managers, Permanent	29	0	1	3.3
Trade Quality Controllers, Permanent	2	0	1	50
Total	583	28	46	7.9

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 2024 to 31 March 2025

Termination Type	Number	% of Total Resignations
Death, Permanent	6	13
Resignation, Permanent	12	26.10
Expiry of contract, Permanent	24	52.20
Dismissal-misconduct, Permanent	3	6.50
Retirement, Permanent	1	2.20
Transfers out of the department	0	0
Total	46	100
Total number of employees who left as a % of total employment		

Table 3.5.4 Promotions by critical occupation for the period 1 April 2024 to 31 March 2025

Occupation	Employees at 1 April 2024	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	96	17	18.8	63	0
Architects Town and Traffic Planners	2	0	0	1	18.20
Cartographic Surveying and Related Technicians	22	0	0	15	0
Cleaners In Offices Workshops Hospitals Etc.	4	0	0	2	33.30
Client Inform Clerks (Switchboard Reception Inform Clerks)	0	0	0	1	0
Communication and Information Related	186	0	0	6	0
Community Development Workers	1	0	0	0	0
Engineering Sciences Related	3	0	0	0	0
Engineers and Related Professionals	6	1	16.7	4	0
Finance and Economics Related	5	1	0	1	0
Financial and Related Professionals	22	0	12	15	0
Financial Clerks and Credit Controllers	3	0	0	2	0
Food Services Aids and Waiters	2	0	0	0	0
General Legal Administration and Related Professionals	10	0	0	0	33.3.
Human Resources and & Organisational Development and Related Prof	22	3	22.7	17	0
Human Resources Clerks	1	1	100	2	25
Human Resources Related	13	1	7.7	3	0

Occupation	Employees at 1 April 2024	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
Information Technology Related	0	0	0	1	0
Inspectors of Apprentices Works and Vehicles	10	0	0	7	0
Legal Related	5	2	6	2	0
Library Mail and Related Clerks	4	0	0	0	0
Logistical Support Personnel	6	0	0	4	0
Material-Recording and Transport Clerks	25	1	12	186	0
Messengers Porters and Deliverers	31	0	7.8	40	50
Other Administrative and Related Clerks and Organisers	4	0	0	2	0
Other Administrative Policy and Related Officers	22	0	0	0	0
Other Information Technology Personnel.	2	0	50	1	0
Other Occupations	12	0	0	9	0
Risk Management and Security Services	2	0	0	1	100
Secretaries and Other Keyboard Operating Clerks	30	1	3.3	5	27.8
Security Officers	2	0	0	2	0
Senior Managers	30	0	0	5	0
Trade Quality Controllers	2	0	3.3	2	0
Total	583	28	0.30	46	7.90

Table 3.5.5 Promotions by salary band for the period 1 April 2024 to 31 March 2025

Salary Band	Employees at 1 April 2024	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)	22	0	0	12	54.50
Skilled (Levels 3-5)	44	0	0	18	40.90
Highly Skilled Production (Levels 6-8)	355	0	0	248	69.90
Highly Skilled Supervision (Levels 9-12)	121	2	1.70	67	55.40
Senior Management (Levels 13-16)	24	0	0	13	55.20
Contract (Levels 1-2), Permanent	0	0	0	0	0
Contract (Levels 3-5), Permanent	1	0	0	0	0
Contract (Levels 6-8), Permanent	8	0	0	2	25
Contract (Levels 9-12), Permanent	4	0	0	0	0
Contract (Levels >= 13), Permanent	4	0	0	0	0
Total	583	2	0.30	36	61.70

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 2025

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Legislators, senior officials and managers	14	3	0	0	0	2	4	0	1	0	24
Professionals	41	17	0	3	0	41	15	0	4	0	121
Technicians and associate professionals	75	41	1	2	0	130	70	0	3	0	322
Clerks	13	6	0	0	0	24	2	0	1	0	46
Service and sales workers	0	0	0	0	0	0	0	0	0	0	0
Craft workers	0	0	0	0	0	0	0	0	0	0	0
Labourers	7	1	0	0	0	5	9	0	0	0	22
Total	150	68	1	5	0	202	100	0	9	0	535

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Employees with disabilities	6	2	0	0	0	7	0	0	0	0	15

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2025

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Top Management	1	0	0	0	0	0	0	0	0	0	1
Senior Management	13	3	0	0	0	2	4	0	1	0	23
Professionally qualified and experienced specialists and mid-management	41	17	0	3	0	41	15	0	4	0	121
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	75	41	1	2	0	130	70	0	3	0	322
Semi-skilled and discretionary decision making	13	6	0	0	0	24	2	0	1	0	46
Unskilled and defined decision making	7	1	0	0	0	5	9	0	0	0	22
Contract Senior Managers	0	0	0	0	0	0	0	0	0	0	0
Professional qualified contract	0	0	0	0	0	0	0	0	0	0	0
Contract skilled technical	0	0	0	0	0	0	0	0	0	0	0
Contract semi-skilled	0	0	0	0	0	0	0	0	0	0	0
Contract unskilled	0	0	0	0	0	0	0	0	0	0	0
Total	150	68	1	5	0	202	100	0	9	0	535

Table 3.6.3 Recruitment for the period 1 April 2024 to 31 March 2025

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	5	0	0	0	0	0	0	0	5
Professionally qualified and experienced specialists and mid-management	2	5	0	0	2	1	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	2	0	0	0	3
Semi-skilled and discretionary decision making	0	3	0	0	2	0	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified)	0	0	0	0	0	0	0	0	0
Contract (Skilled technical)	0	0	0	0	0	0	0	0	0
Total	8	8	0	0	6	1	0	0	23
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 3.6.4 Promotions for the period 1 April 2024 to 31 March 2025

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	1	0	0	0	0	0	0	0	0	1

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	0	0	1	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Contract Senior Managers	0	0	0	0	0	0	0	0	0	0	0
Professional qualified contract	0	0	0	0	0	0	0	0	0	0	0
Contract skilled technical	0	0	0	0	0	0	0	0	0	0	0
Contract semi-skilled	0	0	0	0	0	0	0	0	0	0	0
Contract unskilled	0	0	0	0	0	0	0	0	0	0	0
Total	0	1	0	0	0	1	0	0	0	0	2
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2024 to 31 March 2025

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	8	0	0	0	0	0	0	0	0	0	8
Professionally qualified and experienced specialists and mid-management	6	6	0	0	0	2	0	0	0	0	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	4	0	0	0	6	1	0	0	0	16
Semi-skilled and discretionary decision making	0	3	0	0	0	1	0	0	0	0	4
Unskilled and defined decision making	1	0	0	0	0	0	0	0	0	0	1
Contract Senior Management	0	0	0	0	0	0	0	0	0	0	0
Contract professionally qualified	0	0	0	0	0	0	0	0	0	0	0
Contract skilled technical	0	0	0	0	0	0	0	0	0	0	0
Contract semi-skilled	0	0	0	0	0	0	0	0	0	0	0
Total	20	13	0	0	0	9	1	0	0	0	43
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2024 to 31 March 2025

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Final written warning	3	0	0	0	0	2	0	0	0	0	5
Written warning	8	4	0	0	0	1	0	0	0	0	13
Verbal warning	0	0	0	0	0	0	0	0	0	0	0
Dismissal	0	0	0	0	0	0	0	0	0	0	0
Termination Section 17	0	0	0	0	0	0	0	0	0	0	0
Complaint withdrawn	0	0	0	0	0	0	0	0	0	0	0
No disciplinary measures instituted against official due to lack of evidence.	1	1	0	0	0	0	0	0	0	0	2
Final written warning with two month's suspension without salary	1	0	0	0	0	0	0	0	0	0	1

Table 3.6.7 Skills development for the period 1 April 2024 to 31 March 2025

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Legislators, senior officials and managers	6	5	0	1	0	6	4	2	2	0	26
Technicians and associate professionals	27	12	0	2	0	29	17	2	2	0	91
Clerks	12	10	0	2	0	24	18	0	2	0	68
Employees with disabilities											185

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 2024

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General / Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0
Salary Level 15	0	0	0	0
Salary Level 14	4	4	4	100%
Salary Level 13	20	20	20	100%
Total	25	25	25	100%

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

Reasons
The signing of performance agreements was concluded effectively.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2024

Reasons
In the 2024/2025 performance cycle, the Department achieved a 100% compliance rate for the signing of performance agreements for SMS members, resulting in no non-compliances amongst SMS members. However, the steps to be taken would be to disqualify SMS members from receiving any performance incentive they may have been eligible for, and all non-compliance will be reported to labour relations to be dealt with in terms of disciplinary procedures.

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 2024 to 31 March 2025

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Female	0	199	0	0.00	0.00
Male	0	171	0	0.00	0.00
Asian					
Female	0	0	0	0.00	0.00
Male	0	1	0	0.00	0.00
Coloured					
Female	0	100	0	0.00	0.00

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Male	0	67	0	0.00	0.00
White					
Female	0	9	0	0.00	0.00
Male	0	5	0	0.00	0.00
Total	0	552	0	0.00	0.00

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2024 to 31 March 2025

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Lower Skilled (Levels 1-2)	0	21	0	0.00	0.00
Skilled (Levels 3-5)	0	45	0	0.00	0.00
Highly Skilled Production (Levels 6-8)	0	350	0	0.00	0.00
Highly Skilled Supervision (Levels 9-12)	0	120	0	0.00	0.00
Total	0	536	0	0.00	0.00

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2024 to 31 March 2025

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers		12	0	0.00	0.00
Human Resources Clerks	0	9	0	0.00	0.00
Security Officers	0	2	0	0.00	0.00
Messengers Porters and Deliverers	0	7	0	0.00	0.00
Human Resources and Organisational Development and Related Professions	0	16	0	0.00	0.00
Risk Management and Security Services	0	2	0	0.00	0.00
Finance and Economics Related	0	3	0	0.00	0.00
Logistical Support Personnel	0	3	0	0.00	0.00
Other Administrative and Related Clerks and Organisers	0	17	0	0.00	0.00
Other Occupations	0	1	0	0.00	0.00
Legal Related	0	3	0	0.00	0.00
Financial and Related Professionals	0	13	0	0.00	0.00
Architects Town and Traffic Planners	0	4	0	0.00	0.00
Administrative Related	0	98	0	0.00	0.00
Communication and Information Related	0	2	0	0.00	0.00
Secretaries and Other Keyboard Operating Clerks	0	18	0	0.00	0.00
Cleaners in Offices, Workshops, Hospitals etc.	0	21	0	0.00	0.00
Library Mail and Related Clerks	0	7	0	0.00	0.00
Human Resources Related	0	16	0	0.00	0.00
General Legal Administration and Related Professionals	0	3	0	0.00	0.00
Cartographic Surveying and Related Technicians	0	2	0	0.00	0.00
Material-Recording and Transport Clerks	0	4	0	0.00	0.00
Other Administrative Policy and Related Officers	0	1	0	0.00	0.00
Inspectors of Apprentices Works and Vehicles	0	4	0	0.00	0.00
Senior Managers	0	14	0	0.00	0.00
Client Inform Clerks (Switchboard Reception Information Clerks)	0	3	0	0.00	0.00
Engineers and Related Professionals	0	2	0	0.00	0.00
Other Information Technology Personnel	0	1	0	0.00	0.00
Trade Quality Controllers	0	1	0	0.00	0.00
Engineering Sciences Related	0	2	0	0.00	0.00
Food Services Aids and Waiters	0	2	0	0.00	0.00
Community Development Workers	0	173	0	0.00	0.00
Information Technology Related	0	1	0	0.00	0.00
Total	0	467	0	0.00	0.00

Table 3.8.4 Performance-related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2024 to 31 March 2025

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Total employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	0	0	0.00	0.00	0.00
Band B	0	0	0	0.00	0.00	0.00
Band C	0	0	0	0.00	0.00	0.00
Band D	0	0	0	0.00	0.00	0.00
Total	0	0	0	0.00	0.00	0.00

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2024 to 31 March 2025

Salary band	01 April 2024		31 March 2025		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled supervision (Level 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2024 to 31 March 2025

Major occupation	01 April 2024		31 March 2025		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	0	0	0	0	0	0
Total	0	0	0	0	0	0

3.10 Leave Utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2024 to 31 December 2024

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)
Contract (Levels 1-2)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	1511.00	78.60	179.00	52.60	8.00	2724.00
Contract (Levels 9-12)	11.00	100.00	1.00	0.30	11.00	42.00
Highly skilled production (Levels 6-8)	1511.00	78.60	179.00	52.60	8.00	2724.00
Highly skilled supervision (Levels 9-12)	662.00	70.10	88.00	25.90	8.00	1941.00
Lower skilled (Levels 1-2)	107.00	89.70	17.00	5.00	6.00	76.00
Senior management (Levels 13-16)	95.00	85.30	15.00	4.40	6.00	481.00
Skilled (Levels 3-5)	297.00	82.50	36.00	10.60	8.00	336.00
Total	2706.00	77.70	340.00	100.00	8.00	5635.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2024 to 31 December 2024

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)
Highly skilled production (Levels 6-8)	603	100	24	6.6	25	1 137 266.17
Highly skilled supervision (Levels 9-12)	233	100	11	8.8	21	768 462.83
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	10	100	4	8.7	2	12 234.48
Total	848	100	39	7.2	22	1 917 963.03

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 2024 to 31 December 2024

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 1-2)	0	0	0
Contract (Levels 13-16)	42.00	11.00	4.00
Contract (Levels 3-5)	13.00	7.00	2.00
Contract (Levels 6-8)	76.00	11.00	7.00
Contract (Levels 9-12)	15.00	5.00	3.00
Highly skilled production (Levels 6-8)	8 071.92	24.00	334.00
Highly skilled supervision (Levels 9-12)	3 063.00	25.00	121.00
Lower skilled (Levels 1-2)	455.00	21.00	22.00
Senior management (Levels 13-16)	586.00	25.00	23.00
Skilled (Levels 3-5)	907.00	21.00	44.00
Total	13 228.92	24.00	560.00

