



ANNUAL REPORT 2023/2024



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PART A

GENERAL INFORMATION



General Information

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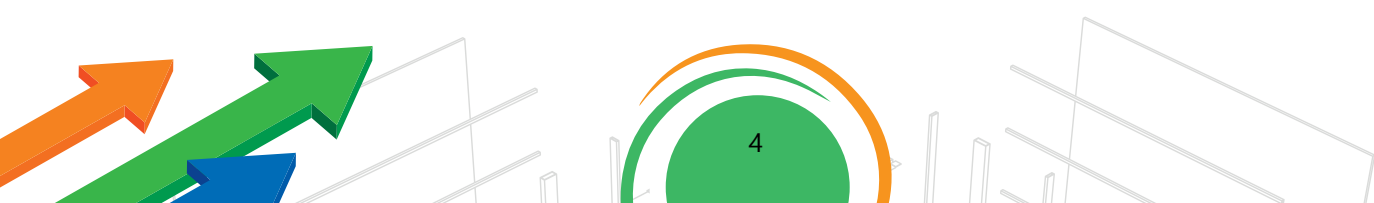
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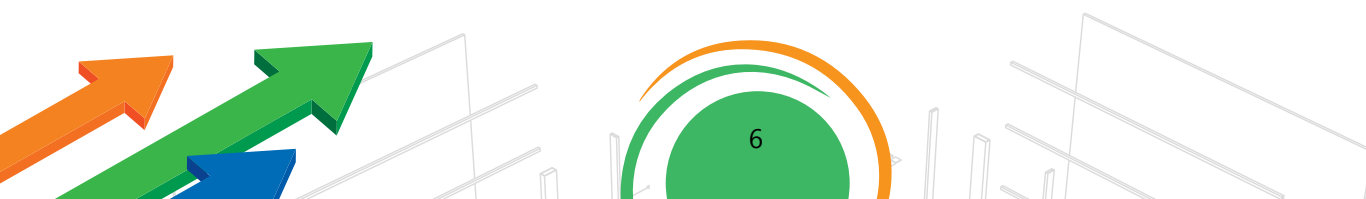
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List of Abbreviations/Acronyms

ACRONYM	DESCRIPTION
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BEPP	Built Environment Performance Plan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
COBIT	Control Objectives for Information and Related Technologies
COJ	City of Johannesburg
COO	Chief Operating Officer
CPP	Catalytic Projects Programme
CSD	Central Services Database
CSIR	Council for Scientific and Industrial Research
DPAD	Development Planning and Area Design
DORA	Division of Revenue Act
DRDLR	Department of Rural Development and Land Reform
EE	Employment Equity
ERM	Enterprise-Wide Risk Management
EWP	Employee Wellness Programme
GIS	Geographic Information Systems
GIWUSA	General Industries Workers Union of South Africa
GRAP	Generally Recognised Accounting Practice
HDA	Housing Development Agency
HR	Human Resources
HSDG	Human Settlements Development Grant
HSF	Human Settlement Forum
HOD	Head of Department
HS	Human Settlements
IBT	Innovative Building Technologies
IGR	Intergovernmental Relations
IGRFA	Intergovernmental Relations Framework Act of 2005
IGR&SA	Intergovernmental Relations and Strategy Alignment
IP	Implementation Protocol
ISA	International Standard on Auditing
ISSAI	International Standards of Supreme Audit Institutions
ISU	Informal Settlement Upgrading
IT	Information Technology

ACRONYM	DESCRIPTION
JCC	Joint Coordinating Committee
JOSHCO	Johannesburg Social Housing Company
KZN	KwaZulu-Natal
LA	Local Authority
LAPGIS	Land and Property Spatial Information System
LHSS	Land Housing Support Services
LIR	Land Identification Register
LIS	Land Information Services
LM	Local Municipality
LPA	Land Planning and Assembly
M&E	Monitoring and Evaluation
MEC	Member of the Executive Council
MINMEC	Ministers and Members of Executive Council
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MTOP	Medium-Term Operational Plan
NAHSLI	National Human Settlements Land Inventory
NDoHS	National Department of Human Settlements
NDP	National Development Plan
NDPWI	National Department of Public Works and Infrastructure
NHBRC	National Home Builders Registration Council
NLAS	National Land Assembly Programme
NUSP	National Upgrading Support Programme
OHS	Occupational Health and Safety
PAA	Productive Asset Allowance
PHHSDA	Priority Housing and Human Settlements Development Areas
PFMA	Public Finance Management Act
PHSHDA	Priority Human Settlements Housing Development Areas
POPIA	Protection of Personal Information Act
SABC	South African Broadcasting Corporation
SARS	South African Revenue Services
SHRA	Social Housing Regulatory Authority
SIA	Spatial Information and Analysis
SPV	Special Purpose Vehicle
UISP	Upgrading of Informal Settlements Programme



Minister's Foreword



Two years after the adoption of a strategic plan that identified six pillars critical to the HDA's turnaround following several years of instability at the governance and operational level, its implementation has led to significant improvement in performance.

The Agency has achieved an unqualified audit opinion and 91% of the targets planned for the 2023/24 financial year. This is an improvement from the previous financial year's performance of 74%. During the same period, the Agency managed to reduce irregular and fruitless expenditure. The entity confirmed an irregular expenditure of R36 million, a reduction from the previous financial year's irregular expenditure of R371 million. This means that to reduce irregular and fruitless even more, there is a need to further tighten internal controls and implement consequence management in instances of irregular and fruitless expenditure.

The Housing Development Agency (HDA) was established to fulfil two primary objectives. The first is to identify, acquire, hold, develop and release well-located land and buildings for human settlement. The second is to provide project delivery services in planning, capacity support and capability, and project management. Concerning

land, the need for well-located land is increasing at the same rate as urbanisation. This means that the Agency's approach to land and property acquisition needs a radical rethink to enable the development of sustainable human settlements that can keep up with the demand for housing for all segments of the market that require the government's direct intervention.

In addition to economic concerns, people who work and live in cities desire better living spaces for their daily lives that offer safety and security. In most inner-cities in South Africa, pressure springs from the fact that the conditions that exist today in urban reality do not match people's needs and aspirations for central accommodation close to jobs, schools and social services that provide comfort, peace of mind and liveable environments. To escape this mismatch or imbalance between aspirations and reality and find 'better' spaces to live, people are forced to live in-between, to inhabit somewhere and make do, whilst aspiring to be elsewhere, but simultaneously knowing there are few avenues through which this aspiration can be realised.

In most cases, these people end up in informal settlements, which in some cases are located in flood plains putting their lives at risk. The aggregate effects of this pressure are hopelessness and despondency, which breed anger and resentment. The HDA must execute its mandate, keeping this state of affairs on its radar.

“The Agency has achieved an unqualified audit opinion and 91% of the targets planned for the 2023/24 financial year. This is an improvement from the previous financial year's performance of 74%.”

The Agency owns 243 assets totalling 822,0007 hectares of land and buildings. The collection of properties comprises inner-city structures in Braamfontein, Johannesburg and Sea Point, Cape Town. As part of a variety of instruments targeted towards providing affordable housing, inner-city properties are a part of inner-city revitalisation, and the buildings are designated for inner-city human settlement development. The vacant land parcels are planned for development under several human settlement programmes in collaboration with the private sector and are now in various phases of land preparation. The HDA needs to develop innovative ways of turning these assets into sustainable human settlements for people who have been forced to 'live in-between'.

To improve on its second mandate, the HDA implements strategies to expedite housing unit delivery, serviced sites, title deeds, and emergency housing provision through weekly project tracking tools and steering committee meetings. This has led to continuous improvement, which is expected to continue in the coming years.

Let me take this opportunity to thank the board, as the three-year term comes to an end, led by Hosi Pheni Ngove for the work they have done in stabilising the agency.

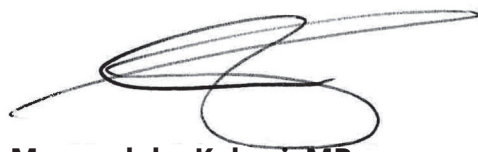
“

.... people who work and live in cities desire better living spaces for their daily lives that offer safety and security.

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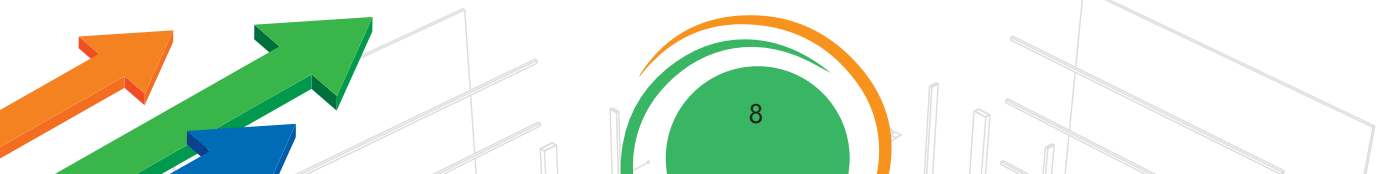
Taking the Agency from the one marred with allegations of corruption and nepotism, with weekly negative media coverage to an agency that has been branded with better performance. The lifestyle audit that has started and driven by the board will surely take this Agency to not only clean governance but an institution that can be used as a model to show for a good turn around strategy.

Let me also thank the executive team led by Mr Bheki Khenisa, and the rest of the staff in the Agency for your work and effort.



Mmamoloko Kubayi, MP

Minister For Human Settlements





Chairperson's Statement



As the Housing Development Agency (HDA) approaches the conclusion of the 2019-2024 Medium-Term Strategic Framework (MTSF), we have made significant progress in driving continuous improvement in both the financial and non-financial performance of the entity. This progress is highlighted by our achievement of an unqualified audit with findings for the 2023/24 financial year, which shows improvement over the previous year's audit results. To date, the HDA has successfully acquired or released 12,151.5472 hectares of land for human settlements and rezoned 6,597.86 hectares for development purposes, positioning the Agency advantageously to expedite housing delivery to beneficiaries. We are well on the way to becoming the public sector developer of choice providing integrated, sustainable human settlements and security of tenure.

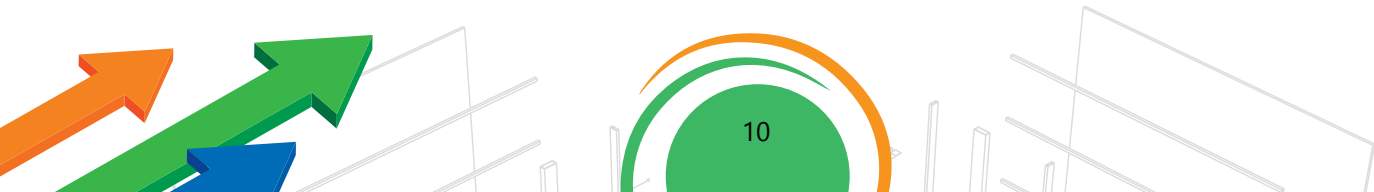
The HDA remains committed to its mandate, as established by the Housing Development Agency Act No. 23 of 2008, which includes land acquisition and assembly, project management support, and housing development services. During my tenure, the Board has effectively stabilised the leadership and strategic direction of the executive management at the HDA through the appointment of essential executive roles, resulting in significant enhancements in the Agency's organisational

performance. The HDA has successfully navigated the challenges of being placed under administration to achieve an unqualified audit opinion for two consecutive financial years, including the current and previous years.