Table 3.10.4 Capped leave for the period 1 January 2024 to 31 December 2024

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 2021
Lower Skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly Skilled Production (Levels 6-8)	7	2	3.5	20.85
Highly Skilled Supervision (Levels 9-12)	0	0	0	0
Top and Senior Management (Levels 13-16)	0	0	0	0
Total	7	2.00	3.5	20.85

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

Table 3.10.5 Leave pay-outs for the period 1 April 2024 to 31 March 2025

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - Discounting with Resignation (Workdays)	432.00	9	48 000.00
Annual - Discounting: Contract Expiry (Workdays)	0	0	0
Annual - Discounting: Unused Vacation Credits (Workdays)	77.00	1	77 000.00
Annual - Gratuity: Death/Retirement/Medical Retirement (Workdays)	238.00	8	29 750.00
Capped - Gratuity: Death/Retirement/Medical Retirement (Workdays)	50.00	3	16 667.00
Total	797.00	21	171 417.00

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk

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		Keneilwe Moitsehang Senior Manager: HRM
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		5 Employees R150 000
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 HIV/ TB and Sti Management Health and Productivity Management SHERQ Management
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.			Ms. K Moitsehang Ms. N. Julingalo Ms. W. Isaacs Ms. L Khumalo Mr. M. Seleke Mr. I. Modise Ms. S. Mgoma-Makhele Ms. M. Joseph-Karsten Mr. W Philander Mr. R. Vass Mr. Mali Mr. D Harris Ms. P. Thebe
5 Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		x	
6 Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		HIV.TB & Sti Management Policy Reasonable Accommodation Policy
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		Presented 5 HCT opportunities
8 Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		x	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2024 to 31 March 2025

Collective Agreements	Number
Total number of collective agreements	0

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 2024 to 31 March 2025

Outcomes of disciplinary hearings	Number	% of total
Written warning	13	54%
Final written warning	2	8,3%
Matter closed - based on lack of evidence	2	8,3%
Complaint withdrawn	4	16,7%
Suspension without pay	3	12,5%
Total	24	

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2024 to 31 March 2025

Types of misconduct	Number	% of total
Dishonesty / Corruption	7	36,8%
Dereliction of duties	7	36,8%
Absenteeism	4	21,1%
Insubordination	1	5,3%
Total	19	

Table 3.12.4 Grievances logged for the period 1 April 2024 to 31 March 2025

Grievances	Number	% of Total
Number of grievances resolved	7	100%
Total number of grievances lodged	7	

Table 3.12.5 Disputes logged with Councils for the period 1 April 2024 to 31 March 2025

Disputes	Number	% of Total
Number of disputes upheld	1	50%
Number of disputes dismissed	1	50%
Total number of disputes lodged	2	

Table 3.12.6 Strike actions for the period 1 April 2024 to 31 March 2025

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)	R0

Table 3.12.7 Precautionary suspensions for the period 1 April 2024 to 31 March 2025

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	R0

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 2024 to 31 March 2025

Occupational category	Gender	Number of employees as at 1 April 2024	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	12	0	- Contract Management - Business Writing - Advanced Project Management	0	12
	Female	14	0	- Job Evaluation and design - Capacity Development and Management - People Management	0	14

Occupational category	Gender	Number of employees as at 1 April 2024	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Male	32	0	- Contract Management - Sign Language - Business Writing - Advanced Project Management - Job Evaluation and design	0	32
	Female	48	0	- Capacity Development and Management - People Management - Facilities Management - Construction Management - Disaster Management	0	48
Clerks	Male	8	0	- Business writing - Intermediate Computer course - Office Administration	0	8
	Female	16	0		0	16
Sub-Total	Male	52	0		0	52
	Female	78	0		0	78
Total		130	0		0	130

Table 3.13.2 Training provided for the period 1 April 2024 to 31 March 2025

Occupational category	Gender	Number of employees as at 1 April 2024	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	5	0	- SCM for public sector - Employment Equity Forum training - Nyukela Public Service SMS pre-entry program	0	5
	Female	9	0		0	9
Technicians and associate professionals	Male	7	0	- SCM for public sector - Managing Fruitless and Wasteful expenditure - Employment Equity Forum training - Records Management	0	7
	Female	10	0		0	10
Clerks	Male	14	0	- Driving Lesson - Basic Writing: writing for government - SCM for public sector - Managing Fruitless and Wasteful expenditure - GRAP 104: Financial Investment - GRAP 7: Accounting investment - CIP 1-3 - CIP 4-5	0	14
	Female	19	0		0	19
Sub-Total	Male	26	0		0	26
	Female	38	0		0	38
Total		64	0		0	64

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 2024 to 31 March 2025

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100%
Total	2	

3.15 Utilisation of Consultants

The following tables relate 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 2024 to 31 March 2025

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Pledging of R600m to build 2500 housing units – BIGEN AFRIKA	Bigen Afrika company	365	R13,2m
Pledging of R600m to build 2500 housing units - ICEBURG and BRUNELL (JV)	Iceburg and Brunell consulting firm	365	R22m

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
Pledging of R600m to build 2500 housing units	Bigen Afrika company	365	R13,2m
Pledging of R600m to build 2500 housing units	Iceburg and Brunell consulting firm	365	R22m

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2024 to 31 March 2025

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Pledging of R600m to build 2500 housing units – BIGEN AFRIKA	51,38%	51,38%	5
Pledging of R600m to build 2500 housing units - ICEBURG and BRUNELL (JV)	100%	100	6

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2024 to 31 March 2025

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

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
None			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2024 to 31 March 2025

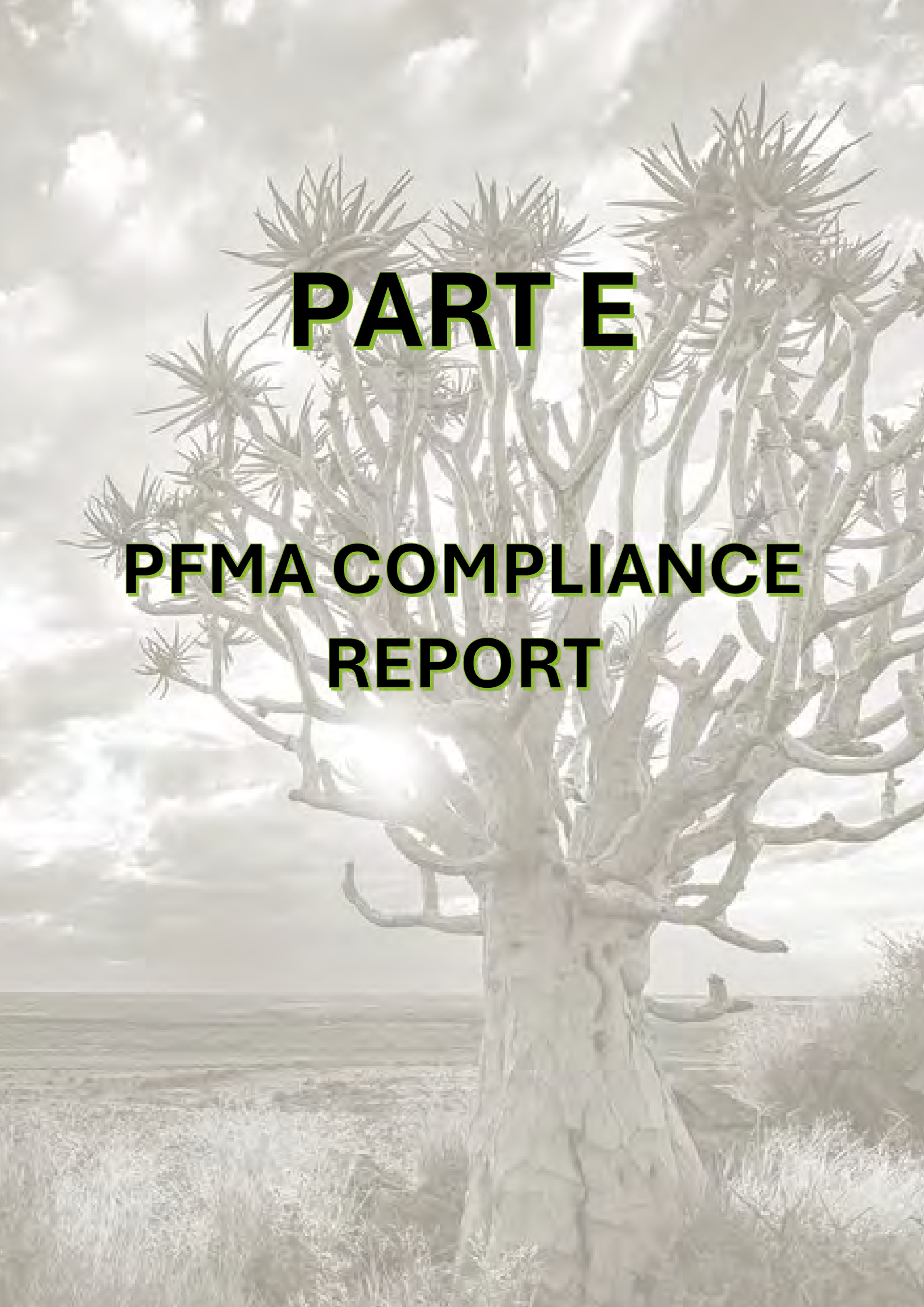
Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None			

3.16 Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2024 to 31 March 2025

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



A large, gnarled Joshua tree stands in a desert landscape under a cloudy sky. The tree has a thick, textured trunk and many spiky, star-shaped leaves at the ends of its branches. The ground is covered in dry grass and small shrubs. The sky is filled with soft, white clouds.

PART E

PFMA COMPLIANCE REPORT

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

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	1 002 123	1 000 374
Add: Irregular expenditure confirmed	6 633	1 749
Closing balance	1 008 756	1 002 123

The dispute lodged with National Treasury regarding the AGSA's technical interpretation of the Preferential Procurement Policy Framework Act, 2000 (Act. No 5 of 2000) in the 2023/24 financial year, for bids awarded to R193 thousand has been resolved and the irregular expenditure was confirmed in the 2023/24 financial year. A prior period adjustment amounting to R3, 753 million was made in 2023/2024 relating to extension on operating lease contracts. Deviations were approved by the Accounting Officer of Public Works.

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure that was under assessment	5 540	-
Irregular expenditure for the current year	6 633	
Total	12 173	-

Irregular expenditure under assessment in the 2024/25 financial year, it was noted that SCM prescripts were not followed for awards amounting to R5,540 million. It was reported to the Financial Misconduct Committee for a recommendation to the Accounting Officer.

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

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure under assessment	5 110	-
Irregular expenditure under determination	1 655	-
Total	6 765	-

During the assessment phase, it was found that two service providers were not tax compliant during the Evaluation of bidders. One service provider's scoring was incorrectly allocated as the preferred and appointed service providers both amounted to R5 140 million of expenditure incurred as at end of March 2025. The Financial Misconduct Committee must still determine whether it is valid Irregular Expenditure and reported to the accounting officer for further action.

The dispute lodged with National Treasury regarding the AGSA's technical interpretation of the Preferential Procurement Policy Framework Act, 2000 (Act. No 5 of 2000) in the 2023/24 financial year, for bids awarded to R193 thousand has been resolved and the irregular expenditure was confirmed in the 2023/24 financial year.

Appointment of Senior Managers without the relevant qualifications for the posts under assessment amounting to R1 654 933.87. The Financial Misconduct Committee must still determine whether it is valid Irregular Expenditure and reported to the accounting officer for further actioning.

c) Details of irregular expenditure condoned

None

Condonation processes will unfold during 2025/26 financial year after FMC concluded them. All assessment and determination reports will be submitted to the accounting officer for recommendation to initiate the process of condonation to Provincial Treasury.

d) Details of irregular expenditure removed - (not condoned)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure NOT condoned and removed	2 075	3 754
Total	2 075	7 048

Irregular expenditure relating to operating lease extensions where variances above 15% were not approved by Treasury have been removed in the 2023/2024 financial year due to deviations being approved by the Accounting Officer of Public Works.

e) Details of irregular expenditure recoverable

None

f) Details of irregular expenditure written off (irrecoverable)

None

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of irregular expenditure cases where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance)⁴

Description	2024/2025	2023/2024
	R'000	R'000
Operating leases of buildings	0	1 749
Telkom - Contract expired	539	1 441
Total	539	3 190

Extension of lease contracts by the Department of Public Works in contravention of SCM Instruction note 3 of 2016/17 and subsequently SCM Instruction No. 03 of 2021/22 where variances above 15% were not approved by Treasury was removed in the 2023/24 and current financial years due to a deviation approved by Public Works.

h) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
The department did establish the financial misconduct committee to do a detailed analysis of all irregular expenditure incurred over the years.

⁴ Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	77 941	77 921
Add: Fruitless and wasteful expenditure confirmed	0	20
Less: Fruitless and wasteful expenditure recoverable ⁵	0	0
Closing balance	77 941	77 941

The material irregularity amounting to R11, 667 million in respect of Lerato Park 458 CRUs in the 2022/23 has been concluded. A letter of demand was issued to the implementing agent, Bigen Africa, to recover the money from Guardrisk.

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure for the current year	0	20
Total	0	20

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

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure under assessment	27	0
Fruitless and wasteful expenditure under investigation	9 585	9 585
Total	9 612	9 585

Fruitless and wasteful expenditure under investigation includes R5, 287 million relating to Sol Plaatje Ivory Park 1175 and R4, 287 million in respect of Emthanjeni, De Aar 2386 raised in prior financial years. In respect of Sol Plaatje Ivory Park 1175, the department did not make provision for high ground water during the design stage of the project. Additional costs were incurred to do a re-design to accommodate the conditions at an additional cost to the department. Fruitless and wasteful expenditure amounting to R27 thousand was detected in the 2024/25 financial year. The assessment will commence in the 2025/26 financial year. The expenditure was incurred due to cancellation of bookings on short notice.

c) Details of fruitless and wasteful expenditure recoverable

None

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

None

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

None

⁵ Transfer to receivables

1.3. Unauthorised expenditure

a) Reconciliation of unauthorised expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	11 713	11 713
Add: unauthorised expenditure confirmed	2 086	-
Closing balance	13 799	11 713

Programme 1: Administration overspent by R1,031 million or 1% of its total budget for 2024/25. Transfers & subsidies and payments for capital assets were overspent. Programme 3: Co-Operative Governance overspent by R1,055 million or 1% of its total budget for 2024/25. The overspending was mainly on Compensation of Employees.

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Unauthorised expenditure for the current year	2 086	-
Total	2 086	-

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

None

1.4. Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) & (iii))⁶

a) Details of material losses through criminal conduct

None

b) Details of other material losses

None

c) Other material losses recoverable

None

d) Other material losses not recoverable and written off

None

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	3 094	547 051
Invoices paid within 30 days or agreed period	3 016	543 221
Invoices paid after 30 days or agreed period	78	3 830

⁶ Information related to material losses must be disclosed in the annual financial statements.

The department reported 78 or 2.5 percent of the total invoices not paid within 30 days from receipt thereof. A total of 3 016 invoices or 97.5 percent of valid invoices received were paid within 30 days of receipt thereof. There was a slight decline of 0.7 percent when compared to the 2023/2024 financial year. The non-compliance is as a result of delays in submission of invoices, bank related queries, etc.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

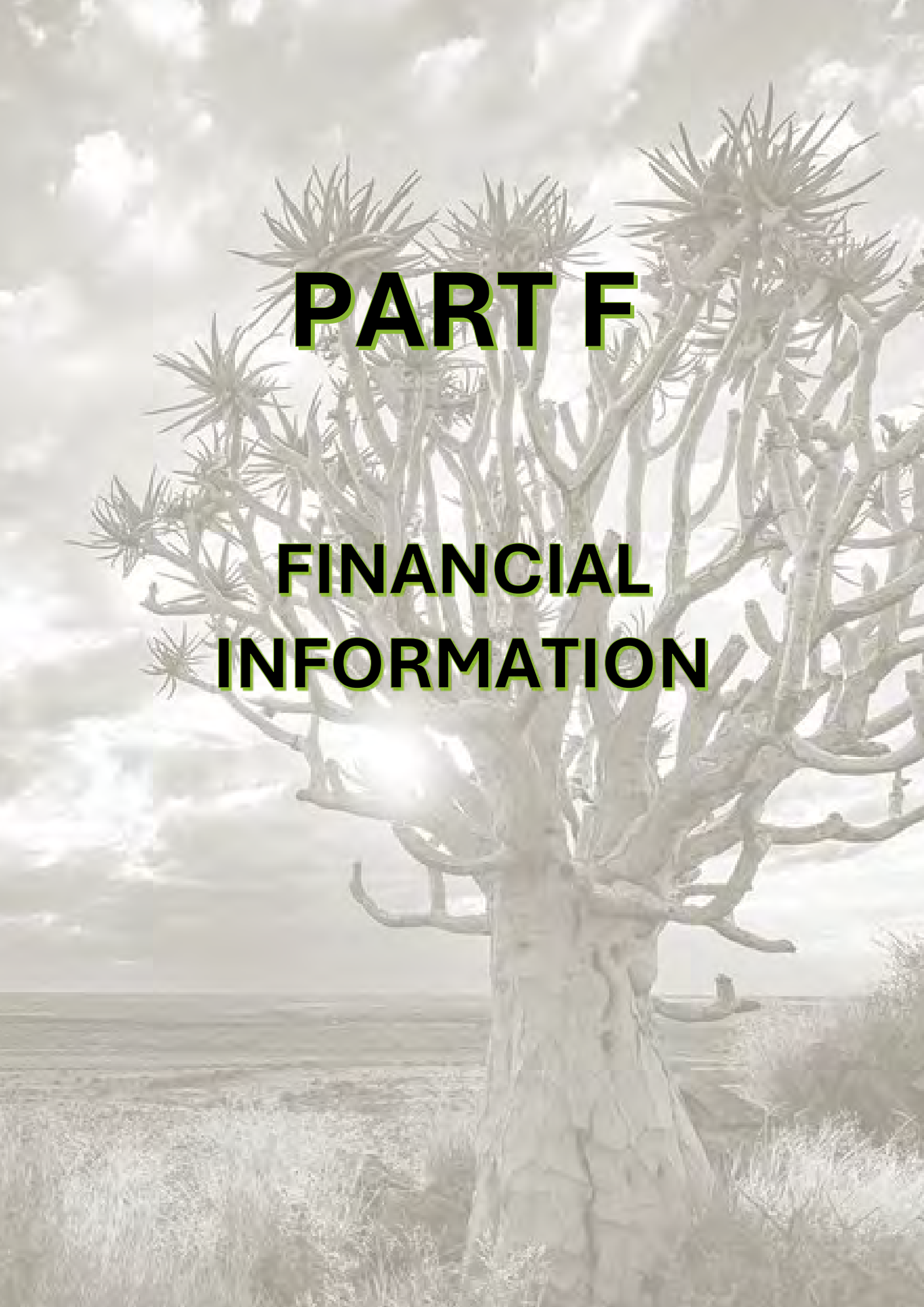
None

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
Installation of 1512 civil service in Goutrou	GIC		NC/21/2018	111 122 657,25	101 218 599,88	212 341 257,13
Installation of 1670 civil service in Prieska	GIC		NC/21/2018	128 098 569,82	46 242 633,55	174 341 203,37
Installation of 1175 civil service in Ivory Park	GIC		NC/21/2018	72 006 583,33	23 544 817,43	95 551 400,76
Installation of 135 civil service in Jacksonville	GIC		NC/21/2018	8 518 225,80	1 789 194,99	10 307 420,79
Installation of 1481 civil service in Barkley Road	GIC		NC/21/2018	109 796 215,74	43 730 948,10	153 527 163,84
Installation of 1541 civil service in Gamakor	GIC		NC/21/2018	113 228 912,78	90 364 603,48	203 593 516,26
Installation of 1517 civil service in Groblershoop	GIC		NC/21/2018	112 465 130,25	66 235 488,66	178 700 618,91
Installation of 748 civil service in Opwag	GIC		NC/21/2018	45 839 085,60	25 299 880,67	71 138 966,27
Installation of 5124 civil service in Kathu	GIC		NC/21/2018	262 114 232,73	110 529 513,06	372 643 745,79
The Construction of 50 BNG Houses in Ouboks, Umsobomvu	Neoking Trading CC		NC/13/2023	7 892 000,00	0	1 553 000,00
Total				971 081 613,30	508 955 679,82	1 473 698 293,12

This image shows a full page of white paper with horizontal green dashed lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no other markings, text, or illustrations on the page.



A large, gnarled tree with many spiky branches, possibly a Joshua tree, stands against a cloudy sky. The tree's trunk is thick and textured, and its branches spread out in all directions, each ending in a cluster of sharp, pointed leaves. The background shows a vast, flat landscape under a sky filled with soft, white clouds. The overall tone is somewhat muted, with a light greenish-grey tint.

PART F

FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL TO NORTHERN CAPE PROVINCIAL LEGISLATURE ON VOTE NO. 9: DEPARTMENT OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Cooperative Governance, Human Settlements and Traditional Affairs set out on pages **114 to 155**, which comprise the appropriation statement, statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and the 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 Cooperative Governance, Human Settlements and Traditional Affairs as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for opinion

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

Emphasis of matters

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

Underspending of the vote

7. As disclosed in the appropriation statement, the department materially underspent the budget for programme 2: human settlement by R243 898 000. Included in the total underspending of R243 898 000 was an amount of R242 858 000 for provincial housing programmes received from a DBSA loan. The underspending is as a result of poor performance of contractors; however, the funding is committed thus the department will request for a roll-over of funds in the 2025-26 financial year.

Payables not recognised

8. As disclosed in note 17.2 to the financial statements, payables not recognised of R177 233 000 is in addition to the R243 898 000 associated with the underspending of programme 2: human settlements. The amount of R177 233 000 would therefore have constituted unauthorised expenditure had the amounts been settled within the required timeframe.

Other matter

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

Unaudited supplementary schedules

10. The supplementary information set out on pages xx to xx 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 on them.

Responsibilities of the accounting officer for the financial statements

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

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

13. 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.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx forms part of my auditor's report.

Report on the audit of the annual performance report

15. 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 the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 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
Human Settlements	49-53	The purpose of the programme is to develop sustainable human settlements in the Northern Cape in the context of transforming cities, towns and rural communities, through the building of cohesive, sustainable and caring communities with closer access to work and other critical amenities
Cooperative Governance	53-58	The purpose of the programme is to strengthen the capacity of 31 municipalities of the Northern Cape in order to render quality services to the communities.

17. I evaluated the reported performance information for the 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.

18. 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.

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

20. I did not identify any material findings on the reported performance information for the selected programmes.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

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

23. The tables that follow provides information on the achievement of planned targets and lists the key 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 **48 to 59**.

Human settlements

<i>Targets achieved: 73%</i> <i>Budget spent: 67%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of households that received subsidies through FLISP	20	14
Number of Breaking New Ground (BNG) houses delivered	2758	178
Number of rental social housing units delivered	80	0

Cooperative governance

Targets achieved: 95% Budget spent: 101%		
Key service delivery indicator not achieved	Planned target	Reported achievement
The number of work opportunities reported through Community Works Programme (MTSF 2019-2024 Priority 2)	21 000	18 514

Material misstatements

24. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information for Human Settlements. Management subsequently corrected the misstatement, and I did not include any material findings in this report.

Report on compliance with legislation

25. In accordance with the PM and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
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:

Consequence management

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

Other information in the annual report

30. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
31. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.
32. 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.

33. The other information I obtained prior to the date of this auditor's report is the disclosure of irregular, unauthorised and fruitless and wasteful expenditure, and the remaining information is expected to be made available to us after 31 July 2025.
34. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have not identified any material findings.
35. When I do receive and read the remaining information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

36. I considered internal control 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.
37. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
38. Leadership did not establish an effective system for consequence management, aimed at investigating all instances of unauthorized, irregular, and fruitless and wasteful expenditure that occurred in the prior years. Consequently, the accounting officer could not ascertain individual accountability for possible losses incurred.
39. Leadership did not ensure the preparation of complete performance reports that are supported and evidenced by reliable information. Moreover, they did not review and monitor compliance with applicable legislation.

Material irregularities

40. 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.

Status of previously reported material irregularities

Lerato Park 483 project - Financial Management and internal controls not carried out adequately to prevent remedial work done on the project.

41. On 14 January 2014, the Department entered into a service level agreement with a service provider for the implementation of the Lerato Park Integrated Housing Projects. The service provider was to act as the department's development agent, project manager, lead consultant and professional service provider. The service provider on behalf of the Department, entered into a contract agreement with a contractor to construct the community residential units (CRU). The value of the contract amounted to R132 628 937.00. The contract commenced on 18 September 2014 and was to continue until 31 March 2016. The project was suspended before completion, leaving the facilities in varying stages of completion. A conditional assessment was performed when a new contractor was appointed on 8 August 2019 to complete the project. The assessment highlighted poor workmanship from the previous contractor that required remedial work due to internal controls not carried out adequately in contravention of section 45(a) of the PFMA. The non-compliance resulted in a likely financial loss of R11 666 776 for the failure to ensure that work of the correct quality and standard was delivered before payment.
42. I notified the accounting officer of the material irregularity on 28 July 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take any action in response to being notified of the material irregularity due to disagreement with the

merits of material irregularity. I recommended that the accounting officer take the following actions to address the material irregularity, which had to be implemented by 27 February 2024:

- Appropriate action should be taken to investigate the non-compliance with Section 45(a) of the PFMA, to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions. All persons, including juristic persons, liable for the losses should be identified.
 - The financial loss should be quantified, and appropriate action should commence to recover the financial loss suffered. The recovery process should not be unduly delayed.
 - Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.
 - If it appears that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by Treasury regulation 12.5.1.
43. On 27 February 2024, the accounting officer submitted a draft investigation report but no written submission on the implementation of the recommendations. I noted shortcomings in the accounting officer's response and a lack of substantiated documentation to support the facts stated in the investigation report. The shortcomings were communicated to the accounting officer on 4 March 2024, and a supplementary response was received on 6 March 2024. I assessed the written response and substantiating documentation provided and requested further documentation on 18 March 2024 to complete my assessment. No response was received, and a follow-up letter was issued to the accounting officer on 22 July 2024 to provide the requested information by 25 July 2024. A response was only received on 29 July 2024.
44. The accounting officer completed the investigation into the non-compliance and the scope of the investigation addressed the aspects of the material irregularity. The investigation concluded that the department maintained a financial management and internal control system but suffered a financial loss due to poor work quality, slow progress on the project as well as lack of oversight by the professional service provider that was responsible to oversee the project on behalf of the department.
45. The investigation report did not identify any officials for disciplinary action, as the failure was on the part of the professional service provider not managing the project and addressing the poor work quality of the contractor in terms of the contract timely.
46. The investigation did not identify any criminal conduct, and no further actions were taken in this regard.
47. The accounting officer requested the State Attorney to recover the financial loss from the professional service provider. I followed-up on the recovery process in August 2024 and evidence was provided on 21 October 2024 that the State Attorney has been instructed to issue summons against the professional service provider for an amount of R13 262 893.70.
48. The actions taken by the accounting officer to implement the recommendations are deemed appropriate and have addressed the recommendations. The material irregularity is therefore resolved.