The Agency has undertaken strategic property acquisitions that will be developed in line with its role as a property developer, fulfilling its legislative mandate while crowding-in private sector investments. The adoption and implementation of six strategic pillars by the HDA's executives have yielded positive outcomes in the agency's turnaround, enhancing governance, workforce, structure, processes, systems, and perception management. The HDA remains steadfast in its mission and is in the process of developing a funding model that aligns with both its primary and secondary mandates. Furthermore, the Agency continues to strengthen its relationships with partners and stakeholders across all levels of government to ensure the provision of essential support. The support provided includes land assembly, site servicing, delivery of top structures, and programme management of the informal settlements upgrading.

“ We are well on the way to becoming the public sector developer of choice providing integrated, sustainable human settlements and security of tenure. ”

During the year under review, the HDA has successfully continued its organisational stability by obtaining an unqualified audit opinion for the second consecutive year from the Office of the Auditor-General. The turnaround strategy, led by the CEO in collaboration with the Audit and Risk Committee, has significantly enhanced the integrity and reliability of the Agency's controls.





The HDA recorded an impressive 91% in organisational performance for the year, reflecting the dedication of both executives and staff to enhancing its reputation as a reliable implementation partner and developer for all stakeholders in the human settlements sector.

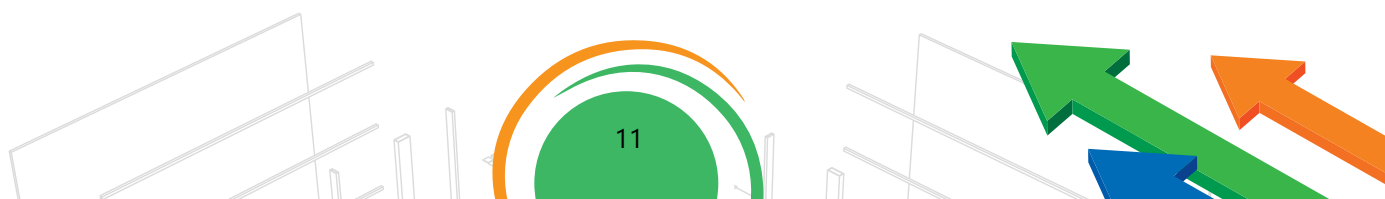
Consequence management is progressing well, with ongoing disciplinary processes addressing employee misconduct. The Board has established committees to oversee the repercussions of irregular, fruitless and wasteful expenditures, which accounted for only 3.7% and 3.2% of total expenditures this year, respectively. This demonstrates management's commitment to providing oversight and addressing the financial losses faced by the HDA.

On behalf of the Board, I would like to express gratitude to the Chief Executive Officer, and the Chief Financial Officer, the executive management team, and all staff members of the HDA for their unwavering dedication and effort in ensuring the

organisation fulfils its legislative mandate. We also value the collaboration of our stakeholders in achieving national priorities related to human settlements.

The Board extends its appreciation to the Minister of Human Settlements, Honourable M T Kubayi, the Director General, and the entire management team of the National Department of Human Settlements (NDoHS) for their guidance and support, which have been instrumental in the effective functioning of the HDA.

Hosi PC Ngove
Board Chairperson



Chief Executive Officer's Overview



I am pleased to present to our stakeholders the HDA Annual Report for the 2023/24 financial year. The Agency has achieved an unqualified audit opinion and 91% of the targets planned for the 2023/24 financial year. This is an improvement from the previous financial year's performance of 74%. After several years of instability at both the governance and operational levels, **the HDA has shifted from a period of recovery in the 2022/23 period to driving continuous improvement going forward.**

The HDA's turnaround strategy is underpinned by six key pillars: fulfilling the complete **mandate of the HDA**, improving **governance and compliance**, improving financial **sustainability**, ensuring that **structure and people** are aligned with **processes and systems**, and improving the **perception management of the HDA**.

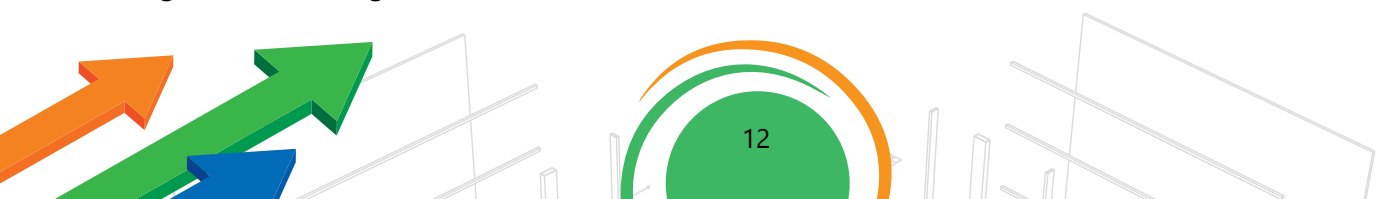
Under the policy and legislative mandate of the Minister of Human Settlements, the HDA plays a crucial role in the identification, acquisition, planning, and development of land and property for housing and human settlements. This mandate requires the Agency to undertake various activities, including project conceptualisation, planning and design, land acquisition, land assembly, rezoning, project packaging, and property management, utilising various funding models.

During the 2023/34 financial year, the HDA delivered 1,300 housing units through projects implemented by the Agency which represents 100% of the annual target. We exceeded the annual target of 1,236 serviced sites by delivering 2,142 serviced sites. We registered 2,402 title deeds against a target of 882 title deeds. Against the target of acquiring 500 hectares of well-located land in Priority Development Areas (PDAs), we acquired 316.2926 hectares which represents 63.26% fulfilment of the target. Furthermore, we acquired 1617.5248 hectares of well-located land for human settlement development.

“**Our performance on predetermined objectives improved from 74% in the previous financial year to 91% in the year under review.**”

Organisational Performance

We aim to enhance financial and non-financial performance and establish the necessary foundations to drive continuous improvement in the coming financial years. Obtaining an unqualified audit outcome with findings and achieving 91% of our predetermined objectives is therefore pleasing. Our performance on predetermined objectives improved from 74% in the previous financial year to 91% in the year under review, which signals an organisation on a continuous improvement trajectory. The HDA implements strategies to expedite housing unit delivery, serviced sites, title deeds, and emergency housing provision through weekly project tracking tools and steering committee meetings.



Programme Achievement 2023/24

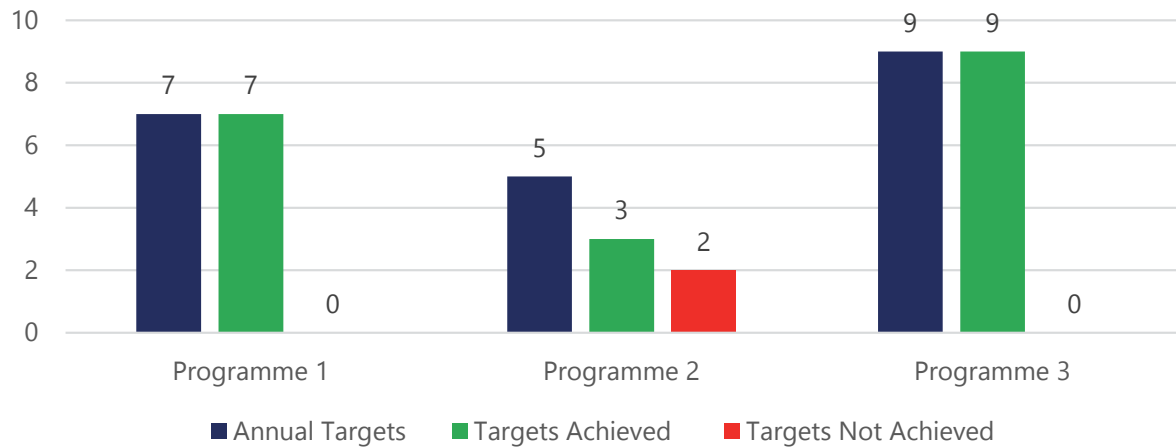


Figure 1: Programme achievement for the 2023/24 financial year

As illustrated by Figure 1 above, Programme 2: Land Management and PDAs achieved three out of the five targets planned for the previous financial year. The targets that were not achieved are Indicator 2.1.2 PDA land acquisitions and Indicator 2.1.3 Rezoning of land located within PDA acquired during the 2014-2019 Medium-Term Strategic Framework (MTSF). The targets were not achieved primarily due to factors beyond the direct control of the HDA, such as inconsistent municipal tribunal sittings, funding constraints, delays in the release of priority state land by custodian departments and delays in the approval of recommended and processed private land acquisition proposals by provinces.

Financial Performance

The HDA generated revenue through appropriations and management fees from provincial departments and metros and improving revenue management by recovering outstanding fees and implementing strict cost-containment measures.

The Agency started the 2023/24 financial year with \pm R2,6m cash surplus which is due to be declared to the National Treasury after considering payables, provision for audit fees and accruals due at the end of the 2022/23 financial year. Management fees and other recoveries amounting to R51,9m earned by the HDA during the last month of the previous financial year have been excluded from the calculation of the

surplus. In total, the Agency is reporting a surplus of \pm R89,7m before provincial support and \pm R80,8m after provincial support.

Going Concern and Sustainability

The Agency's annual financial statements were prepared based on accounting policies applicable to a going concern. This basis assumes that there will be funds 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.

In administering financial prudence, the HDA is compliant with legislative requirements such as the Housing Development Act, Public Finance Management Act (PFMA), and National Treasury Instruction Notes.

Consequently, our Board and management do not expect any material uncertainty over the Agency's ability to continue as a going concern in the foreseeable future.

Irregular, Fruitless and Wasteful Expenditure

During the financial year under review, the Agency managed to reduce irregular and wasteful spending by enforcing accountability through consequence management, enhancement of internal controls and training of staff.

The entity confirmed an irregular expenditure of R36 million which is a reduction from the previous financial year's irregular expenditure amount of R371 million. The significant reduction in irregular expenditure is due to the enhancement of internal controls and the cancellation of certain projects. No irregular expenditure was recovered or written off during the period under review. Consequence management was implemented against nine employees for irregular expenditure, with sanctions including warnings and suspensions.

During the reporting period, R742 thousand was confirmed to be fruitless and wasteful expenditure, which is an increase on the R404 thousand confirmed

in the previous financial year. The previous year's wasteful expenditure was mainly due to penalties and duplicate payments, which were identified and are under recovery. R45 thousand fruitless and wasteful expenditure was recovered during the current period, and some amounts were written off. Consequence management resulted in a dismissal and warnings for involved employees.

Consequence Management

The HDA established a Condonation Committee to deal with irregular, fruitless and wasteful expenditure dating back to 2017 as per the required National Treasury framework. The HDA applied consequence management against officials whose actions led to irregular, fruitless and wasteful expenditure as per the recommendations of the Condonation Committee and the Special Investigations Unit (SIU). As and when required, the HDA implements consequence management to manage staff misconduct in line with the Disciplinary Code and Procedure, which is supported by the organisational Code of Conduct Policy.

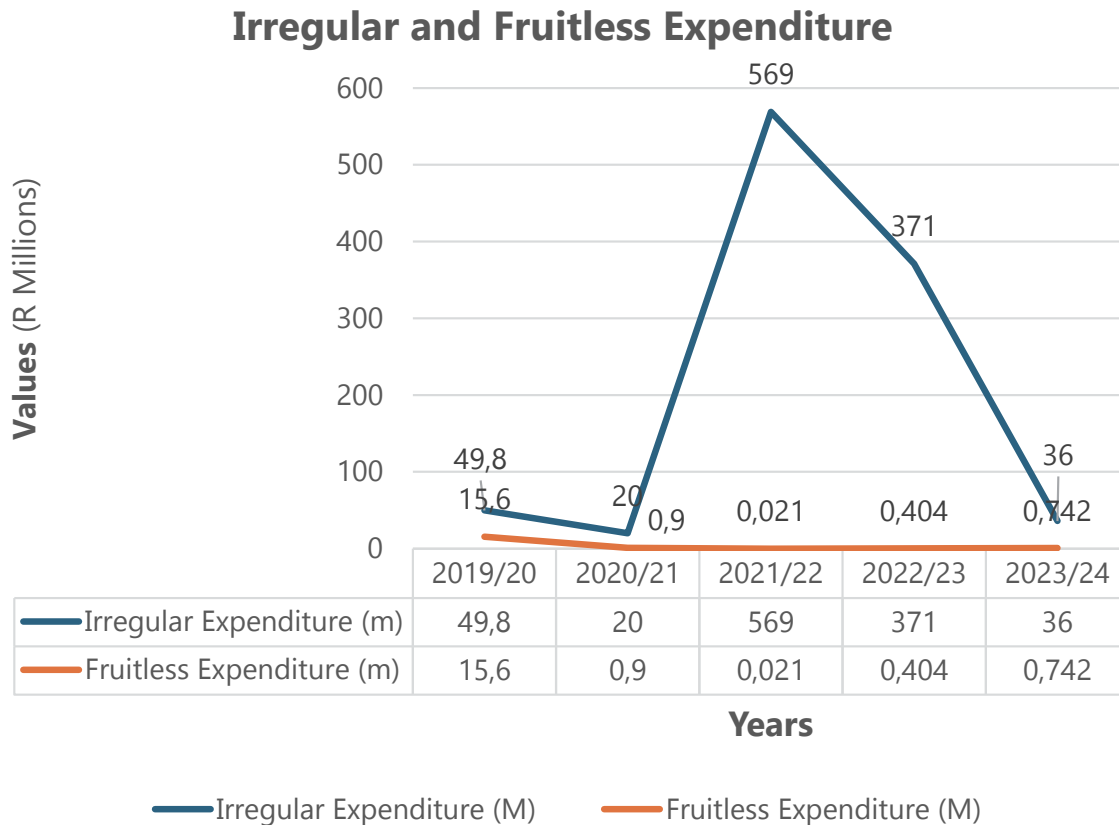
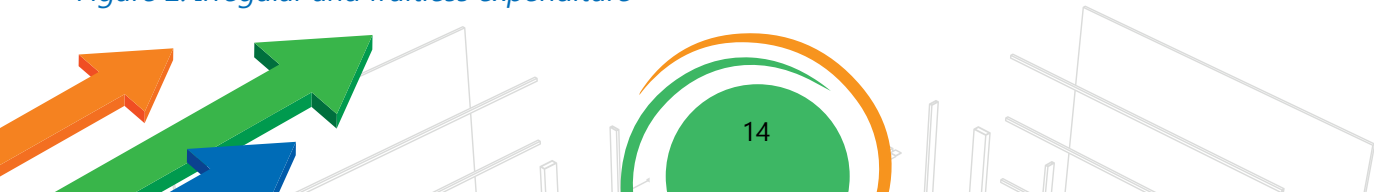


Figure 2: Irregular and fruitless expenditure



The processes being implemented include the management of both formal and informal disciplinary inquiries and suspensions, where appropriate.

Improved Governance and Risk Management

Along with the Board and the relevant board subcommittees, we were deliberate in integrating enterprise risk management practices with organisational strategy and planning to enable performance and accelerate service delivery. This included developing a resilient risk management policy and framework that drives a culture of risk accountability and shares an understanding of the Agency's risk management process. The Agency defined the risk thresholds on its risk appetite and tolerance framework to guide management on the acceptable level of risk to which the HDA can be exposed in pursuing organisational value.

Climate Change

The consequences of global warming, extreme weather and sea-level rise has negatively impacted the human settlements sector. The primary hazards facing South Africa's human settlements are fires, floods, severe storm intensity, drought and heat occurrences. Following our mandate of providing project management support to provinces and municipalities, the HDA was appointed by the KwaZulu-Natal (KZN) Department of Human Settlements to provide temporary emergency accommodation to households affected by the floods that occurred in April 2022 of floods in KZN. This intervention included land identification and acquisition, identifying and acquiring Temporary Emergency Accommodations (TEAs). The HDA currently manages three TEAs that provide temporary accommodation to about 818 families.

Supply Chain Management

Our supply chain management policy continued to improve to be compliant with the requirements of National Treasury practice notes and the PFMA. I am glad to report that all findings in supply chain management were resolved and no material findings

were raised in the 2023/24 financial year.

Operational Efficiency

A key strategy to improve the standard of our operational efficiency is the implementation of an Electronic Documents and Records Management System (EDRMS). The system focuses on effective and efficient operational systems and is part of the digital transformation initiative of the HDA toward a paperless, integrated, and automated information environment. As part of implementing the EDRMS, various specific workflows were developed with control gates to ensure a checklist that forces compliance through uploading and confirmation of documents and records. The organisation moved all its core systems, including emails, financial and accounting systems, mapping files and repositories, and active directories, to be cloud-based. Not only does that bring stability to the access of data and systems, but it also allows the organisation to put mechanisms in place to address the business continuity risk in the event of a disaster. As a result of the implementation of the EDRMS, it was possible to also automate the movable and immovable asset register.

People

The Agency consists of a technically skilled and competent cohort of professionals. With the support of the Board and the Minister, we were able to recruit key senior management, including the Chief Financial Officer, Chief Audit Executive, Head of Corporate Services, Head of Strategy and Programme Planning, and the Risk Manager.

Transformation and Empowerment

The Agency exceeded all the targets set to support designated groups, i.e., women, youth and persons living with disability.

Anti-Fraud and Corruption

The Agency implemented 100% of all the activities in its anti-fraud and corruption plan for the 2023/24 financial year resulting in reduced incidences of fraud and improved accountability and ethical conduct. The anti-fraud and corruption plan includes ethics, fraud risk assessment, training and awareness; screening and vetting of employees, forensic investigations where applicable, and disciplinary actions.

Conclusion

Our financial and non-financial performance results point to an entity striving for continuous improvement. While we are pleased that we have maintained an unqualified audit outcome with findings and improved performance against our predetermined objectives, we remain resolute in our endeavours to attain a clean audit in the future. To this end, we have put in place the following measures:

- Developed an audit action plan to address the root causes of audit findings.
- Implemented a Caseware Financial System to improve the accuracy of financial reporting.
- Prepared monthly financial statements instead of only preparing them quarterly and at year-end.
- Developed a comprehensive checklist for the preparation of the financial statements.

- Conducted monthly Internal Audit follow-up reviews on both internal and external audit findings.
- Established an Operation Clean Audit Committee to monitor progress on resolving audit findings.

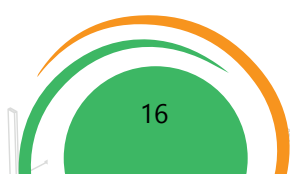
To all our staff, we owe you a debt of gratitude, ningadinwa, le ka moso. Through our collective effort, performance and audit outcomes for the 2023/24 financial year have improved. Our mandate requires us to do everything within our power to improve the experiences of our beneficiaries by delivering integrated and sustainable human settlements.

We extend our appreciation to the Board for its guidance, support, and leadership. Our performance results are a testimony to your leadership and guidance. We also appreciate the collaboration with various municipalities, provinces and a wide range of stakeholders across the country. We thank our Minister being our Executive Authority and the National Department of Human Settlements for your support, advice, and guidance as we drive continuous improvement.



Bheki Khenisa
Chief Executive Officer

DRIVING CONTINUOUS IMPROVEMENT...



Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

The Accounting Authority of the HDA is its Board of Directors. The Board is required by the Public Finance Management Act (Act 1 of 1999) 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 the responsibility of the Board to ensure that the annual financial statements fairly present the situation of the entity at the end of the financial year and the results of its operations and cash flows for the year ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared according to the South African Standards of Generally Recognised Accounting Practice (GRAP). The annual financial statements are based on the accounting policies in place and consistently applied and supported by management, judgements and estimates as provided and applied by management during the year under review.

The Board acknowledges that it is ultimately responsible for the system of internal financial controls established by the entity and places considerable importance on maintaining a strong control environment. To enable it to meet these responsibilities, the Board sets standards for internal controls aimed at reducing the risk of error or deficit cost-effectively. 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 were assumed to be monitored throughout the entity and all employees were required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity 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 Board reviewed the entity's cash flow forecast for the year to 31 March 2024 and considering this review and the current financial position, is satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented.

The audited annual financial statements are set out on pages 101 to 168, which have been prepared on a going concern basis, and approved by the Board on the 30th of July 2024.



Bheki Khenisa
Chief Executive Officer



Hosi PC Ngove
Board Chairperson

Date: 30 August 2024

Strategic Overview

Vision



The HDA is the public sector developer of choice providing integrated, sustainable human settlements and security of tenure.

Values



The values of the HDA, which underpin its operations are:

- Performance-oriented
- Excellence
- Accountability
- Teamwork
- Integrity

Mission



Accelerated delivery of spatially transformed integrated and sustainable human settlements.

Providing security of tenure and asset wealth.

Transforming the human settlements sector to be inclusive of the country's demographic profile with a special focus on the marginalised sectors of women, youth, and persons living with disabilities.

Legislative and Other Mandates

The legislative mandate of the HDA for the 2023/24 financial year is derived from the following legislation:

HOUSING ACT, 1997 (ACT NO. 107 OF 1997)

The Act provides for the facilitation of a sustainable housing development process. For this purpose, it lays down general principles applicable to housing development in all spheres of government. The Act defines the functions of national, provincial, and local governments in respect of housing development. In terms of Section 3(4)(h) of the Housing Act (1997), the Minister may establish and finance national institutions for housing development and supervise the execution of their mandate.

The Act outlines the responsibilities of the various spheres of government regarding housing delivery. The Act further provides for municipalities to be developers in the housing development process. However, this provision does not preclude other organs of state from being a developer or entering into public-private partnerships for housing development

HOUSING DEVELOPMENT AGENCY ACT, 2008 (ACT NO. 23 OF 2008)

The HDA was established in 2009 in terms of the Housing Development Agency Act No. 23 of 2008 (the HDA Act). The HDA is a Schedule 3A national public entity of the National Department of Human Settlements.

The HDA was established in response to the following service delivery challenges in the housing sector:

- I. Delivery of housing to low-income earners was severely constrained due to delays in the identification, acquisition, assembly, and release of land for human settlement development.
- II. The urgent need to address the increasing backlog in respect of housing delivery by fast-tracking the housing development process.
- III. The critical shortage of skills and capacity

to provide housing in some provinces and municipalities.

To contribute towards the resolution of the challenges listed above, the Act outlines the purpose or object of the HDA as follows:

- I. Identify, acquire, develop, and release land (state, communal and privately owned) for residential and community purposes and the creation of sustainable human settlements (clause 4(a)).
- II. Project manage housing development services for the creation of sustainable human settlements (clause 4(b)).
- III. Ensure and monitor centrally coordinated planning and budgeting of all infrastructure required for housing development (clause 4(c)).