Auditor General

Kimberley
31 July 2025

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

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

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

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44; 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A 3.2; 16A 3.2(a); 16A 6.1; 16A 6.2(a); 16A 6.2(b); 16A 6.3(a); 16A 6.3(b); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 7.1; 16A 7.3; 16A 7.6; 16A 7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.4; 16A 9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A 9.1(f); 16A 9.2; 16A 9.2(a)(ii); 17.1.1; 18.2; 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Division of Revenue Act 24 of 2024	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); Section 16(3)(a)(ii)(bb)
National Treasury Instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1;
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulation, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
State Information Technology Agency Act 88 of 1998	Section 7(3)

2. ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT

for the year ended 31 March 2025

Appropriation per programme									
2024/25								2023/24	
	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
Programme									
1. ADMINISTRATION	191,646	-	2,473	194,119	195,150	(1,031)	100.5%	226,559	226,522
2. HUMAN SETTLEMENT	743,577	-	106	743,683	499,785	243,898	67.2%	462,027	456,803
3. CO-OPERATIVE GOVERNANCE	139,463	-	(1,227)	138,236	139,291	(1,055)	100.8%	139,615	138,720
4. TRADITIONAL INSTITUTIONAL MANAGEMENT	28,981	-	(1,352)	27,629	27,629	-	100.0%	30,753	24,342
Subtotal	1,103,667	-	-	1,103,667	861,885	241,812	78.1%	858,954	846,387

2024/25				2023/24	
	Final Budget	Actual Expenditure		Final Budget	Actual Expenditure
	R'000	R'000		R'000	R'000
TOTAL (brought forward)					
Reconciliation with statement of financial performance					
ADD					
Departmental receipts					
Actual amounts per statement of financial performance (Total revenue)	1,103,667			858,954	
Actual amounts per statement of financial performance (Total expenditure)		861,855			846,387

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Appropriation per economic classification									
	2024/25							2023/24	
	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
Economic classification									
Current payments	401,376	-	-	401,376	401,082	294	99.9%	425,817	414,129
Compensation of employees	302,812	-	1,267	304,079	317,141	(13,062)	104.3%	302,976	297,556
Goods and services	98,564	-	(1,267)	97,297	83,941	13,356	86.3%	122,841	116,573
Transfers and subsidies	691,047	-	-	691,047	449,510	241,537	65.0%	407,609	406,730
Non-profit institutions	5,200	-	-	5,200	5,200	-	100.0%	1,184	1,184
Households	685,847	-	-	685,847	444,310	241,537	64.8%	406,425	405,546
Payments for capital assets	11,244	-	(3,358)	7,886	6,892	994	87.4%	25,240	25,240
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	11,244	-	(3,358)	4,678	1,979	2,699	42.3%	24,593	24,593
Intangible assets	-	-	3,358	3,358	4,354	(996)	129.7%	647	647
Payments for financial assets	-	-	-	-	17	(17)	-	288	288
Total	1,103,667	-	-	1,103,667	861,855	241,812	78.1%	858,954	846,387

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 1: ADMINISTRATION									
	2024/25							2023/24	
	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	18,160	-	-	18,160	16,332	1,828	89.9%	17,294	15,870
2. CORPORATE SERVICES	173,486	-	2,473	175,959	178,818	(2,859)	101.6%	209,265	210,652
Total for sub programmes	191,646	-	2,473	194,119	195,150	(1,031)	100.5%	226,559	226,522
Economic classification									
Current payments	181,990	-	(885)	181,105	180,914	191	99.9%	205,130	204,948
Compensation of employees	110,705	-	-	110,705	113,965	(3,260)	102.9%	106,134	105,952
Goods and services	71,285	-	(885)	70,400	66,949	3,451	95.1%	98,996	98,996
Transfers and subsidies	2,437	-	-	2,437	3,308	(871)	135.7%	3,034	2,036
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	2,437	-	-	2,437	3,308	(871)	135.7%	3,034	2,036
Payments for capital assets	7,219	-	3,358	10,577	10,911	(334)	103.2%	18,107	19,250
Buildings and other fixed structures								-	-
Machinery and equipment	7,219	-	-	7,219	6,557	662	90.8%	17,460	18,603
Intangible assets	-	-	3,358	3,358	4,354	(996)	129.7%	647	647
Payments for financial assets	-	-	-	-	17	(17)	-	288	288
Total	191,646	-	2,473	194,119	195,150	(1,031)	100.5%	226,559	226,522

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 2: HUMAN SETTLEMENT									
	2024/25							2023/24	
	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. HOUSING NEEDS, RESEARCH AND PLANNING	11,708	-	457	12,165	11,808	357	97.1%	12,588	9,943
2. HOUSING DEVELOPMENT	716,725	-	(184)	716,541	471,271	245,270	65.8%	437,601	423,251
3. HOUSING ASSET MANAGEMENT	15,144	-	(167)	14,977	16,706	(1,729)	111.5%	11,838	23,609
Total for sub programmes	743,577	-	106	743,683	499,785	243,898	67.2%	462,027	456,803
Economic classification									
Current payments	59,191	-	885	60,076	58,946	1,130	98.1%	57,802	53,198
Compensation of employees	53,054	-	-	53,054	52,608	446	99.2%	49,606	48,287
Goods and services	6,137	-	885	7,022	6,338	684	90.3%	8,196	4,911
Transfers and subsidies	683,410	-	-	683,410	440,642	242,768	64.5%	403,291	403,219
Households	683,410	-	-	683,410	440,642	242,768	64.5%	403,291	403,219
Payments for capital assets	976	-	(779)	197	197	-	100.0%	934	386
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	976	-	(779)	197	197	-	100.0%	934	386
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	743,577	-	106	743,683	499,785	243,898	67.2%	462,027	456,803

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 3: CO-OPERATIVE GOVERNANCE									
2024/25								2023/24	
	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. LOCAL GOVERNANCE	120,948	-	(1,227)	119,721	128,400	(8,679)	107.2%	123,878	127,301
2. DEVELOPMENT AND PLANNING	18,515	-	-	18,515	10,891	7,624	58.8%	15,737	11,419
Total for sub programmes	139,463	-	(1,227)	138,236	139,291	(1,055)	100.8%	139,615	138,720
Economic classification									
Current payments	136,637	-	1,267	137,904	138,931	(1,027)	100.7%	133,529	132,810
Compensation of employees	121,663	-	1,267	122,930	132,980	(10,050)	108.2%	126,748	126,748
Goods and services	14,974	-	-	14,974	5,951	9,023	39.7%	6,781	6,062
Transfers and subsidies	-	-	-	-	360	(360)	-	100	291
Households	-	-	-	-	-	-	-	100	291
Payments for capital assets	2,826	-	(2,494)	332	-	332	-	5,986	5,619
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2,826	-	(2,494)	332	-	332	-	5,986	5,619
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	139,463	-	(1,227)	138,236	139,291	(1,055)	100.8%	139,615	138,720

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
	2024/25							2023/24	
	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. TRADITIONAL INSTITUTIONAL ADMINISTRATION	28,981	-	(1,352)	27,629	27,629	-	100.0%	30,753	24,342
Total for sub programmes	28,981	-	(1,352)	27,629	27,629	-	100.0%	30,753	24,342
Economic classification									
Current payments	23,558	-	(1,267)	22,291	22,291	-	100.0%	29,356	23,173
Compensation of employees	17,390	-	-	17,390	17,588	(198)	101.1%	20,488	16,569
Goods and services	6,168	-	(1,267)	4,901	4,703	198	96.0%	8,868	6,604
Transfers and subsidies	5,200	-	-	5,200	5,200	-	100.0%	1,184	1,184
Non-profit institutions	5,200	-	-	5,200	5,200	-	100.0%	1,184	1,184
Payments for capital assets	223	-	(85)	138	138	-	100.0%	213	(15)
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	223	-	(85)	138	138	-	100.0%	213	(15)
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	28,981	-	(1,352)	27,629	27,629	-	100.0%	30,753	24,342

NOTES TO THE APPROPRIATION for the year ended 31 March 2025

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 1F-H 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

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Programme	R'000	R'000	R'000	%
Administration	194,119	195,150	(1,031)	-1%

The programme has spent R195,150 million or 100.5 percent of its final appropriation of R194,119 million by the 31 March 2025. There was a slight overspending of 0.5 percent or R1,031 million for the 2024/25 financial year. The programme has spent 102.9 percent or R113,965 million of its final allocation for Compensation of Employees. Spending on Goods and Services was R66,949 million or 95.1 percent of its final allocation of R70,400 million. It realised a savings of R3,451 million. A total savings of R191 thousand or 0.1 percent was realised on Current Payments. Payments for Capital Assets amount to R10,911 million or 103.2 percent of its final allocation of R10,577 million. The total budget was overspent by 3.2 percent or R334 thousand. The overspending was in respect of software and intangible assets in respect of Microsoft licenses for all new and old users.

Human Settlement	743,683	499,785	243,898	33%
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The programme has spent R499,785 million or 67.2 percent of its final appropriation of R743,683 million by the 31 March 2025. The programme realised an overall saving of R243,898 million or 33 percent for the 2024/25 financial year. The programme has spent 99.2 percent or R52,608 million of its final allocation for Compensation of Employees. Spending on Goods and Services was R6,338 million or 90.3 percent of its final allocation of R7,022 million. The programme realised an overall savings of R1,130 million or 1.9 percent on Current Payments. Transfers and Subsidies include a provincial allocation of R250,000 million and R300,000 million received from DBSA in the 2024/25 budget for human settlement projects. The purpose of these allocations was to fast-track housing delivery in the province. Included in the total underspending of R243,898 million was an amount of R242,858 million for provincial housing programmes received from DBSA. The underspending is as a result of poor performance of contractors. The funding is committed therefore a rollover will be requested in the 2025/26 financial year.

Local Governance	138,236	139,291	(1,055)	-1%
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The programme has spent R139,291 million or 100.8 percent of its final appropriation of R138,236 million by the 31 March 2025. There was a slight overspending of 0.8 percent on the total appropriation. The total of Current Payments was overspent by R1,027 million or 0.7 percent of its total allocation of R137,904 million. The overspending was mainly on Compensation of Employees, as a result of budget reduction in the 2024/25 adjustment budget. Spending on Goods and Services was at 39.7 percent or R5,951 million of its total appropriation of R14,974 million. Spending of funds allocated for projects to be commissioned in municipalities was only 1.1 percent of its total allocation of R4,907 million. Professional Service providers were appointed by the department to assist with infrastructure projects in Umsobomvu and Hantam

municipalities, however the appointment of the contractors could not commence in the 2025 financial year due to limited funding.

NOTES TO THE APPROPRIATION for the year ended 31 March 2025

Traditional Institutional Management	27,629	27,629	-	0%
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The programme has spent R27,629 million or 100 percent of its final appropriation by the 31 March 2025. The programme received an additional allocation of R6,000 million earmarked for Transfers to the Traditional Councils (TC's) in the 2024/25 adjustment budget. This funding was used to augment salaries and wages of employees appointed by the TC's. The programme's spending was on par with its allocated budget received for the 2024/25 financial year.

4.2 Per economic classification

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Economic classification	R'000	R'000	R'000	%
Current payments				
Compensation of employees	304,079	317,141	(13,062)	-4%
Goods and services	97,297	83,941	13,356	14%
Transfers and subsidies				
Non-profit institutions	5,200	5,200	-	0%
Households	685,847	444,310	241,537	35%
Payments for capital assets				
Machinery and equipment	7,886	6,892	994	13%
Intangible assets	3,358	4,354	(996)	-30%
Payments for financial assets	0	17	(17)	0%
Total	1,103,667	861,855	241,812	22%

A fiscal consolidation reduction of R33,845 million was implemented in the 2024/25 adjustment budget. This fiscal consolidation reduction was intended to stabilise the fiscal challenges experienced in the year under review. The departments main appropriation was adjusted downwards by a total of R327,854 million. This amount is made of R33,854 million reduction in respect of equitable share, R300 million for Provincial Housing Programmes (DBSA) and an additional allocation of R6,000 million received for the Traditional Councils. The impact of this reduction was evident from the overspending on Compensation of Employees as the baseline had to be reduced by R28,107 million to augment the R33,845 million. Furthermore, the department had to implement austerity measures to contain its expenditure to avoid overspending. The department's total expenditure amounts to R861,855 million or 78.1 percent of final appropriation of R1,103,667 million. The overall savings were due to underspending of the funds received from DBSA in respect of Provincial Housing Programmes.

4.3 Per conditional grant

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Conditional grant	R'000	R'000	R'000	%
EPWP INTEGRATED GRANT FOR MUNIC	2,000	1,519	481	24%
HUMAN SETTLEMENTS DEVEL GRANT	69,298	69,298	-	0%

INFORM SETTLE UPGR PART GRNT PROV	64,112	64,088	24	0%
Total	135,410	134,905	505	0%

NOTES TO THE APPROPRIATION
for the year ended 31 March 2025

The EPWP Integrated Grant has a total budget of R2,000 million with actual expenditure of R1,519 million, resulting in a variance of R481 thousand or 24 percent, indicating underutilization of funds that may warrant a review of project implementation. In contrast, the Human Settlements Development Grant (HSDG) and the Informal Settlements Upgrade Partnership Grant (ISUP) both had matching budgets and actual expenditures of R69,298 million and R64,088 million, respectively, reflecting sound budget management and adherence to planned spending. The HSDG grant was adjusted in a second adjustment budget in 2024/2025 by R200,000 million in respect of the capital repayment towards the DBSA loan.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
REVENUE			
Annual appropriation	1	1,103,667	858,954
Departmental revenue		-	-
TOTAL REVENUE		1,103,667	858,954
EXPENDITURE			
Current expenditure			
Compensation of employees	3	317,141	297,556
Goods and services	4	83,941	116,573
Total current expenditure		401,082	414,129
Transfers and subsidies			
Transfers and subsidies	6	449,510	406,730
Total transfers and subsidies		449,510	406,730
Expenditure for capital assets			
Tangible assets	7	6,892	24,593
Intangible assets	7	4,354	647
Total expenditure for capital assets		11,246	25,240
Unauthorised expenditure approved without funding		-	-
Payments for financial assets	5	17	288
TOTAL EXPENDITURE		861,855	846,387
SURPLUS/(DEFICIT) FOR THE YEAR		241,812	12,567
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		241,812	12,567
Annual appropriation		-	11,688
Conditional grants		241,812	879
SURPLUS/(DEFICIT) FOR THE YEAR		241,812	12,567

STATEMENT OF FINANCIAL POSITION
as at 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
ASSETS			
Current assets		230,196	1,648
Cash and cash equivalents		230,155	1,573
Other financial assets		-	-
Prepayments and advances		-	-
Receivables		41	75
Non-current assets		65	65
Prepayments and advances		-	-
Receivables		65	65
TOTAL ASSETS		230,261	1,713
LIABILITIES			
Current liabilities		244,049	13,390
Voted funds to be surrendered to the Revenue Fund		243,898	12,567
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		122	58
Bank Overdraft		-	-
Payables		29	765
Non-current liabilities			
Payables		-	-
TOTAL LIABILITIES		244,049	13,390
NET ASSETS		(13,788)	(11,677)
	Note	2024/25 R'000	2023/24 R'000
Represented by:			
Recoverable revenue		11	36
Unauthorised expenditure		(13,799)	(11,713)
TOTAL		(13,788)	(11,677)

STATEMENT OF CHANGES IN NET ASSETS
as at 31 March 2025

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Recoverable revenue			
Opening balance		36	81
Transfers:		(25)	(45)
Recoverable revenue written off	5.1	(17)	(288)
Debts revised		(8)	243
Debts recovered (included in departmental revenue)		-	-
Debts raised		-	-
Closing balance		11	36
Unauthorised expenditure			
Opening balance		(11,713)	(11,713)
Unauthorised expenditure - current year		(2,086)	-
Relating to overspending of the vote or main division within the vote		(2,086)	-
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		(13,799)	(11,713)
TOTAL		(13,788)	(11,677)

CASH FLOW STATEMENT
for the year ended 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,104,404	859,586
Annual appropriation funds received	1.1	1,103,667	858,954
Departmental revenue received	2	737	632
Net (increase)/decrease in net working capital		(702)	(2,563)
Surrendered to Revenue Fund		(13,240)	(70,111)
Surrendered to RDP Fund/Donor		-	-
Current payments		(401,082)	(414,129)
Interest paid		-	-
Payments for financial assets	5	(17)	(288)
Transfers and subsidies paid		(449,510)	(406,730)
Net cash flow available from operating activities	13	239,853	(34,235)
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received		-	-
Payments for capital assets	7	(11,246)	(25,240)
Proceeds from sale of capital assets		-	-
(Increase)/decrease in other financial assets		-	-
(Increase)/decrease in non-current receivables		-	230
Net cash flow available from investing activities		(11,246)	(25,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(25)	(45)
Increase/(decrease) in non-current payables		-	(5)
Net cash flows from financing activities		(25)	(50)
Net increase/(decrease) in cash and cash equivalents		228,582	(59,295)
Cash and cash equivalents at beginning of period		1,573	60,868
Cash and cash equivalents at end of period	14	230,155	1,573

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

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 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.
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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

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. 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. Operating lease payments received are recognised as departmental revenue. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. At commencement of the finance lease term, finance lease assets acquired are recorded and measured at: - the fair value of the leased asset; or if lower, - the present value of the minimum lease payments. Finance lease assets acquired prior to 1 April 2024, are recorded and measured at the present value of the minimum lease payments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

9.	Aid assistance
9.1	Aid assistance received Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. CARA Funds are recognised when receivable and measured at the amounts receivable. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2	Aid assistance paid Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
10.	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.
11.	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. Prepayments and advances expensed before 1 April 2024 are recorded until the goods, services, or capital assets are received, or the funds are utilised in accordance with the contractual agreement.
12.	Loans and receivables Loans and 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.
13.	Investments Investments are recognised in the statement of financial position at cost.
14.	Financial assets
14.1	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.
14.2	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.
15.	Payables Payables recognised in the statement of financial position are recognised at cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

16.	Capital assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	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.
16.3	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.
16.4	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.
17.	Provisions and contingents
17.1	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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

17.2	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.
17.3	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.
17.4	Capital commitments Capital commitments are recorded at cost in the notes to the financial statements.
18.	Unauthorised expenditure Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure. Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure recorded in the notes to the financial statements comprise of • unauthorised expenditure that was under assessment in the previous financial year; • unauthorised expenditure relating to previous financial year and identified in the current year; and • Unauthorised incurred in the current year.
19.	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.
20.	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 comprises of: • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
21.	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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

22.	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.
23.	Principal-Agent arrangements The department is party to a principal-agent arrangement for the construction of houses. In terms of the arrangement the department is the principal and is responsible for building of houses for beneficiaries. 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.
24.	Departures from the MCS requirements Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard.
25.	Capitalisation reserve The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed of and the related funds are received.
26.	Recoverable revenue Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written off.
27.	Related party transactions Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The full compensation of key management personnel is recorded in the notes to the financial statements.
28.	Inventories <i>(Effective from date determined by the Accountant-General)</i> At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.
29.	Public-Private Partnerships Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.
30.	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.
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

31.	Transfer of functions Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer. Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.
32.	Mergers Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger. Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

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:

	2024/25			2023/24		
	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	190,761	190,761	-	226,559	226,559	-
HUMAN SETTLEMENT	744,462	744,462	-	462,027	462,027	-
CO-OPERATIVE GOVERNANCE	139,463	139,463	-	139,615	139,615	-
TRADITIONAL INSTITUTIONAL MANAGEMENT	28,981	28,981	-	30,753	30,753	-
Total	1,103,667	1,103,667	-	858,954	858,954	-

All appropriated funds were requested and received.

1.2 Conditional grants

	Note	2024/25 R'000	2023/24 R'000
Total grants received	30	135,410	372,344
		-	-

The Conditional Grants received consist of the Human Settlement Redevelopment Grant of R69,298 million; the Informal Settlements Upgrading Partnership Grant of R64,112 million, and the Expanded Public Works Programme Integrated Grant of R2,000 million. The HSDG grant was adjusted in a second adjustment budget in the 2024/2025 financial year by R200,000 million in respect of the capital repayment towards the DBSA loan.

2. Departmental revenue

	Note	2024/25 R'000	2023/24 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	448	395
Sales of capital assets		-	-
Transactions in financial assets and liabilities	2.2	289	237
		-	-
Total revenue collected		737	632
Less: Own revenue included in appropriation	11	737	632
Total		-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

2.1 Sales of goods and services other than capital assets

	2024/25	2023/24
Note	R'000	R'000
Sales of goods and services produced by the department	448	395
Sales by market establishment	92	61
Administrative fees	-	-
Other sales	356	334
Sales of scrap, waste and other used current goods	-	-
Total	448	395

2.2 Transactions in financial assets and liabilities

	2024/25	2023/24
Note	R'000	R'000
Loans and advances	-	-
Receivables	-	-
Forex gain	-	-
Other receipts including Recoverable Revenue	289	237
Total	289	237

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

	2024/25	2023/24
Note	R'000	R'000
<i>Annex 1H</i>		
Gifts		
Donations	-	87
Sponsorships	-	-
Total gifts, donations and sponsorships received in kind	-	87

No gifts, donations and sponsorships were received in the 2024/25 financial year.

3. Compensation of employees

3.1 Analysis of balance

	2024/25	2023/24
Note	R'000	R'000
Basic salary	224,959	213,093
Performance award	69	33
Service based	43	54
Compensative/circumstantial	2,914	3,113
Periodic payments	115	215
Other non-pensionable allowances	40,944	36,327
Total	269,041	252,835

The increase in Compensation of Employees was due to inflationary adjustments (annual increases), pay progression, grade progression and appointment of employees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

3.2 Social contributions

Employer contributions	Note	2024/25 R'000	2023/24 R'000
Pension		28,129	26,347
Medical		19,902	18,309
UIF		1	-
Bargaining council		68	65
Official unions and associations		-	-
Insurance		-	-
Total		48,100	47,721
Total compensation of employees		317,141	297,556
Average number of employees		569	579

4. Goods and services

	Note	2024/25 R'000	2023/24 R'000
Administrative fees		982	1,145
Advertising		670	305
Minor assets	4.1	120	944
Bursaries (employees)		617	1,026
Catering		922	1,633
Communication		1,349	2,306
Computer services	4.2	5,576	5,800
Consultants: Business and advisory services	4.9	4,813	10,563
Infrastructure and planning services		-	365
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		1,989	11,942
Contractors		1,499	11,062
Agency and support / outsourced services		1,212	22
Entertainment		19	29
Audit cost - external	4.3	8,692	6,953
Fleet services		3,184	3,776
Inventories	4.4	5	3
Consumables	4.5	2,834	2,779
Housing		-	-
Operating leases		11,843	16,611
Property payments	4.6	17,604	22,591
Rental and hiring		135	65
Transport provided as part of the departmental activities		-	22
Travel and subsistence	4.7	12,117	12,564
Venues and facilities		5,946	1,127
Training and development		435	1,662
Other operating expenditure	4.8	1,378	1,278
Total		83,941	116,573

Increase in Advertising was due to advertising of departmental events and programs. The reduction on items such as Bursaries, Communication, Consultants: Business and Advisory Services, Legal Services and Contractors compared to the 2024/24 financial year was due to budget reductions implemented in the 2024/25 adjustment budget. Due to limited cash flow, the department had to implement austerity measures to contain its expenditure. Operating leases reduced in the current year due to the expiry of the lease of the office building in Upington. The increase in Venues and Facilities were as a result of events hosted by the department in the 2024/25 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

4.1 Minor assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets		120	944
Buildings and other fixed structures		-	-
Machinery and equipment		120	944
Intangible capital assets		-	-
Software		-	-
Total	4	120	944

The department did not procure capital assets due to a bulk procurement done in the 2023/2024 financial year.

4.2 Computer services

	Note	2024/25 R'000	2023/24 R'000
SITA computer services		5,576	5,005
External computer service providers		-	795
Total	4	5,576	5,800

4.3 Audit cost - external

	Note	2024/25 R'000	2023/24 R'000
Regularity audits		8,692	6,953
Performance audits		-	-
Investigations		-	-
Total	4	8,692	6,953

4.4 Inventories

	Note	2024/25 R'000	2023/24 R'000
Clothing material and accessories		5	3
Total	4	5	3

4.5 Consumables

	Note	2024/25 R'000	2023/24 R'000
Consumable supplies		1,716	1,712
Uniform and clothing		693	414
Household supplies		748	958
Building material and supplies		-	-
Communication accessories		-	-
IT consumables		74	135
Other consumables		201	205
Stationery, printing and office supplies		1,118	1,067
Total	4	2,834	2,779

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

4.6 Property payments

	Note	2024/25 R'000	2023/24 R'000
Municipal services		2,902	2,628
Property management fees		-	-
Property maintenance and repairs		1,180	9,587
Other		13,522	10,376
Total	4	17,604	22,591

The reduction in Property Payments was as a result of budget reductions and the expiry of the lease contract of the Umbra Building in Upington. The Gordonia Hospital was renovated in the 2023/24 financial year to accommodate the Regional Office staff. This was a once-off expense, therefore the significant reduction relating to Property Maintenance and Repairs in the 2024/25 financial year.

4.7 Travel and subsistence

	Note	2024/25 R'000	2023/24 R'000
Local		11,531	12,564
Foreign		586	-
Total	4	12,117	12,564

4.8 Other operating expenditure

	Note	2024/25 R'000	2023/24 R'000
Resettlement costs		86	175
Other		1,292	1,103
Total	4	1,378	1,278

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

	Note	2024/25 R'000	2023/24 R'000
Name of Commission / Committee of Inquiry			
Risk Management Committee; Rental Housing Tribunal Committee		571	422
Total		571	422

Housing Tribunal Members were appointed to mediate and adjudicate disputes related to rental properties. Sitting allowances were paid to the members and the chairperson of the Ethics and Risk Management Committee.

5. Payments for financial assets

	Note	2024/25 R'000	2023/24 R'000
Debts written off	5.1	17	288
Total		17	288

Irrecoverable salary related debts written off in the 2024/2025 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

5.1 Debts written off

	Note	2024/25 R'000	2023/24 R'000
Nature of debts written off			
Salary and Tax debt		17	288
Total debt written off	5	17	288

6. Transfers and subsidies

	Note	2024/25 R'000	2023/24 R'000
Non-profit institutions	Annex 1F	5,200	1,184
Households	Annex 1G	444,310	405,546
Total		449,510	406,730

Expenditure relating to Transfers and Subsidies includes a once-off transfer of R5, 200 million to the Traditional Councils to augment salaries and wages of the administrative personnel. Households include leave gratuity payments to employees, cash donations and claims against the state. Treasury allocated R250,000 million in the 2024/25 appropriation for upgrading of informal settlements which was fully spent at year end. The expenditure in relation to R300,000 million received from DBSA for housing projects amounts to R57, 142 million as at end of March 2025.