In terms of the Act, the role of HDA is as follows:

- I. The agency must, in consultation with the relevant owner, identify, acquire, hold, develop, and release state, private and communal-owned land for residential and community purposes for the creation of sustainable human settlements (clause 5(1)).
- II. The agency must ensure that there is funding for the provision of all infrastructure that is required for housing development in which it is involved (clause 5(2)).
- III. The agency may aid an organ of the state to fulfil its objectives. In addition, the Minister may, in consultation with the relevant MEC (and where there is a lack of capacity in any organ of state) identify, acquire, hold, develop, and release land for residential and community purposes for the creation of sustainable human settlements. The agency may advise the organ of state to conclude an agreement with the agency to offer assistance in terms of the agency's skill and expertise; or direct the agency to engage with the organ of state with a view to concluding an agreement (clause 5(3)).

RENTAL HOUSING ACT, 1999 (ACT NO. 50 OF 1999)

This Act repeals the Rent Control Act of 1976 and defines the government's responsibility for rental housing property. It creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market. It facilitates sound relations between tenants and landlords by laying down general requirements for leases and principles for conflict resolution in the rental housing sector. It also provides for the establishment of Rental Housing Tribunals and defines the functions, powers, and duties of such tribunals.

SOCIAL HOUSING ACT, 2008 (ACT NO. 16 OF 2008)

This Act establishes and promotes a sustainable social housing environment and defines the functions of each of the three spheres of government in respect of social housing; administers national social housing programmes including approvals and allocation of capital grants thereto; establishes the Social Housing Regulatory Authority (SHRA) which accredits and provides statutory recognition to social housing institutions and advises the Minister on social housing matters; and provides for other delivery agents to undertake approved projects utilising public money.

PREVENTION OF ILLEGAL EVICTION AND UNLAWFUL OCCUPATION OF LAND ACT, 1998 (ACT NO. 19 OF 1998 AS AMENDED)

The Act aims to protect the rights of both landowners and unlawful occupiers. It provides guidelines and legal procedures that must be followed when evicting unlawful occupants from land or property.

COMMUNITY SCHEMES OMBUDSMAN SERVICES ACT, 2011 (ACT NO. 9 OF 2011)

The Act regulates the conduct of parties within Community Schemes.

NATIONAL BUILDING REGULATIONS AND BUILDING STANDARDS ACT, 1977 (ACT NO. 103 OF 1977)

The Act promotes uniformity relating to the erection of buildings in the areas of jurisdiction of local authorities and prescribes building standards.

CONSTRUCTION INDUSTRY DEVELOPMENT BOARD ACT, 2000 (ACT NO. 38 OF 2000)

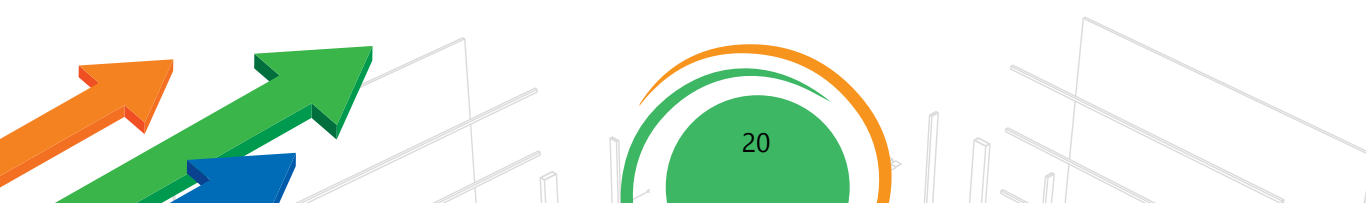
The Act provides for the establishment of the Construction Industry Development Board (CIDB) to implement an integrated strategy for the reconstruction, growth and development of the construction industry. The Act mandates the Board to establish and maintain a National Register of Contractors and a National Register of Projects. A special purpose vehicle (SPV) will be required to appoint CIDB-registered contractors on all its housing delivery projects, in addition to the mandatory registration with the NHBRC. All projects above a certain value (currently R200 000) will also have to be registered with the CIDB.

PROPERTY PRACTITIONERS ACT, 2019 (ACT NO. 22 OF 2019)

The Act consolidates and regulates all property practitioners in the country and creates an expanded sector regulatory authority, which includes oversight over transformation

SPATIAL PLANNING AND LAND USE MANAGEMENT ACT, 2013 (ACT NO. 16 OF 2013)

The Act provides a framework for spatial planning and land use management. It specifies the relationship between spatial planning and land use management systems and other kinds of planning and provides for inclusive, developmental, equitable and efficient spatial planning in the different spheres of government. It also provides a framework for the monitoring, coordination, and review of the spatial planning and land use management system; provides a framework for policies, principles, norms, and standards for spatial development planning and land use management;



addresses part of spatial and regulatory imbalances; and promotes greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications. The Act further provides for the establishment, functions and operations of Municipal Planning Tribunals, and provides for the facilitation and enforcement of land use and development measures and matters connected herewith.

COMMUNAL PROPERTIES ASSOCIATIONS ACT, 1996 (ACT NO. 28 OF 1996)

The Act enables communities to form juristic persons, to be known as Communal Property Associations, to acquire, hold and manage property on a basis agreed to by members of a community in terms of a written constitution.

ALIENATION OF LAND ACT, 1981 (ACT NO. 68 OF 1981 AS AMENDED)

Regulates the alienation of land in certain circumstances.

IMMOVEABLE ASSETS MANAGEMENT ACT (Act NO. 19 OF 2007)

Provides for, amongst others, a uniform framework for the management of immoveable assets that are held or used by a national or provincial department, and ensures coordination of the use of immoveable assets with service delivery objectives of national and provincial departments.

DEEDS REGISTRY ACT, 1937 (ACT NO. 47 OF 1937 AS AMENDED)

Consolidates and amends the laws relating to the registration of deeds.

EXTENSION OF SECURITY OF TENURE ACT, 1997 (ACT NO. 62 OF 1997)

The Act provides for measures with State assistance to facilitate long-term security of land tenure and to regulate the conditions of residence on certain

land; the conditions on and circumstances under which the right of persons to reside on land may be terminated; the conditions and circumstances under which persons, whose right of residence has been terminated, may be evicted from the land.

UPGRADING OF TENURE RIGHTS ACT, 1991 (ACT NO. 112 OF 1991 AS AMENDED)

Provides for the upgrading and conversion into ownership of certain rights granted in respect of land.

CONVERSION OF CERTAIN RIGHTS INTO LEASEHOLD OR OWNERSHIP ACT, 1988 (NO. 81 OF 1988 AS AMENDED)

This law allows for the conversion of certain types of land tenure, particularly in urban townships, from precarious or informal rights into more secure forms of tenure such as leasehold or full ownership.

LAND ADMINISTRATION ACT, 1995 (ACT NO. 2 OF 1995 AS AMENDED)

Provides for the delegation of powers and assignment of administrative laws regarding land matters to provinces and provides for the creation of uniform land legislation.

EXPROPRIATION ACT, 1975 (ACT NO. 63 OF 1975 AS AMENDED)

Provides the Minister of DPWI with the power to expropriate property for public and certain other purposes and to use the property for public purposes.

NATIONAL ENVIRONMENT MANAGEMENT ACT, 1998 (ACT NO. 107 OF 1998 AS AMENDED)

Protects ecologically viable areas representative of South Africa's biological diversity and its natural landscapes and seascapes in a system of protected areas.

PUBLIC FINANCE MANAGEMENT ACT, 1999 (ACT NO. 1 OF 1999 AS AMENDED)

The Act regulates financial management in the national and provincial governments to ensure that all revenue, expenditure, assets, and liabilities are managed efficiently and effectively. The Act also provides for the responsibilities of persons entrusted with financial management and enables public sector managers to ensure effective, efficient and prudent use of public funds for socio-economic development programmes.

MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003 AS AMENDED)

The Act seeks to secure sound and sustainable management of the financial affairs of municipalities and other institutions in local government. The Act also establishes treasury norms and standards and contains a procedure for the disposal of capital assets under Section 14 of the Act.

DIVISION OF REVENUE ACT (AS AMENDED)

The Division of Revenue Act (DORA) provides for the equitable division of national revenue among the three spheres of government, for each financial year, and the responsibilities of each sphere according to such division.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT, 2003 (ACT NO. 53 OF 2003)

The Act promotes black economic empowerment and empowers the Minister of Trade and Industry to issue codes of good practice and to publish transformation charters. The Act further provides for the establishment of the Black Economic Empowerment Advisory Council.

PROMOTION OF ADMINISTRATIVE JUSTICE ACT, 2000 (ACT NO. 3 OF 2000)

Gives effect to the constitutional right to just administrative action for any member of the public whose rights have been adversely affected, and to ensure efficient, effective, and legitimate administration within all spheres of government.

PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 (NO. 5 OF 2000)

Gives effect to Section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in Section 217(2) of the Constitution.

PROMOTION OF ACCESS TO INFORMATION ACT, 2000 (ACT NO. 2 OF 2000)

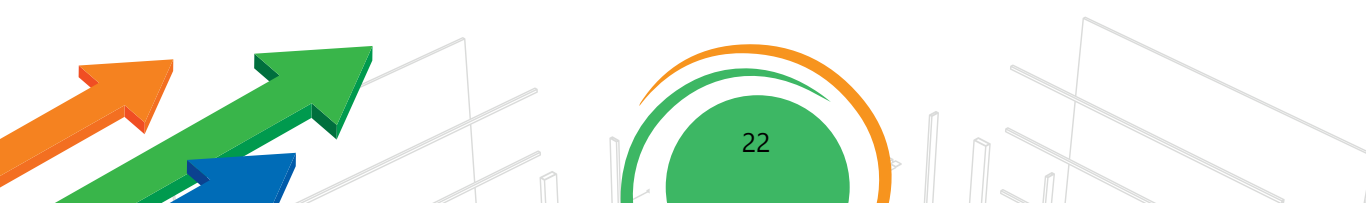
Gives effect to the constitutional right of access to any information held by the State, and any information held by a private person that is required for the exercise or protection of any other right.

INTERGOVERNMENTAL RELATIONS FRAMEWORK ACT, 2005 (ACT NO. 13 OF 2005)

Establishes a framework for national, provincial and local government to promote and facilitate intergovernmental relations, and to provide a mechanism and procedure to facilitate the settlement of intergovernmental disputes.

NATIONAL DEVELOPMENT PLAN (NDP) 2030

Chapter 8 of the NDP focuses on transforming human settlements and the national space economy. It outlines strategies to address the country's spatial challenges and aims to create more equitable, sustainable, and efficient urban and rural areas.



Key points in the NDP include:

- Active citizenship in the field of spatial development will be supported and incentivised through a range of interventions, including properly funded, citizen-led neighbourhood vision and planning processes and the introduction of social compacts from neighbourhood to city level.
- Planning in South Africa will be guided by a set of principles to create spaces that are livable, equitable, sustainable, resilient, and efficient, and support economic opportunities and social cohesion. A national spatial framework will address local deficiencies in integrated development planning and enhance governance and administrative capabilities for planning at all scales.

MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF)

The 2019–2024 MTSF is a five-year implementation plan and integrated monitoring framework focusing on seven priorities and interventions for the sixth government administration. It promotes alignment, coordination, and full integration of development planning instruments, focusing on outcomes, indicators, and targets for achieving priorities and developmental impacts.

The focus of the MTSF 2019–2024 for the human settlement sector is to implement a coherent programme to transform human settlements and to ensure that the delivery of housing is used to restructure towns and cities, strengthen the livelihood prospects of households and overcome spatial apartheid patterns.

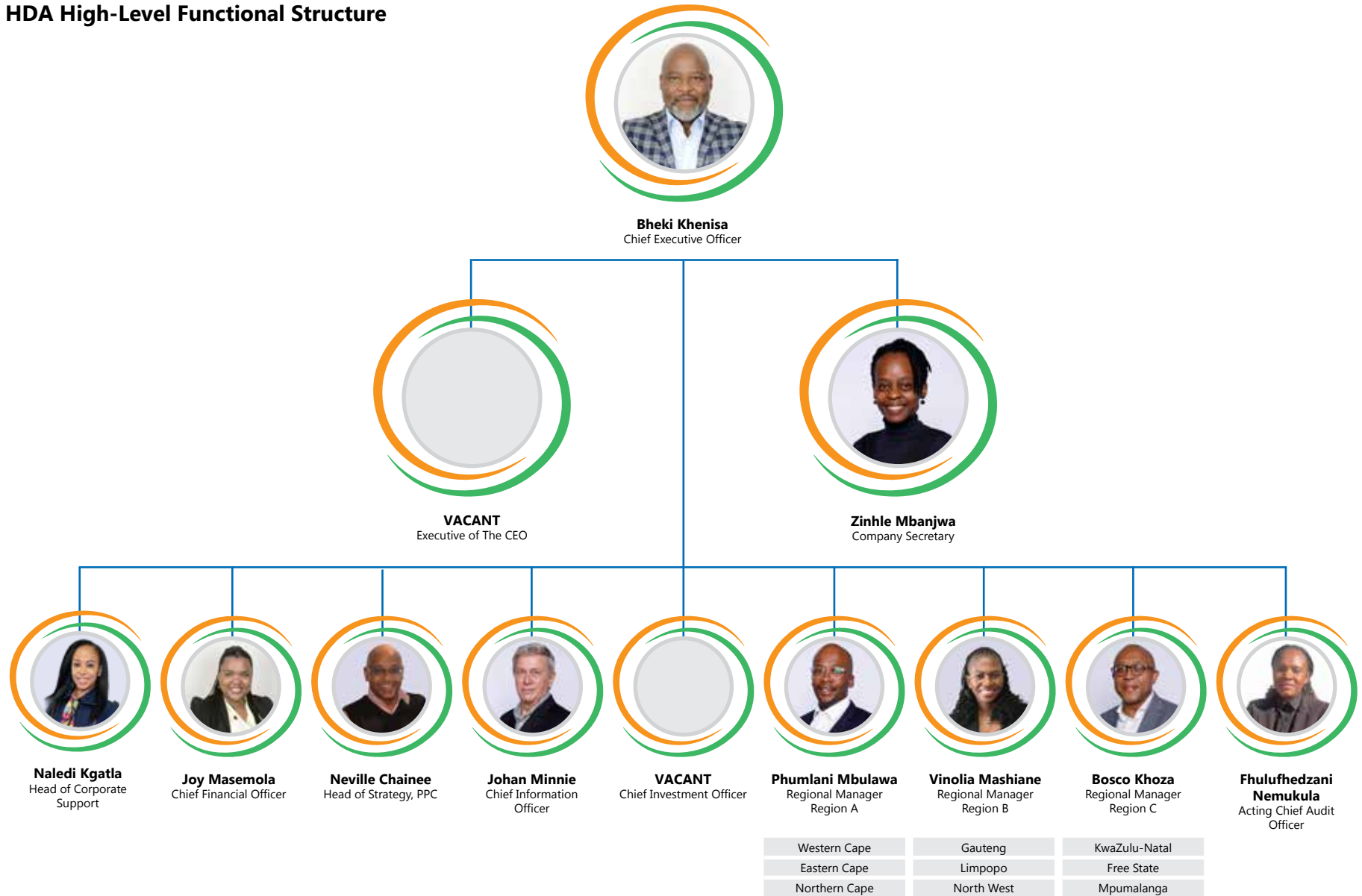
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Active citizenship in the field of spatial development will be supported and incentivised through a range of interventions, including properly funded, citizen-led neighbourhood vision and planning processes and the introduction of social compacts from neighbourhood to city level. - National Development Plan 2030

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Organisational Structure

HDA High-Level Functional Structure



PART B

PERFORMANCE INFORMATION



Auditor-General's Report: Predetermined Objectives

Performance Overview

Key Performance Indicators

Annual Target	Achieved to Date
1,300 housing units delivered by projects implemented by the HDA.	1,300 housing units have been delivered
1,236 service sites delivered by projects implemented by the HDA.	2,142 service sites delivered
882 title deeds registered	2,402 title deeds registered
500 hectares of well-located land acquired within PDAs	316.2926 hectares of well-located land acquired within PDAs

Service Delivery Environment

The South African Constitution of 1996 enshrines the right of everyone to have access to adequate housing and makes it incumbent upon the State to take reasonable legislative and other measures within its available resources to achieve the progressive realisation of this right. In response to this Constitutional imperative, the government has in terms of the Housing Act, 1997 (Act No 107 of 1997) introduced a variety of programmes that provide poor households access to adequate housing (National Housing Code, 2009).

The human settlements sector faces persistent challenges such as:

- Insufficient delivery by the public sector to meet the growing demand due a number challenges and blockages hampering delivery
- Declining contribution to supply by the private sector caused by a number of factors inhibiting scaling up delivery.
- The continued location of housing projects on the periphery of cities marginalises the poor in terms of transport and access to work opportunities and social services.
- An untransformed human settlements sector in terms of black industrialists with a specific focus on women, youth, and persons living

with disabilities

- Insufficient bulk and link infrastructure.
- Procurement and management delays in provinces and municipalities.
- Lack of adequate monitoring, evaluation, and reporting.

As an entity of the NDoH, the HDA has a responsibility congruent to that of the government to change the lives of South Africans for the better. In furtherance of this, the Agency contributes to Priority 5 of the MTSF on spatial integration, human settlements, and local government. The impact expected of this priority area is to achieve spatial transformation through improved, integrated human settlement development and linking job opportunities and housing opportunities. It is for this reason that the HDA's mission focuses inter alia on the following:

- Accelerated delivery of spatially transformed integrated and sustainable human settlements.
- Providing security of tenure and asset wealth.
- Transforming the human settlements sector to be inclusive of the country's demographic profile with a special focus on the marginalised sectors of women, youth, and persons living with disabilities.

As stated in the Department of Human Settlements' 2023/24 Annual Performance Plan (APP): "The totality of the living environment (ecosystem) has a bearing on the delivery of human settlements, and this necessitates for the environment to be carefully analysed against the possibility of achieving human settlement targets. Housing and human settlements delivery focuses on spatial management, i.e., the living environment or ecosystem." Spatial transformation is a key to changing the historical spatial patterns in South Africa. The HDA will continue to ensure that human settlement projects have responsibility for complying with the spatial principles of the Spatial Land Use Management Act of 2013 (SPLUMA) and with the NDP Vision 2030.

The Agency owns 243 land and property assets, which includes approximately 822 000 hectares of land. The collection of properties comprises inner-city structures in Braamfontein, Johannesburg and Sea Point, Cape Town. As part of a variety of instruments targeted towards providing affordable housing, inner-city properties are a part of the inner-city revitalisation and the buildings are designated for inner-city human settlement development. The vacant land parcels are planned for development under several human settlement programmes in collaboration with the private sector and are now in various phases of land preparation.

Organisational Environment

The HDA Act No. 23 of 2008 established the Agency to augment the current state capacity to meet the Constitutional mandate for the adequate and integrated delivery of sustainable human settlements. The establishment of the HDA achieves this in the following ways:

- The HDA augments the efforts of the government to address obstacles and failures, and supplement and improve delivery by using and leveraging government funds and instruments to address the failure of the private sector to partner with the state and scale up delivery particularly in the low- and middle-income sectors, whilst also redressing spatial dislocation and lack of integration.
- The HDA is mandated to support the activities of municipalities and provinces not able to meet human settlement objectives and targets, by complementing their delivery efforts through improved and fast-tracked spatial planning, land identification and acquisition, packaging and housing development.
- The Constitution provides that housing is a concurrent function. The HDA Act allows the Minister to mandate and contract the HDA as a support agent to the sector. Within concurrency, the Minister is reliant on mandating, contracting and funding the HDA based on the support and consensus of a province and/or municipality.

Considering the above, the role of the HDA can be summarised into three key functions:

- Identification and acquisition of land for human settlement development.
- Facilitation of housing delivery, project packaging, and design of human settlement development.
- The HDA will ensure that the delivery of projects is undertaken in line with the district development model.

Identify, Hold, Acquire, and Release Land

The HDA performs the following:

- Land planning: This requires spatial planning and establishing and defining housing needs.
- Land studies to identify land for housing development
- Feasibility assessments of land
- Acquisitions of land
- Landholding
- Property management of acquired land whilst it is being packaged for development or in the case of land banking it will be held for future development when the planned investment has taken place.
- Land packaging: This includes bulk services provision, town planning, township establishment, zoning, subdivision or consolidation, environmental impact assessments, etc.

Facilitation of Housing Delivery

To facilitate housing delivery, the HDA performs three core functions: Implementing Agent, Project Manager and Project Developer.

Underpinning these functions are processes of social facilitation and intergovernmental relations.

The diagram below provides further details on the three core functions of the HDA:

Design of Human Settlements Development

This function is implemented by designing, packaging, implementing, and project managing human settlement development aimed at fast-tracking delivery and achieving human settlement sector outcomes.



Implementing Agent

An implementing agent is responsible for the implementation developments in a specific priority housing development area plan as approved by a municipality or province. This includes township establishment, top structure development, monitoring and evaluation, infrastructure development, and social and economic facilities development. The HDA will be responsible for implementing the following Section 29 projects: Nelson Mandela Bay, N2 Gateway, Zanemvula, Gauteng Province, and Lephalale.



Programme Management

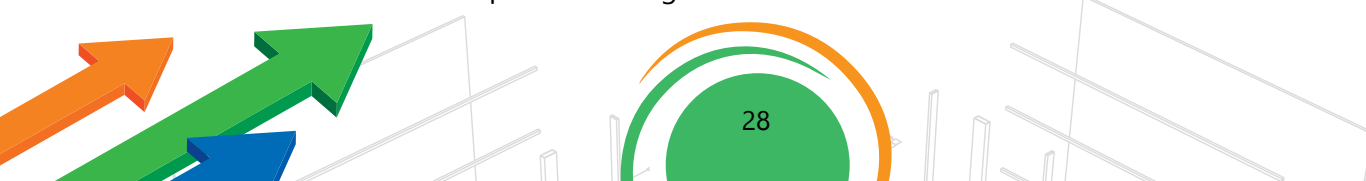
The Programme Management function manages the national priority projects of the human settlement sector. These include special and priority projects designated by the Minister and includes informal settlements upgrading, inner-city regeneration, spatial, planning and technical programmes, informal settlement upgrading projects, inner city projects, and HSS support services.