6.1 Gifts, donations and sponsorships made in kind (not included in the main note)

	Note	2024/25 R'000	2023/24 R'000
	Annex 1J		
Donations		2,743	509
Total		2,743	509

7. Expenditure for capital assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets		6,892	24,593
Buildings and other fixed structures		-	-
Machinery and equipment		6,892	24,593
Intangible capital assets		4,354	647
Software		4,354	647
Total		11,246	25,240

Capital Assets include expenditure relating Transport Equipment (fleet) under a finance lease, office equipment, cell phones, furniture and computer equipment. Expenditure consists of daily tariffs paid in respect of GG vehicles allocated by the Department by Fleet Management Entity. Daily tariffs are payable monthly, covering operational costs, capital costs of replacement and short-term leasing. The reduction in expenditure was due to budget reductions. Software increased in the 2024/25 financial year due to increases in Microsoft licenses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

7.1 Analysis of funds utilised to acquire capital assets - Current year

	2024/25		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Name of entity			
Tangible capital assets	6,892	-	6,892
Buildings and other fixed structures	-	-	-
Machinery and equipment	6,892	-	6,892
Intangible capital assets	4,354	-	4,354
Software	4,354	-	4,354
Total	11,246	-	11,246

7.2 Analysis of funds utilised to acquire capital assets - Prior year

	2023/24		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Name of entity			
Tangible capital assets	24,593	-	24,593
Machinery and equipment	24,593	-	24,593
Intangible capital assets	647	-	647
Software	647	-	647
Total	25,240	-	25,240

7.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2024/25	2023/24
		R'000	R'000
Tangible capital assets		5,671	7,163
Buildings and other fixed structures		-	-
Machinery and equipment		5,671	7,163
Intangible capital assets		-	-
Software		-	-
Total		5,671	7,163

8. Cash and cash equivalents

	Note	2024/25	2023/24
		R'000	R'000
Consolidated Paymaster General Account		230,148	1,566
Cash receipts		-	-
Disbursements		-	-
Cash on hand		7	7
Total		230,155	1,573

Included in cash and cash equivalents were unspent funds to be surrendered to Provincial Treasury.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

9. Receivables

	Note	2024/25			2023/24		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	14.1	-	-	-	-	-	-
Recoverable expenditure	14.3	30	65	95	59	45	104
Staff debt	14.4	11	-	11	16	20	36
Other receivables	14.5	-	-	-	-	-	-
Total		41	65	106	75	65	140

9.1 Recoverable expenditure

	Note	2024/25 R'000	2023/24 R'000
Sal Tax Debt		23	28
Sal Reversal Control		72	70
Sal ACB Recalls		-	6
Sal Income Tax		-	-
Total	9	95	104

9.2 Staff debt

	Note	2024/25 R'000	2023/24 R'000
Staff Debt e.g. bursary debt		11	36
Total	9	11	36

10. Voted funds to be surrendered to the Revenue Fund

	Note	2024/25 R'000	2023/24 R'000
Opening balance		12,567	69,077
Prior period error			
As restated		12,567	69,077
Transferred from statement of financial performance (as restated)		241,812	12,567
Add: Unauthorised expenditure for the current year		2,086	-
Voted funds not requested/not received	1.1	-	-
Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures)		-	-
Paid during the year		(12,567)	(69,077)
Closing balance		243,898	12,567

The department received funding from DBSA for human settlements projects. The underspending was as a result of poor performance by contractors. The department will apply for a rollover in the 2025/26 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

10.1 Reconciliation on unspent conditional grants

	Note	2024/25 R'000	2023/24 R'000
Opening balance		376	
Total conditional grants received	1.2	135,410	372,344
Total conditional grants spent		(134,905)	(371,968)
Unspent conditional grants to be surrendered		881	376
Less: Paid to the Provincial Revenue Fund by Provincial department		(376)	-
Approved for rollover		-	-
Not approved for rollover		(376)	-
Due by the Provincial Revenue Fund		505	376

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

	Note	2024/25 R'000	2023/24 R'000
Opening balance		58	460
Prior period error		-	-
As restated		58	460
Transferred from statement of financial performance (as restated)		-	-
Own revenue included in appropriation		737	632
Paid during the year		(673)	(1,034)
Closing balance		122	58

12. Payables - current

	Note	2024/25 R'000	2023/24 R'000
Clearing accounts	12.1	-	389
Other payables	12.2	29	376
Total		29	765

12.1 Clearing accounts

Description	Note	2024/25 R'000	2023/24 R'000
Salary Reversal		-	1
Salary ACB Recalls		-	1
Sal Pension Fund		-	-
Sal GEHS Refund		-	377
Sal Fin Other Institutions		-	10
Total	12	-	389

12.2 Other payables

Description	Note	2024/25 R'000	2023/24 R'000
Claims Rec		29	376
Total	12	29	376

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

13. Net cash flow available from operating activities

	Note	2024/25 R'000	2023/24 R'000
Net surplus/(deficit) as per Statement of Financial Performance		241,812	12,567
Add back non-cash/cash movements not deemed operating activities		(1,959)	(46,802)
(Increase)/decrease in receivables		34	57
(Increase)/decrease in prepayments and advances		-	-
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables - current		(736)	(2,620)
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		11,246	25,240
Surrenders to Revenue Fund		(13,240)	(70,111)
Surrenders to RDP Fund/Donors		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		737	632
Other non-cash items		-	-
Net cash flow generated by operating activities		239,853	(34,235)

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

	Note	2024/25 R'000	2023/24 R'000
Consolidated Paymaster General account		230,148	1,566
Cash on hand		7	7
Total		230,155	1,573

Included in the Bank account were funds to be surrendered to Provincial Treasury.

15. Contingent liabilities and contingent assets

15.1 Contingent liabilities

Liable to	Nature	Note	2024/25 R'000	2023/24 R'000
Motor vehicle guarantees	Employees	Annex 3A	-	-
Housing loan guarantees	Employees	Annex 3A	50	50
Other guarantees		Annex 3A	-	-
Claims against the department		Annex 3B	1,430	106
Intergovernmental payables		Annex 5	327	604
Total			1,807	760

Boinko have a claim sounding in money against the Department of COGHSTA. The contractor claims that they were unfairly terminated without compensation for a created expectation of having been granted contract to construct temporary residential units (TRU's). Consequently, the contractor submitted a claim for the full amount of the contract. The department's view on the matter is that the contractor has no claim for the full amount of the contract as the contract was terminated before any work was done on site. It was determined that as a reasonable settlement, the contractor is entitled to a claim for loss of income and the interest. The outcome of the lawsuit and the potential outflow of cash depends on the court decision which is an uncertain event.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

16. Capital commitments

	Note	2024/25 R'000	2023/24 R'000
Buildings and other fixed structures		-	-
Machinery and equipment		-	-
Intangible assets		-	-
Total		-	-

17. Accruals and payables not recognised

17.1 Accruals

	Note	2024/25			2023/24
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Listed by economic classification					
Goods and services		3,288	336	3,624	2,073
Interest and rent on land		-	-	-	-
Transfers and subsidies		6,573	-	6,573	191,319
Capital assets		-	-	-	-
Other		-	-	-	-
Total		9,861	336	10,197	193,392

	Note	2024/25 R'000	2023/24 R'000
Listed by programme level			
Administration		2,873	1,888
Human Settlements		6,650	191,409
Co-Operative Governance		602	44
Traditional Institutional Management		72	51
Total		10,197	193,392

Transfers and subsidies include accrual payments to Housing Development Agency for the 2024/2025 financial year.

17.2 Payables not recognised

	Note	2024/25			2023/24
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Listed by economic classification					
Goods and services		4,897	3,573	8,470	2,864
Interest and rent on land		-	-	-	-
Transfers and subsidies		3,523	165,240	168,763	18,267
Capital assets		-	-	-	-
Other		-	-	-	10
Total		8,420	168,813	177,233	21,141

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Listed by programme level	Note	2024/25 R'000	2023/24 R'000
Administration		7,221	2,836
Human Settlements		169,404	18,274
Co-Operative Governance		567	1
Traditional Institutional Management		41	30
Total		177,233	21,141

The increase in Payables for Transfers and Subsidies is in relation to non-payment of invoices received from contractors and professional service providers for housing projects. Due to cash flow constraints claims could not be processed as at 31 March 2025.

18. Employee benefits

	Note	2024/25 R'000	2023/24 R'000
Leave entitlement		19,532	17,289
Service bonus		9,356	8,901
Performance awards		-	4,545
Capped leave		1,663	1,626
Other		177	52
Total		30,728	32,413

At this stage the department is not able to reliably measure the long-term portion of the long service awards.

19. Lease commitments

19.1 Operating leases

2024/25				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	11,509	2,918	14,427
Later than 1 year and not later than 5 years	-	42,025	5,810	47,835
Later than 5 years	-	2,457	-	2,457
Total lease commitments	-	55,991	8,728	64,719

2023/24				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	12,694	3,158	15,852
Later than 1 year and not later than 5 years	-	48,948	8,082	57,030
Later than 5 years	-	7,044	-	7,044
Total lease commitments	-	68,686	11,240	79,926

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

The lease agreement for Umbra building in Upington expired on the 31st March 2024. Coghsta is currently occupying a government building, therefore there is no lease agreement for the regional office. Sequira Brothers and ANND Properties has been extended for a period of eighteen months. Sequira Brothers lease agreement will expire on 31st March 2026 and ANND Eiendomme will expire 30th September 2025 respectively.

19.2 Finance leases **

2024/25				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	2,146	2,146
Later than 1 year and not later than 5 years	-	-	1,993	1,993
Later than 5 years	-	-	-	-
Total lease commitments	-	-	4,139	4,139

2023/24				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	2,791	2,791
Later than 1 year and not later than 5 years	-	-	3,710	3,710
Later than 5 years	-	-	-	-
Total lease commitments	-	-	6,501	6,501

20. Unauthorised, Irregular and Fruitless and wasteful expenditure

	2024/25	2023/24
Note	R'000	R'000
Unauthorised expenditure - current year	2,086	-
Irregular expenditure - current year	6,633	1,749
Fruitless and wasteful expenditure - current year	-	20
Total	8,719	1,769

Programme 1: Administration overspent by R1,031 million or 1% of its total budget for 2024/25. Transfers & subsidies and payments for capital assets overspent. Programme 3: Cooperative Governance overspent by R1,055 million or 1% of its total budget for 2024/25. The overspending was mainly on Compensation of Employees. Irregular expenditure includes non-compliance relating to operating lease agreements in contravention with Treasury Instruction note 3 of 2016/17, paragraph 9 was adjusted in the current & prior year due to deviations approved by Public Works.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

21. Related party transactions

	Note	2024/25 R'000	2023/24 R'000
Payments made			
Goods and services		395	187
Total		395	187

The Housing Fund was set up as a conduit for the national housing fund and to hold all housing assets in the province. There has been a national decision to de-established the housing fund in all the provinces, however the legislative changes to the National Housing Act have not been enacted to allow for the de-establishment of the Northern Cape Housing Fund. The department is responsible for the payment of audit fees.

Key management personnel as per note 22 form part of related parties due to the control and influence they have over the activities of the department.

22. Key management personnel

	Note	2024/25 R'000	2023/24 R'000
Political office bearers (provide detail below)			
Officials:		2,278	2,159
Level 15		2,030	1,910
Level 13 and 14		8,804	8,424
Family members of key management personnel		572	553
Total		13,684	13,046

Key management personnel include officials from Salary level 13 and above. They are responsible for directing and controlling the entity's activities, ensuring alignment with its objectives. Included in key management are family members of key management. Included in key management are two level 13 directors for Programme 1 and Programme 4 as they are assuming roles and responsibilities of Chief Directors.

23. Provisions

	Note	2024/25 R'000	2023/24 R'000
Housing Retention Fees		33,024	18,830
Snowball Construction case No 2237/24		550	-
Total		33,574	18,830

Retention fees are calculated by using the actual retention amount withheld, in terms of housing projects, from the contractors as per the progress payment certificates paid to contractors on the milestones achieved. Retention monies are set aside as security for the due completion of work and to enable a fund to be available to rectify defects which have not been rectified by the contractor. The retention amount is further limited to the contract value as stated in the retention clause. The retention fees are paid out to contractors within the retention period from completion of a project. An uncertainty arises due to the timing of when the amount will be paid over to the contractors. The timing depends on when the project will be satisfactorily completed and signed off as such.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

23.1 Reconciliation of movement in provisions - Current year

	2024/25			
	Provision 1 Housing Retention fees	Provision 2 Snowball Construction case	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	18,830	-	-	18,830
Increase in provision	18,509	550	-	19,059
Settlement of provision	(4,315)	-	-	(4,315)
Unused amount reserved	-	-	-	-
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	-	-	-	-
Closing balance	33,024	550	-	33,574

Snowball submitted a claim against the Department of R660 thousand for unfair termination of a contract. The contractor was appointed to construct temporary residential units (TRU's). An amount of R550 thousand was determined as a settlement based on actual work done. The department is still waiting for the outcome of the settlement between the parties. There is an uncertainty regarding the timing of the outflow of monies as it is depended on the court process.

Reconciliation of movement in provisions - Prior year

	2023/24			
	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	18,144	-	-	18,144
Increase in provision	9,864	-	-	9,864
Settlement of provision	(9,178)	-	-	(9,178)
Unused amount reserved	-	-	-	-
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	-	-	-	-
Closing balance	18,830	-	-	18,830

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

24. Movable Tangible Capital Assets

24.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2025

2024/25					
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	48,007	-	1,253	849	48,411
Transport assets	9,643	-	-	-	9,643
Computer equipment	15,977	-	192	795	15,374
Furniture and office equipment	18,490	-	839	49	19,280
Other machinery and equipment	3,897	-	222	5	4,114
FINANCE LEASE ASSETS	7,500	-	584	-	8,084
Finance lease assets	7,500	-	584	-	8,084
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	55,507	-	1,837	849	56,495

Opening balance for 2023-2024 with an amount of R3 421 709,17 and additions for 2023-2024 with an amount of R4 077 638.53 equals to R7 499 347.70. The latter amount becomes the closing balance for 2023-2024, this amount becomes the opening balance for 2024-2025. The amount of R583 721,28 constitute from all the additions from the financial year 2024-2025.