Development Project Management

Focuses on conceptualising, funding, planning, coordination, implementation of housing and human settlements development and related infrastructure. This can include land acquisition, designing, financing, construction, selling or managing. Developers work with different counterparts along each step of the process, including architects, planners, engineers, constructors, other developers, and more.

The nature of the HDA's business, including the current funding model, necessitates that the Agency maintains robust intergovernmental relations with all spheres of government. The HDA is faced with rapid changes and shifts in the stakeholder and intergovernmental space within which it exists and operates. To address this, the strategy has been developed to establish a conducive environment and relationship for the HDA to achieve its objectives and functions. The critical components of the strategy include maximising shareholder value, targeted outreach, advocacy, sustaining the established intergovernmental fora, fostering intergovernmental alignment in planning and implementing interventions, and ensuring appropriate contracting and compliance management with all stakeholders.



Key Policy Developments and Legislative Changes

There have been no mandate nor legislative changes in the period under review. In November 2023, the Department of Human Settlements gazetted the draft White Paper on Human Settlements in accordance with the Housing Act of 1997. The draft White paper focuses on eliminating the backlogs in the delivery of housing and with a particular focus on partnering with key stakeholders to streamline the service delivery model. The White Paper considers the programmes and priorities of the government and aligns with the existing macro policies, namely, the Constitution, Sustainable Development Goals (SDG), and the National Development Plan (NDP). The White Paper makes key recommendations to assist it in meeting human settlement objectives by doing the following, among other things:

Collaborative review of the current land administration will entail the empowerment of women to access land and land titles.

- Exploration of a quicker, simplified, less costly process of registration, and transfer of land and property for poor households.
- Review and adjust the pre-emptive right clause, to ensure upward mobility and curb the informal transactions of subsidised houses.
- Engaging beneficiaries in decision-making processes, to foster a sense of ownership and empowerment among residents, thereby contributing to sustainable outcomes.
- Linking housing interventions with improved access to basic services, livelihood opportunities, education, and healthcare.
- Will promote in situ upgrading.
- Social housing market – the principles anchor affordability, accessibility, safety, and contribution to economic growth, while addressing demand and contributing to spatial restructuring.

“

The Draft White Paper considers the programmes and priorities of the government and aligns with the existing macro policies, namely, the Constitution, Sustainable Development Goals (SDG), and the National Development Plan (NDP).

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Progress towards Achievement of Institutional Impacts and Outcomes

The HDA has recorded an overall organisational performance of 91% for the 2023/24 financial year, based on predetermined objectives, reflecting a significant increase from the previous year's performance of 74%. This improvement is attributed to a sustained emphasis on the six strategic pillars essential for the organisation's turnaround: mandate, sustainability, governance, people and structure, and perception management.

During the review period, the HDA successfully acquired 316.2926 hectares of well-located land within Priority Development Areas (PDAs) and an additional 1617.5248 hectares for human settlements. Moreover, 14 development plans for PDAs within the 136 declared PDAs have been finalised. The HDA continues to promote its objectives in spatial transformation, aiming to enhance participation from both the public and private sectors.

The HDA remains committed to fostering transformation through its procurement practices, having exceeded its targets for spending allocated to designated groups. The agency achieved 49% for women, 36% for youth, and 7% for individuals living with disabilities in the year under review. The HDA believes that marginalised designated groups should be afforded opportunities to engage in the construction sector, where skills development and job creation can address the priorities of the seventh government administration. In collaboration with

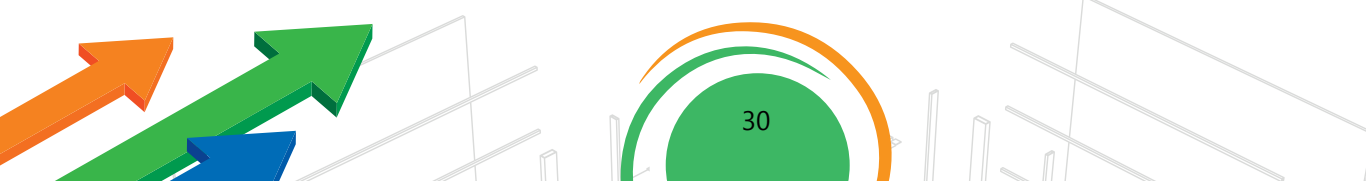
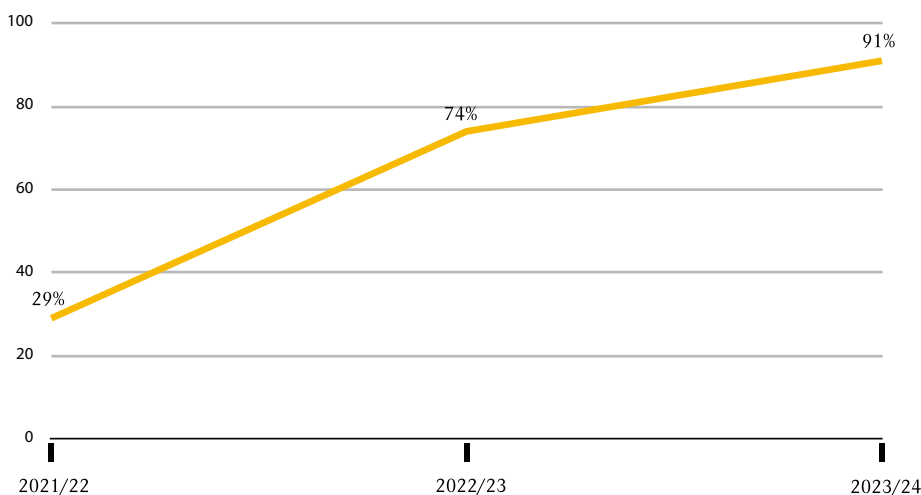
the National Skills Fund, the HDA will implement a programme designed to transform the human settlements sector by offering skills training, business development, and access to job opportunities and market connections.

The HDA has recorded an overall organisational performance of 91% for the 2023/24 financial year, based on predetermined objectives.

Additionally, the HDA has successfully delivered 1,300 housing units and surpassed the target of 1,236 serviced sites by delivering 2,142 serviced sites. The recent floods in KwaZulu-Natal displaced many households and the HDA continues to provide shelter and relief facilities for the affected households of this disaster.

The helpdesk support provided by the HDA has managed to expedite the registration and allocation of title deeds to beneficiaries through the Title Deed Restoration Programme that is being implemented in Western Cape and Limpopo provinces.

Organisational Performance Progress



Programme Performance

During the period under review, the HDA implemented three programmes:

Programme 1: Administration

Programme 2: Land Assembly and Priority Development Areas (PDAs)

Programme 3: Programme Planning and Design, Regional Coordination and Human Settlement Implementation Support Services

Programme 1: Administration

Purpose

This programme provides effective leadership, strategic management and administrative support to the HDA in line with applicable legislation and best practice. It does so by ensuring effective and efficient administration and governance within the organisation.

The programme has the following subprogrammes: Audit and Risk, Corporate Support Services, Finance, Strategy and Organisational Performance, and Communication and Marketing. The services provided by each subprogramme are reflected in the following table:

Subprogramme	Services Provided
Audit and Risk	<ul style="list-style-type: none"> Organisational risks, integrity management, and anti-corruption services. Reports directly to the Chief Executive Officer. Facilitates the development and implementation of an internal control system to improve governance and compliance with applicable regulations, internal policies, processes and procedures. Fraud prevention and loss management.
Corporate Support Services	<ul style="list-style-type: none"> Reports directly to the Chief Executive Officer Provides administrative support for Human Resource (HR) Management, Legal Services, Facilities Management, and Information Technology (IT). HR Management – human resource administration, labour relations and employee wellness. Legal Services – legal advice, litigation support, ensuring compliance with national and international laws, drafting and monitoring of service level agreements. Facilities Management – staff and other resources are protected, well maintained and the work environment is conducive to productive performance. IT – information communication technology and business enablement services.

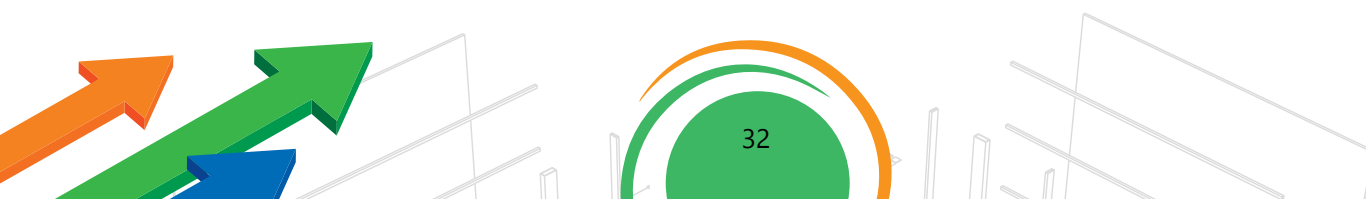
Subprogramme	Services Provided
Finance	<ul style="list-style-type: none"> • Reports to the Chief Executive Officer. • Manages and provides financial management services to Financial Accounting and Administration, Budgeting and Management Accounting, Supply Chain and Project Finance Management. • Financial Accounting and Administration – develops and oversees the implementation of financial administration and accounting policies, processes and systems, ensuring that the financial resources allocated to the agency are optimally utilised. • Budgeting and Management Accounting – guides the preparation of budgets and monitors the expenditure trends continuously. • Supply Chain – facilitates the development and monitors the implementation of supply chain management policies, processes and systems. It also provides procurement management services within the organisation. • Project Finance Management – manages and reports on funds received by the HDA from various provinces and/or municipalities to finance projects as per signed funding agreements.
Strategy and Organisational Performance	<ul style="list-style-type: none"> • Facilitates the formulation of the strategic plan and annual performance plans. • Responsible for institutional performance assessment and reviews.
Communication and Marketing	<ul style="list-style-type: none"> • Responsible for the provision of communication services. • Provides both internal and external communication services, media liaison support, public liaison, and events management. • Develops and maintains the organisational website.

Programme 2: Land Assembly and Priority Development Areas

Purpose

This programme facilitates access to well-located land for human settlement development, through land acquisition and rezoning within priority development areas (PDAs). The programme has the following subprogrammes: Land Management and Land Planning.

Subprogramme	Services Provided
Land Management	<ul style="list-style-type: none"> • Identifying, acquiring, holding, developing, and releasing state, private and communal-owned land. • Targeting and prioritising areas for integrated housing and human settlement development.
Land Planning	<ul style="list-style-type: none"> • Implementation of PDA programme – spatial targeting to achieve maximum spatial impact. • Compilation of detailed development concepts and layout for acquired land parcels to proactively guide sector plans and investments over the MTEF periods, e.g., bulk requirements.



Programme 3: Programme Planning and Design, Regional Coordination, and Human Settlements Implementation Support Services

Purpose

This programme involves planning, designing, management and implementation of priority programmes and provides access to adequate housing through a range of programmes.

The programme has the following subprogrammes:

- Programme Planning and Design, and Regional Coordination
- Human Settlements Implementation Support Services

Subprogramme 3.1: Informal Settlements Upgrading

The Upgrading of Informal Settlements Programme (UISP) is consistent with conventions whose focus is to address the plight of persons without adequate housing. The South African government is committed to developmental goals that provide for significant improvement in the lives of its dwellers. Noting that informal settlements are multi-year development projects, it is envisaged that the numbers will fluctuate based on the HDA's involvement in this priority UISP nationally.

The UISP is a complex programme, with various informal settlements having their own unique circumstances that require different interventions and/or development responses. The programme is one of the government's prime development initiatives and upgrading projects should be dealt with on a priority basis. In line with international best practice, the programme has been designed to address the specific development requirements posed by informal settlements, hence it is flexible to ensure that it can address locally peculiar development requirements and becomes a specially designed funding mechanism. The HDA currently undertakes activities which covers phase one, phase two and phase three outputs of the UISP. Various provinces and municipalities contract the HDA to undertake in instances one or more of the UISP phases.

Informal settlement upgrading projects should be undertaken against the following broad objectives and principles:

- Maximise the impact of the programme by reaching as many households as possible and achieve the national goal of upgrading all informal settlements.
- Priority should be on settlements located in areas posing a threat to health and safety.
- Projects should promote the objective of spatial restructuring and integration.
- Settlements that are threatened with eviction or have been the subject of a court judgement must be prioritised.
- Responsible authorities should adhere to the principle that community participation is key to success and that relocation of communities should be a last resort.

Provided that HDA has the necessary capacity,

it can demonstrate the ability to assume an Implementing Agent role and provide impetus to provincial Human Settlements departments and municipalities to implement the phases of UISP accordingly.

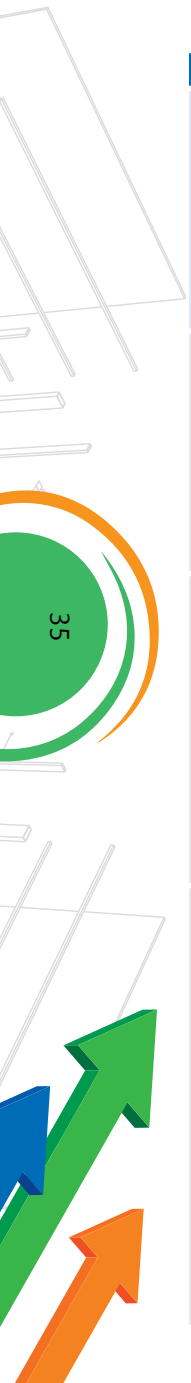
Subprogramme	Services Provided
Programme Planning and Design	<ul style="list-style-type: none"> • Provides programme planning and design for priority programmes such as priority projects within PDAs, informal settlement upgrading and mining towns' revitalisation. • Specific unblocking of projects. • Facilitates the implementation of transformation and empowerment in all HDA programmes (as per preferential procurement targets set in Programme 1).
Revitalisation of Distressed Mining Towns	
Upgrading of Informal Settlements Programme	
Priority Projects	
Regional Co-ordination and HS Implementation Support Services	<ul style="list-style-type: none"> • Enhances capacity and renders human settlements project implementation services to provinces and municipalities. • Collaborates with the respective spheres of government to optimise service delivery and facilitate access to adequate housing.



Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

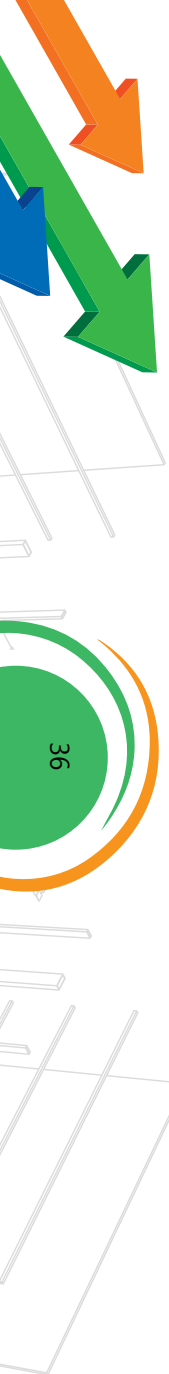
PROGRAMME 1: ADMINISTRATION

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
Effective and efficient management and good governance of the HDA	Unqualified audits	1.1.1 Unqualified audit outcome with no material findings	Qualified audit outcome with no material findings	Qualified audit opinion for the 2021/22 financial year	Unqualified audit outcome with no material findings	Unqualified audit outcome for the year 2022/23	None	Not Applicable	Final 2022/23 Audit Report and opinion signed and stamped by the Auditor-General (AG)
	Transformation and empowerment of designated groups	1.1.2 Percentage of annual HDA procurement spend, targeted at businesses owned by women	8.12% of annual HDA procurement spend, targeted at businesses owned by women	40.97% of annual HDA procurement spend, targeted at businesses owned by women	45% of annual HDA procurement spend, targeted at businesses owned by women	49% of annual HDA procurement spend, targeted at businesses owned by women	+4% of annual HDA procurement spend, targeted at businesses owned by women	Improved prioritisation of funding allocations is earmarked for women owned enterprises	General ledger, CSD reports and B-BBEE certificates
		1.1.3 Percentage of annual HDA procurement spend, targeted at businesses owned by youth	2.92% of annual HDA procurement spend, targeted at businesses owned by youth	25.56% of annual HDA procurement spend, targeted at businesses owned by youth	25% of annual HDA procurement spend, targeted at businesses owned by youth	36% of annual HDA procurement spend, targeted at businesses owned by youth	+11% of annual HDA procurement spend, targeted at businesses owned by youth	The HDA currently undertakes activities which covers phase one, phase two and phase three outputs of the UISP. Various provinces and municipalities contract the HDA to undertake in instances one or more of the UISP phases.	General ledger, CSD reports and B-BBEE certificates



PROGRAMME 1: ADMINISTRATION (continued)

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
		1.1.4 Percentage of annual HDA procurement spend, per financial year, targeted at businesses owned by persons with disabilities	0.53% of annual HDA procurement spend, per financial year, targeted at businesses owned by persons with disabilities	9.54% of annual HDA procurement spend, per financial year, targeted at businesses owned by persons with disabilities	7% of annual HDA procurement spend, per financial year, targeted at businesses owned by persons with disabilities	7% of annual HDA procurement spend, per financial year, targeted at businesses owned by persons living with disabilities	None	Not Applicable	General ledger, CSD reports and B-BBEE certificates
	Functional, efficient and integrated governance	1.1.5 Percentage implementation of the approved internal audit plan	75% implementation of the approved internal audit plan	100% implementation of the approved internal audit plan	100% implementation of the approved internal audit plan	100% implementation of the approved internal audit plan	None	Not Applicable	Internal Audit reports prepared and submitted by Internal Audit
		1.1.6 Percentage implementation of anti-fraud and corruption plan	0% Implementation of anti-fraud and corruption plan	100% implementation of an anti-fraud and corruption plan	100% Implementation of anti-fraud and corruption plan	100% Implementation of anti-fraud and corruption plan	None	Not Applicable	Anti-fraud or fraud prevention progress report and/or anti-fraud or fraud prevention and corruption plan



PROGRAMME 1: ADMINISTRATION (continued)

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
		1.1.7 Percentage implementation of the approved risk management plan	26.67% Implementation of the approved risk management plan	100% Implementation of the approved risk management plan	100% Implementation of the approved risk management plan	100% Implementation of the approved risk management plan	None	Not Applicable	Risk management report and/or risk management plan



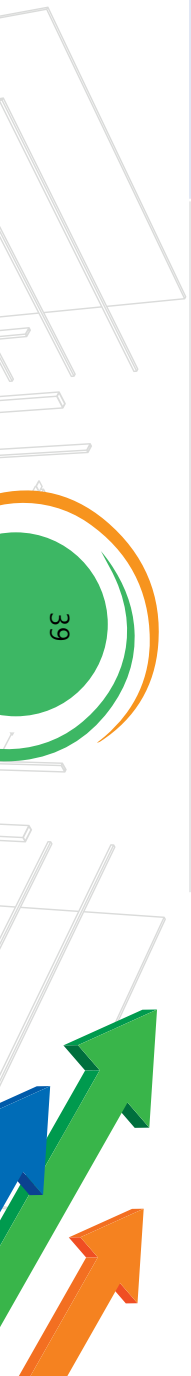
PROGRAMME 2: LAND ASSEMBLY AND PDAs

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
Integrated and sustainable human settlements and security of tenure	Integrated implementation programmes for PDAs	2.1.1 Number of integrated implementation programmes for PDAs completed per year	40 integrated implementation programmes for PDAs completed per year	40 integrated implementation programmes for PDAs prepared	14 integrated implementation programmes for PDAs completed per year	14 integrated implementation programmes for PDAs completed	None	Not Applicable	Completed integrated implementation programmes
	Well-located land acquired within PDAs	2.1.2 Number of hectares (ha) of well-located land acquired within PDAs	1765.5591 ha of well-located land acquired within PDAs	993.0012 ha of well-located land acquired within PDAs	500 ha of well-located land acquired within PDAs	316.2926 ha of well-located land acquired within PDAs	-183.7074 ha of well-located land acquired within PDAs	Target not achieved due to inconsistent municipal tribunals sittings, funding constraints, delays in the release of priority state land by custodian departments and the delays in the approval of recommended and processed private land acquisitions proposals by Provinces	Copy of deed of sale



PROGRAMME 2: LAND ASSEMBLY AND PDAs (continued)

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
	Land rezoned, townships established and all related development approvals acquired	2.1.3 Percentage of the 1786.1527 ha of land acquired during 2014–2019 falling within PDAs rezoned	0% of the 1884.6870 ha of land acquired during 2014–2019 falling within PDAs rezoned	0% of the 1786.1527 ha of land acquired during 2014–2019 falling within PDAs rezoned	100% of 1786.1527 ha of land acquired during 2014–2019 falling within PDAs rezoned	1% of 1786.1527 ha of land acquired during 2014–2019 falling within PDAs rezoned	-99% of 1786.1527 ha of land acquired during 2014–2019 falling within PDAs rezoned	Target not achieved due to inconsistent municipal tribunals sittings, funding constraints, delays in the release of priority state land by custodian departments and the delays in the approval of recommended and processed private land acquisitions proposals by Provinces	Zoning and/or rezoning certificate



PROGRAMME 2: LAND ASSEMBLY AND PDAs (continued)

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
		2.1.4 Number of hectares of land rezoned for human settlement development	607.1939 ha of land rezoned for human settlement development	1,044.545 ha of land rezoned for human settlement development	550 ha of land rezoned for human settlement development	709.869 ha of land rezoned for human settlement development	+159.869 ha of land rezoned for human settlement development.	Rezoning projects targeted for approval in the subsequent financial year were approved in the 2023/24 financial year.	Letter of approval from the relevant municipality
	Well-located land acquired	2.1.5 Number of hectares of well-located land acquired and/or released for human settlement development	3243.447 ha of well-located land acquired and/or released for human settlement development	1659.4809 ha of well-located land acquired and/or released for human settlement development	1,000 ha of well-located land acquired or released for human settlement development	1617.5248 ha of well-located land acquired or released for human settlement development	+617.5248 ha of well-located land acquired or released for human settlement development	Funding was provided to the HDA for the acquisition of more land parcels than projected.	Copy of deed of sale and copy of deed of transfer



SUBPROGRAMME 3.1: INFORMAL SETTLEMENTS UPGRADING

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
Integrated and sustainable human settlements and security of tenure	Adequate housing and improved living conditions in informal settlements	3.1.1 Number of informal settlements supported for upgrading to Phase 3	375 informal settlements supported for upgrading to Phase 3 of the UISP	241 informal settlements supported for upgrading to Phase 3 of the UISP	124 informal settlements supported for upgrading to Phase 3	237 informal settlements supported for upgrading to Phase 3	The achievement represents the total number of informal settlements in phase one, phase two and phase three for which the HDA was contracted by provinces and/or municipalities, to provide technical programme and project management support.	The programme provided support for additional settlements beyond the planned number of informal settlements to achieve its target.	Progress reports and budgetary business plans
	Adequate housing and improved living conditions in emergency housing areas	3.1.2 Number of development programme and project plans drafted for funding and implementation	New indicator	New indicator	5 draft project development plans drafted for funding and implementation	5 draft project development plans drafted for funding and implementation	None	Not Applicable	Inception reports

The informal settlement achievement represents the total number of informal settlements in which the HDA provided technical programme and project management support for Phase 1, Phase 2 and Phase 3 outputs, as contracted by a province and/or municipality. A total of 237 informal settlements were supported for upgrading: 122 in Phase 1, 112 in Phase 2 and three informal settlements in Phase 3.