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:			
Heritage assets		-	-
Machinery and equipment		9	180
Specialised military assets		-	-
Biological assets		-	-
Total		9	180

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	31,516	-	16,778	287	48,007
Transport assets	4,576	-	5,067	-	9,643
Computer equipment	12,301	-	3,739	63	15,977
Furniture and office equipment	11,506	-	7,099	115	18,490
Other machinery and equipment	3,133	-	873	109	3,897
FINANCE LEASE ASSETS	3,422	-	4,078	-	7,500
Finance lease assets	3,422	-	4,078	-	7,500
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	34,938	-	20,856	287	55,507

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

24.2 Minor assets

Movement in minor capital assets per the asset register for the year ended 31 March 2025

2024/25							
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000		R'000
Opening balance	-	810	-	7,391	-	-	8,201
Value adjustments	-	-	-	-	-	-	-
Additions	-	-	-	109	-	-	109
Disposals	-	-	-	355	-	-	355
Total Minor assets	-	810	-	7,145	-	-	7,955

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	-	-	-	-
Number of minor assets at cost	-	3,923	-	7,142	-	-	11,065
Total number of minor assets	-	3,923	-	7,142	-	-	11,065

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:			
Specialised military assets		-	-
Intangible assets		-	-
Heritage assets		-	-
Machinery and equipment		1	1
Biological assets		-	-
Total		1	1

Movement in minor capital assets per the asset register for the year ended 31 March 2023

2023/24							
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	810	-	7,042	-	-	7,852
Prior period error	-	-	-	-	-	-	-
Additions	-	-	-	944	-	-	944
Disposals	-	-	-	595	-	-	595
Total Minor assets	-	810	-	7,391	-	-	8,201

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	-	-	-	-
Number of minor assets at cost	-	3,923	-	7,142	-	-	11,065
Total number of minor assets	-	3,923	-	7,142	-	-	11,065

25. Intangible Capital Assets

25.1 Movement in intangible capital assets per asset register for the year ended 31 March 2025

	2024/25			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	4,086	4,354	-	8,440
SERVICES AND OPERATING RIGHTS	-	-	-	-
FINANCE LEASE ASSETS	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	4,086	4,354	-	8,440

Movement in intangible capital assets per asset register for the year ended 31 March 2023

	2023/24				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	3,439	-	647	-	4,086
FINANCE LEASE ASSETS	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	3,439	-	647	-	4,086

26. Immovable Tangible Capital Assets

26.1 Movement in immovable, tangible capital assets per asset register for the year ended 31 March 2025

	2024/25			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,364	8	-	3,372
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	3,364	-	-	3,372
FINANCE LEASE ASSETS	-	-	-	-
Finance lease assets	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,364	8	-	3,372

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for the year ended 31 March 2025

Movement in immovable, tangible capital assets per asset register for the year ended 31 March 2023

	2023/24				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
	3,364	-	-	-	3,364
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	3,364	-	-	-	3,364
FINANCE LEASE ASSETS	-	-	-	-	-
Finance lease assets	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,364	-	-	-	3,364

27. Principal-agent arrangements

27.1 Department acting as the principal

	Note	2024/25 R'000	2023/24 R'000
Cash Resources as 1 April 2024		(5,008)	-
MTOP Expenditure		(9,620)	-
Cash Resources as at 31 March 2024		-	(5,008)
Total		(14,628)	(5,008)

The Housing Development Agency (HDA) has been appointed to act as an agent on behalf of the department as per the existing implementation protocol agreement. The Medium-Term Operational Programme Plan (MTOP) is a consequence of the current and valid implementation protocol concluded between the department and the agency. HDA is a duly authorised agent and representative to identify, acquire, hold and prepare land required for housing and human settlements development purposes. The department owes HDA an amount of R14,628 million for MTOP expenditure as at 31st March 2025. In terms of the implementation protocol agreement, upon termination of the agreement between CoGHSTA and HDA the parties shall pay over to each other all remaining and excess funds (including accrued interest) as well as transfer any liabilities, risks and rights.

28. Changes in accounting estimates and Changes in accounting policies

28.1 Changes in accounting estimates

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

28.2 Changes in accounting policies

Nature of change in accounting policy	Note	2023/24				
		Opening balance before the change (1 Apr 2023)	Adjustment of opening balance	Restated opening balance after the change (1 Apr 2023)	Adjustment for 2023/24	Restated closing balance (31 Mar 2024)
		R'000	R'000	R'000	R'000	R'000
Finance lease assets						
Moveable Tangible	38	-	3,422	3,422	4,078	7,500
Capital Assets		-	-	-	-	-
Intangible Capital Assets	39	-	-	-	-	-
Immovable Tangible	40	-	-	-	-	-
Capital Assets		-	-	-	-	-
Minor Assets	38	-	-	-	-	-

The opening balance for financial year 2023/2024 consists of all the photocopiers currently under contract. Currently two photocopiers contract has expired as of 28 February 2025. The two expired photocopiers amount is inclusive of R3,422 million. Furthermore, 12 photocopiers will expire on the 31 May 2025. During financial year 2023/2024, there were additions namely: photocopiers and fleet, which equates to R4,078 million. The closing balance for financial year 2023/2024 is R7,500 million.

29. Prior period errors

29.1 Correction of prior period errors

	Note	2023/24		
		Amount bef error correction	Prior period error	Restated
		R'000	R'000	R'000
Liabilities: (E.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)				
Principal Agent		(3,867)	(1,141)	(5,008)
Net effect		(3,867)	(1,141)	(5,008)

Account balances for the prior financial years were adjusted in line with the supporting documentation as received from HDA.

	Note	2023/24		
		Amount bef error correction	Prior period error	Restated
		R'000	R'000	R'000
Other: (E.g. Unauthorised expenditure, Irregular expenditure, Fruitless and wasteful expenditure, etc.)				
SCM PPR Evaluation – Irregular/Operating lease deviation approvals		5,310	(3,561)	1,749
Net effect		5,310	(3,561)	1,749

The department agreed with the irregular expenditure in the 2023/2024 financial year. A formal dispute was lodged with Treasury. Consequently, feedback received from National Treasury the non-compliance has been confirmed as irregular expenditure therefore the prior period irregular expenditure was adjusted. Irregular expenditure in relation to operating leases was adjusted in the current and prior year due to deviations approved by Public Works.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

30. Statement of conditional grants received

Name of grant	2024/25					SPENT				2023/24	
	GRANT ALLOCATION										
	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by depart-ment	Amount spent by depart-ment	Under- / (Over- spending)	% of available funds spent by depart-ment	Division of Revenue Act / Provincial grants	Amount spent by depart-ment
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Human Settlement Development Grant	69,298	-	-	-	69,298	69,298	69,298	-	100.0%	285,336	285,336
Consolidation support grant (EPWP)	2,000	-	-	-	2,000	2,000	1,519	481	76.0%	2,153	1,798
Informal Settlement Grant	64,112				64,112	64,112	64,088	24	100%	84,855	84,834
TOTAL	135,410	-	-	-	135,410	135,410	134,905	505	-	372,344	371,968

The HSDG grant was adjusted in a second adjustment budget in 2024/2025 by R200, 000 million in respect of the capital repayment towards the DBSA loan.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

31. 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.

32. Natural disaster or relief expenditure

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Compensation of employees		-	3,096
Goods and services		-	-
Transfers and subsidies		-	-
Expenditure for capital assets		-	-
Other		-	-
Total	<i>Annex 11</i>	-	3,096

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 1F

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

Non-profit institutions	2024/25				2023/24	
	TRANSFER ALLOCATION			EXPENDITURE		
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred
	R'000	R'000	R'000	R'000	R'000	%
Transfers						
Traditional Council	5,200	-	-	5,200	5,200	100%
TOTAL	5,200	-	-	5,200	5,200	-
					1,088	1,184
					1,088	1,184

The department provides financial support through a transfer payment to the Traditional Council.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

Household	2024/25					2023/24		
	TRANSFER ALLOCATION			EXPENDITURE		Final Budget	Actual transfer	R'000
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Transfers								
H/H Empl S/Ben:Leave Grat	-	-	-	-	893	400	755	
Human Settlement Redev Pro	69,298	-	-	69,298	69,298	370,191	370,170	
H/H Claims against the State	-	-	-	-	146	-	-	
H/H: Donations and Gifts	2,437	-	-	2,437	2,743	418	1,621	
Peoples Housing Process	-	-	-	-	-	-	33,000	
Upgrading of Informal Settlements	250,000	-	-	250,000	250,000	-	-	
DBSA	300,000	-	-	300,000	57,142	-	-	
Informal Settlement Upg Grt	64,112	-	-	64,112	64,088	-	-	
TOTAL	685,847	-	-	685,847	444,310	371,009	405,546	

Expenditure relating to Transfers and Subsidies includes a once-off transfer of R5,200 million to the Traditional Councils to augment salaries and wages of the administrative personnel. Households include leave gratuity payments to employees, cash donations and claims against the state. Treasury allocated R250,000 million in the 2024/25 appropriation for upgrading of informal settlements, which was fully spent at year's end. The expenditure in relation to R300,000 million received from DBSA for housing projects amounts to R57, 142 million as at the end of March 2025.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2024/25	2023/24
		R'000	R'000
Received in cash			
Donations			
LAPTOPS		-	87
Total donations		-	87
TOTAL GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED		-	-

ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship <i>(Group major categories but list material items including name of organisation)</i>	2024/25	2023/24
	R'000	R'000
Made in kind		
Donations		
Donations	2,743	509
Total donations	2,743	509
TOTAL GIFTS, DONATIONS AND SPONSORSHIPS MADE IN KIND		
	2,743	509

Donations made in kind include financial assistance provided to beneficiaries.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 March 2025 - LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2024	Guarantees draw downs during the year	Guarantees repayments / cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2025	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2025
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	Housing	-	50	-	-	-	50	-	-
	TOTAL	-	50	-	-	-	50	-	-

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 March 2025

Nature of liability	Opening balance 1 April 2023	Liabilities incurred during the year	Liabilities cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2025
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Fleet Management	106	-	-	-	106
Boinko	-	1,324	-	-	1,324
TOTAL	106	1,324	-	-	1,430

Boinko have a claim sounding in money against the Department of COGHSTA. The contractor claims that they were unfairly terminated without compensation for a created expectation of having been granted a contract to construct temporary residential units (TRUs). Consequently, the contractor submitted a claim for the full amount of the contract. The department's view on the matter is that the contractor has no claim for the full amount of the contract, as the contract was terminated before any work was done on site. It was determined that, as a reasonable settlement, the contractor is entitled to a claim for loss of income and interest. The outcome of the lawsuit and the potential outflow of cash depend on the court decision, which is an uncertain event.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 5

INTERGOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 20YY/ZZ *	
							Payment date up to six (6) working days after year end	Amount
	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024		
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Dept of Justice & Con Dev	-	-	327	327	327	327	-	-
Dept Sport Arts and Culture	-	-	-	277	-	277	-	-
TOTAL INTERGOVERNMENT PAYABLES	-	-	327	604	327	604	-	-

The interdepartmental claim (unconfirmed payable) lodged by the Department of Sports, Arts and Culture was resolved in the 2024/25 financial year. The department disputed the amount, and it was concluded that DSAC do not have a claim; therefore, the matter was concluded.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

**ANNEXURE 6
INVENTORIES**

	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Inventories for the year ended 31 March 2025					
Opening balance	-	-	-	1,640,610	1,640,610
Add/(Less): Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases - Cash	-	-	-	372,010	372,010
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	-	-	-	(37,848)	(37,848)
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	-	-	1,974,772	1,974,772

	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Inventories for the year ended 31 March 2023					
Opening balance	-	-	-	1,671,327	1,671,327
Add/(Less): Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases - Cash	-	-	-	301,262	301,262
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	-	-	-	(331,979)	(331,979)
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	-	-	1,640,610	1,640,610

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

ANNEXURE 10

DEPARTMENT OF HUMAN SETTLEMENTS HOUSING-RELATED EXPENDITURE CLASSIFICATION

Inventories	Note	2024/25	2023/24
List the items for correct expenditure		R'000	R'000
Goods and Services		133,386	370,170
TOTAL		133,386	370,170

ANNEXURE 11

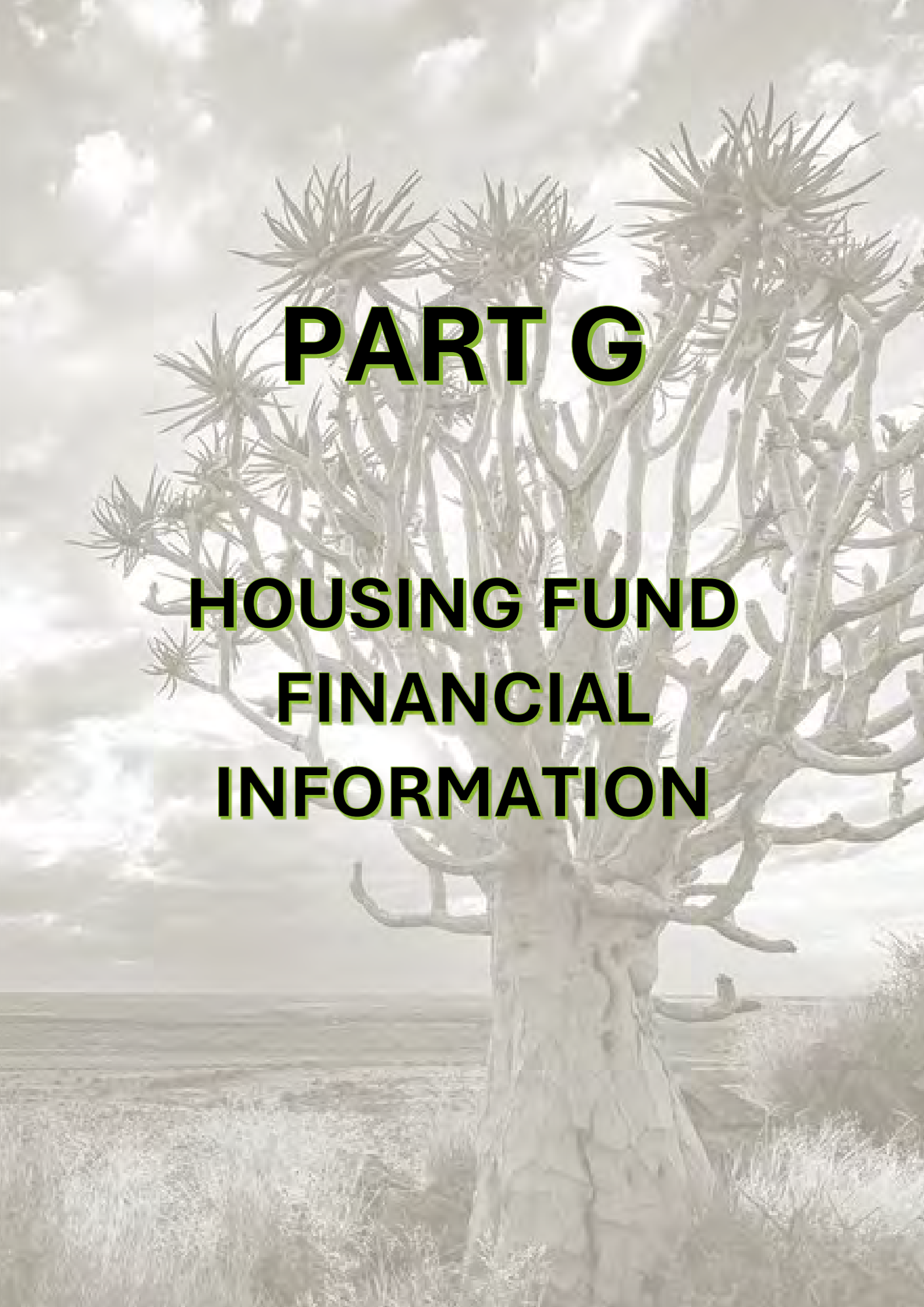
NATURAL DISASTER OR RELIEF EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2024/25					2023/24
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	-	-	-	-	-	3,096
Goods and services						
List all applicable SCOA level 4 items						
Contract Fire Fighting serv	-	-	-	-	-	3,096
TOTAL NATURAL DISASTER OR RELIEF EXPENDITURE	-	-	-	-	-	3,096

The department did not incur natural disaster expenditure or relief in the 2024/25 financial year.





PART G

HOUSING FUND FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL TO NORTHERN CAPE PROVINCIAL LEGISLATURE ON NORTHERN CAPE HOUSING DEVELOPMENT FUND

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Northern Cape Housing Development Fund set out on pages **173 to 181**, which comprise the statement of financial position as at 31 March 2025, statement of comprehensive income, statement of changes in equity, and statement of cash flows 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 Northern Cape Housing Development Fund as at 31 March 2025 and its financial performance and cash flows for the year that ended in accordance with the standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Housing Act (Act No.107 of 1997).

Basis for opinion

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

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 15 to the financial statements, which indicates that there has been a national decision to de-establish the Housing Development Fund in all provinces. As stated in note 15, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Responsibilities of the Accounting Officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the Housing Act (Act No.107 of 1997) 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.
9. In preparing the financial statements, the Accounting Officer is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity 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

10. 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.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page **170**, forms part of our auditor's report.

Report on the audit of the annual performance report

12. As the entity is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the PFMA and such reporting is not required in terms of the entity's specific legislation.

Report on compliance with legislation

13. As the entity was dormant for the year under review, no work was performed on the audit of compliance with key legislation.

Other information in the annual report

14. The Accounting Officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.
15. My opinion on the financial statements does 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.
16. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
17. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

18. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it.
19. I did not identify any significant deficiencies in internal control.

Auditor-General
Auditor-General
Kimberley
31 July 2025

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional skepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional skepticism throughout my audit of the financial statements.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

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

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

2. NORTHERN CAPE HOUSING DEVELOPMENT FUND ANNUAL FINANCIAL STATEMENTS

Accounting Officer's Responsibilities and Approval

The accounting officer is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content, and present fairly the statement of financial position, results of operations and cash flows of the entity, and explain the transactions and financial position of the operations of the entity at the end of the financial year.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the entity and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity, and all employees are required to maintain the highest ethical standards in ensuring the entity's operations are conducted in a manner that, in all reasonable circumstances, is above reproach.

The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources for the year up to 31 March 2025, the accounting officer has no reason to believe that the entity will not be a going concern in the foreseeable future. The annual financial statements support the viability of the entity.

The financial statements have been audited by the independent external auditing firm, Auditor General of South Africa, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the accounting officer and committees. The accounting officer believes that all representations made to the independent external auditors during the audit were valid and appropriate. The external auditor's audit report is presented on pages **168 to 170**.

The annual financial statements as set out on pages **173 to 181** were approved by the accounting officer on 31 July 2025 and were signed by him.



Mr. B S Lenkoe
Accounting Officer

Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs
31 July 2025

Accounting Officer's Report

The accounting officer presents their report for the year ended 31 March 2025.

1. Review of financial results and activities

Main business and operations

The funds' principle activity is housing development. There were no major changes herein during the year

The fund generated a deficit after tax for the year ended 31 March 2025 of R245,774 (2024: surplus of R463,340).

The fund's revenue decreased from R228,343 in the prior year to R226,146 for the year ended 31 March 2025.

The fund had no cash flows from operating activities for the year ended 31 March 2025.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The accounting officer believes that the fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

There has been a decision taken to de-establish the Housing Fund in all provinces, however, legislative changes to the National Housing Act, 1997 (Act No 107 of 1997) have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Fund. It is currently not determinable when the Fund will transfer all remaining properties to local authorities. There is a material uncertainty related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern.

The accounting officer is not aware of any new material changes that may adversely impact the fund. The accounting officer is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the fund.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the fund.

4. Accounting Officer's interest in contracts

To my knowledge I had no interest in any contracts entered into during the year under review.

5. Accounting Officer

The accounting officer of the fund during the year and up to the date of this report is as follows:
Mr. BS Lenkoe

6. Independent Auditor

Auditor General of South Africa were the independent auditors for the year under review.

NORTHERN CAPE HOUSING DEVELOPMENT FUND
Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2025	2024 As Restated
ASSETS			
Current Assets			
Inventories	4	18,796,000	18,706,000
Total Assets		18,796,000	18,706,000
Equity and liabilities			
Equity			
Accumulated surplus		18,281,429	18,527,203
Liabilities			
Current Liabilities			
Trade and other payables	7	514,571	178,797
Total Equity and Liabilities		18,796,000	18,706,000

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2025	2024 As Restated
Revenue			
Services in kind	8	226,146	228,343
Other	9	-	1,074,370
Consulting Fees	10	(85,000)	(41,688)
Auditors' remuneration - Fees	11	(141,146)	(186,655)
Rates and Taxes	12	(335,774)	(611,030)
Other gains and losses			
Fair value (Loss) gain	13	90,000	-
(Deficit) / Surplus from operating activities		(245,774)	463,340
(Deficit) / Surplus for the year		(245,774)	463,340

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Accumulated surplus
Balance at 1 April 2023	18,063,863
Changes in equity	
Surplus for the year	463,340
Total comprehensive income for the year	463,340
Balance at 31 March 2024 – as restated	18,527,203
Balance at 1 April 2024 as previously reported	17,452,833
Increase (decrease) due to corrections of prior period errors – Note 6	1,074,370
	18,527,203
Changes in equity	
Deficit for the year	(245,774)
Total comprehensive income for the year	(245,774)
Balance at 31 March 2025	18,281,429

NORTHERN CAPE HOUSING DEVELOPMENT FUND
Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF CASH FLOWS

Figures in Rand	31 March 2025	31 March 2024
Cash flows from operations		
Cash receipts from customers	-	-
Cash paid to suppliers	-	-
Net cash flow from operations	-	-
Net cash flows from operating activities	-	-

NORTHERN CAPE HOUSING DEVELOPMENT FUND

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1. **General Information**

The Northern Cape Housing Development Fund ('the fund') principal activity is housing development. The Housing Fund was set up as a conduit for national housing funding and to hold all housing assets in the province. With the introduction of the housing conditional grant, the Department received funding appropriated into the budget of the Department through the budget processes. This meant there was no longer a need for the existence of a Housing Fund to receive the funding for housing.

There has been a national decision to de-establish the Housing Fund in all Provinces; however, the legislative changes to the National Housing Act have not yet been enacted to allow for the de-establishment the Northern Cape Housing Development Fund.

2. **Basis of preparation and summary of significant accounting policies**

The financial statements of Northern Cape Housing Development Fund have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with Standards of Generally Recognised Accounting Practice (GRAP) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts.

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

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2.2

Inventories

Definition

Inventories are assets:

- In the form of materials or supplies consumed in the production process
- In the form of materials or supplies to be consumed or distributed in the rendering of services.
- Held for sale or distribution in the ordinary course of operation.
- In the process of production for sale or distribution

Recognition

Inventories are recognised as an asset when

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of inventories can be measured reliably.

Measurement

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value at the date of acquisition. Subsequent inventories are measured at lower of cost and net realisable value, except for property inventory which is measured at municipal valuation. This includes property inventory that are held for:

- Distribution at no charge or for a nominal charge or.
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.3

Revenue

Revenue recognition

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes. Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity. Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others. The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Fund satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognizes an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity. When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue. Transfers Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Fund and the fair value of the assets can be measured reliably.

Services in kind

Services in-kind that significant to the operations and/or service delivery objectives are recognised as an asset and related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the entity's operations and/or for service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the period.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions, or obligations have not been met a liability is recognized.

NORTHERN CAPE HOUSING DEVELOPMENT FUND

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2.4 Related parties

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
 - has control or joint control of the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - Both entities are joint ventures of the same third party;
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - The entity is controlled or jointly controlled by a person identified as a related party;
 - A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.2 New standards approved and Not Yet Effective

The fund has not applied the following new, revised or amended pronouncements that have been approved by the ASS as they are not yet effective for the annual financial year beginning 1 April 2023. The accounting officer anticipates that the new standards, amendments and interpretations will be adopted in the fund's financial statements when they become effective. The fund has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods

Standard	Standard effect date	Adopted in the current year (Y/N)	Future adopted (Y/N)
GRAP 1 Presentation on Financial Statements	1-Apr-23	Y	Y
GRAP 103 Heritage Assets	To be determined by the Minister	N	N
GRAP 104 Financial Instruments	1-Apr-25	N	N
GRAP 106 Transfer of Functions Between Entities not under Common Control	To be determined by the Minister	N	N
GRAP 105 Transfer of Functions Between Entities under Common Control	To be determined by the Minister	N	N
GRAP 107 Mergers	To be determined by the Minister	N	N

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NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2025	2024 As Restated
4. Inventories		
Inventories comprise:		
Properties for devolution	18,796,000	18,706,000
	18,796,000	18,706,000

A register containing information on the properties owned by the Fund is available at the Fund's registered address.

The fund is currently in the process of transferring the above-mentioned properties to the various local authorities through a devolution process.

5. Segment reporting

The fund has considered the financial reporting implications of GRAP 18: Segment reporting in the financial statements for the year ending 31 March 2024, the objective of GRAP 18 is to provide information about specific operational objectives and major activities of an entity as well as resources devoted to and costs of these objectives and activities.

A segment is an activity of an entity: - that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity); - whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and - for which separate financial information is available.

Management considered and assessed information internally reported by the fund for GRAP18 segment reporting purposes, this assessment included an evaluation of any activities of the fund which generate economic benefits or service potential or whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance.

Management deems all operations and activities of the fund to be administrative in nature, all the operations, management and reporting activities of the fund take place from one location, furthermore all services provided by the fund emanate from one location.

6. Prior period error

During the financial year in the June 2024 month the municipality adjusted municipal account of ERF401 Kenhardt due to billing errors on the part of the municipality. The adjustments have been made retrospectively in the financial statements in accordance with GRAP 3.

The impact is as follows:

Statement of Financial Position

Decrease in accounts payable - rates and taxes	(1,074,370)
Increase in Other income	1,074,370

7. Trade and other payables

Trade and other payables comprise:

**Trade and other payables from non-exchange transactions
comprise:**

Municipal rates and transfer costs	514,571	178,797
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NORTHERN CAPE HOUSING DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2025	2024 As Restated
8. Revenue		
Revenue comprises:		
Revenue from non-exchange transactions comprises:		
NC CoGHSTA - Services in kind	226,146	228,343
The Department, which is a related party, paid rates and taxes and property transfer fees, audit fees on behalf of the fund. This payment is treated as income in the accounting records of the housing fund.		
9. Other income		
Other income comprises:		
Rates and Taxes reversals	-	1,074,370
Other income relates to rates and taxes billing errors on ERF 401 Kenhardt by the municipality that were reversed in the current financial year		
10. Consulting fees		
Consulting fees comprise:		
Consultants	85,000	41,688
11. Auditor's remuneration - Fees		
Auditor's remuneration – Fees comprise:		
Auditor's remuneration - Fees	141,146	186,655
12. Rates and Taxes		
Rates and Taxes comprise:		
Assessment rates and municipal charges	335,774	611,030
13. Other gains and (losses)		
Other gains and (losses) comprise:		
Fair value adjustment on revaluation on inventory held for devolution	90,000	-

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NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2025	2024 As Restated
14. Related parties		
14.1 Government related parties		
Entity name	Nature of relationship	
NC Department of CoGHSTA	The Housing Fund's operations and management decisions are controlled by the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs.	
14.2 Related party transactions and balances		
Related party transactions		
Revenue - Services in kind: NC CoGHSTA	226,146	228,343
15. Going Concern		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
There has been a decision taken to de-establish the Housing Fund in all provinces, however, legislative changes to the National Housing Act, 1997 (Act No 107 of 1997) have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Fund. It is currently not determinable when the Fund will transfer all remaining properties to local authorities. there is a material uncertainty related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern.		

DETAILED INCOME STATEMENT

Figures in Rand	Notes	2025	2024 As Restated
Revenue	8		
Services in kind		226,146	228,343
Other income	9		
Other income		-	1,074,370
Consulting Fees	10		
Consulting fees		(85,000)	(41,688)
Administrative expenses	11		
Auditors' remuneration – Fees		(141,146)	(186,655)
Other expenses	12		
Assessment rates and municipal charges		(335,774)	(611,030)
Other gains and losses	13		
Fair value gain		90,000	-
(Deficit) / surplus from operating activities		(245,774)	463,340
(Deficit) / surplus for the year		(245,774)	463,340

The supplementary information presented does not form part of the annual financial statements and is unaudited.

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