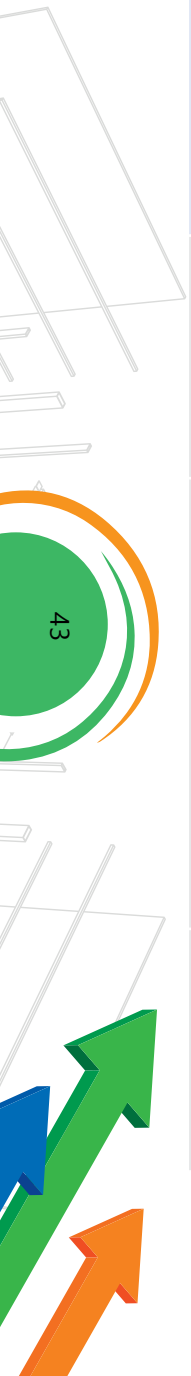
PROGRAMME 3.2 PRIORITY PROJECTS AND REVITALISATION OF DISTRESSED MINING COMMUNITIES

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
Integrated and sustainable human settlements and security of tenure	Adequate housing and improved living conditions in selected priority projects	3.2.1 Number of national priority human settlements projects provided with implementation support	50 priority projects provided with implementation support	50 priority projects provided with implementation support	50 national priority human settlements projects provided with implementation support	50 national priority human settlements projects provided with implementation support	None	Not Applicable	Monthly progress reports/ quarterly progress reports
	Adequate housing and improved living conditions in distressed mining communities	3.2.2 Number of provinces provided with programme planning and implementation support for human settlement development for the revitalisation of distressed mining communities	23 mining towns provided with technical and implementation support	6 provinces were provided with programme planning and implementation support for the revitalisation of distressed mining communities	6 provinces provided with programme planning and implementation support for the revitalisation of distressed mining communities	6 provinces were provided with programme planning and implementation support for the revitalisation of distressed mining communities	None	Not Applicable	Provincial programme plans and technical support reports (geotechnical, legacy assets, due diligence assessments, etc.) and/ or provincial project pipelines or quarterly reports



SUBPROGRAMME 3.3: REGIONAL CO-ORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
Integrated and sustainable human settlements and security of tenure	Housing units delivered by HDA	3.3.1 Number of housing units delivered i.r.o. projects implemented by the HDA	2,451 housing units delivered i.r.o. projects implemented by the HDA	1,433 housing units delivered i.r.o. projects implemented by the HDA	1,300 housing units delivered i.r.o. projects implemented by the HDA	1,300 housing units delivered i.r.o. projects implemented by the HDA	None	Not Applicable	Engineers Completion Certificate and Quality Assurance Report
	Serviced sites delivered	3.3.2 Number of serviced sites delivered i.r.o. projects implemented by the HDA	2,806 serviced sites delivered i.r.o. projects implemented by HDA	4,757 serviced sites delivered i.r.o. projects implemented by the HDA	1,236 serviced sites delivered i.r.o. projects implemented by the HDA	2,142 serviced sites delivered i.r.o. projects implemented by the HDA	+906 serviced sites delivered i.r.o. projects implemented by the HDA	Improved performance based on province(s) for the HDA to deliver on additional serviced sites for which the necessary budget was secured	Practical Completion Certificate/ Professional Engineers Report or listing of serviced sites delivered in terms of approved ground plan
		3.3.3 Number of asbestos roofs replaced i.r.o. projects managed by the HDA	New indicator	1,000 asbestos roofs replaced i.r.o. projects managed by the HDA	1,000 asbestos roofs replaced i.r.o. projects managed by the HDA	1,000 asbestos roofs replaced i.r.o. projects managed by the HDA	None	Not Applicable	Engineers Completion Certificate



SUBPROGRAMME 3.3: REGIONAL CO-ORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES (continued)

Outcome	Output	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviation	POE Submitted
		3.3.4 Number of temporary emergency accommodations managed by the HDA	New indicator	New indicator	3 temporary emergency accommodations managed by the HDA	3 temporary emergency accommodations managed by the HDA A	None	Not Applicable	Funding agreements
	Title deeds registered	3.3.5 Number of title deeds registered	1,566 title deeds registered	1,731 title deeds registered	882 title deeds registered	3,107 title deeds registered	+2,225 title deeds registered	The Western Cape has scaled up its funding to clear the current title deeds backlog in the Western Cape and as programme manager, the HDA delivery benefits.	Confirmation by conveyancer after successful deeds registered and date



2023/24 Expenditure and Budget per Programme

Programmes	Budget	Actuals	% Spent
	R'000	R'000	R'000
Programme 1: Administration	160,909,400	202,315,271	126%
Programme 2: Land Assembly	34,085,967	32,129,092	94%
Programme 3: Programme Planning and Design, Regional Coordination and Human Settlement Implementation Support Service	345,960,064	229,641,334	66%
Total	540,955,430	464,085,697	86%

Revenue Collection

The table below gives the revenue from exchange transactions that have been collected by the HDA through the following streams:

Project management fees are earned for the implementation of projects in line with the funding agreements. The collection is in line with the capital expenditure incurred.

Fund management fees are earned in terms of the funding agreements entered with the Eastern Cape Provincial Government. The under-collection is in line with the capital expenditure incurred.

Interest income is earned on an operational grant received from the NDoHS and other revenue streams. The interest income earned is in line with the level of cash held in the banks during the year.

Other income: Rental income and other recoveries: Rental income is only incidental to the entity, land is leased out with the sole intention of protecting and securing the land and not for the generation of income. The properties are occupied by the tenants to avoid illegal invasion. Other recoveries for the year are mainly driven by a refund received from the City of Tshwane according to a court award that was paid by the Agency in the prior financial year.

Source of revenue	2023/24			2022/23		
	Estimate	Actual Revenue	(Over)/ Under Revenue	Estimate	Actual Revenue	(Over)/ Under Revenue
	R'000	R'000	R'000	R'000	R'000	R'000
Project Management fees	50,552	52,399	(1,847)	61,842	50,874	10,968
Fund Management Fees	-	2,494	(2,494)	-	4,067	(4,067)
Interest Income	15,201	24,184	(8,983)	5,000	11,487	(6,487)
Rental Income and Other Recoveries	7,213	9,848	(2,635)	1,128	5,331	(4,203)
Total	72,966	88,925	(15,959)	67,970	71,759	(3,789)

Conditional Grants

The table below details the conditional grants and earmarked funds received during the period 1 April 2023 to 31 March 2024.

The Human Settlements Development Conditional Capital Grant (HSDG) represents funding from provincial departments in terms of MTOP agreements in support of the HDA regional offices directly servicing them. This revenue is recognised in the statement of financial performance through the matching of direct expenditure incurred to the extent where there are funds available. This includes funds received in the current year, utilised to offset the corresponding expenditure incurred year to date.

Department That Transferred The Grant	Purpose Of The Grant	Expected Outputs Of The Grant	Actual Outputs Achieved	Amount Per Amended Dora	Amount Received
		R'000	R'000	R'000	R'000
Free State Provincial Government	Provide programme and project management technical support to provinces	R31,373	R23,248	-	R23,248
Gauteng Provincial Government -GADA	Support: Conditional Grants	R12,591	R3,233	-	R3,233
KwaZulu-Natal Provincial Government	Support: Conditional Grants	R22,707	R14,184	-	R14,184
KwaZulu-Natal Floods	Support: Conditional Grants	R46,420	R38,113	-	R38,113
Limpopo Provincial Government	Support: Conditional Grants	R23,106	R17,163	-	R17,163
North West Provincial Government	Support: Conditional Grants	R15,977	R10,035	-	R1,035
Western Cape Stellenbosch Municipality	Support: Conditional Grants	-	R526	-	R526
Western Cape Provincial Department of Transport	Support: Conditional Grants	-	R5,688	-	R5,688
Western Cape Provincial Government	Support: Conditional Grants	R61,977	R19,610	-	R19,610
				Total	R131,800

Capital Investment

The HDA has an assets management plan in line with the assets management policy framework. The Agency holds land parcels in line with its mandate and the mandate did not change during the year under review.

The HDA owns the SABC Seapoint land valued at R46,2m, which was registered in the name of the HDA in September 2023. The HDA also owns the Eskom Building valued at R60,3m, which was registered in the name of the HDA in August 2023. None of these assets have been pledged as security.

The SABC Seapoint property was purchased for an amount of R46,2 m and registered in the name of the HDA in September 2023. The land and improvements are valued at 46,2 m. At the time of purchase the improvements on the land included block of dilapidated flats, and as at time of valuation noted to be in a state of poor structural integrity and not fit for human occupation, and would have to be demolished. The property is now classified as land and valued as such. The Eskom building was purchased for an amount of R60,3m and registered in the name of the HDA in August 2023. In terms of GRAP 17, the land was valued at R4,4m and the improvements R55,877m. None of these assets have been pledged as security

The Agency maintained adequate, effective, and efficient internal controls to ensure that the asset register remained up to date during the year. The condition of the capital assets was assessed during the year. Except for an impairment loss recorded on the Braamfontein Eskom building, all assets were found to be in a fair and good condition. Asset write-offs were immaterial.





PART C

CORPORATE GOVERNANCE



Introduction

Corporate governance embodies processes and systems by which HDA is directed, controlled and held to account. In addition to legislative requirements based on HDA's enabling legislation, corporate governance concerning public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King IV Report on Corporate Governance. Parliament, the Executive Authority and the Board of the HDA are responsible for corporate governance.

Portfolio Committee

The HDA presented to the Portfolio Committee on Human Settlements on the following dates:

- 03 May 2023: Briefing by Human Settlements Entities on Budget, Strategic Plans and revised Annual Performance Plans 2022/23
- 18 October 2023: The Audit outcomes for the 2022/23 financial year.

Executive Authority

The Executive Authority of the HDA is the Minister of Human Settlements. The Minister is responsible for overseeing HDA's performance and ensuring that it aligns with national housing policies and goals.

- The four quarterly reports were submitted to the Executive Authority within the periods as stipulated by the National Treasury.
- The 2023/24 Shareholder Compact between the Executive Authority and the Accounting Authority (the HDA Board of Directors) was concluded.

HDA Board Members



Hosi P C Ngove
Chairperson



Ms M Dumakude
Deputy Chairperson



Ms N Maharaj



Mr R Makan



Dr A L Mahapa



Mr V M Rabothata

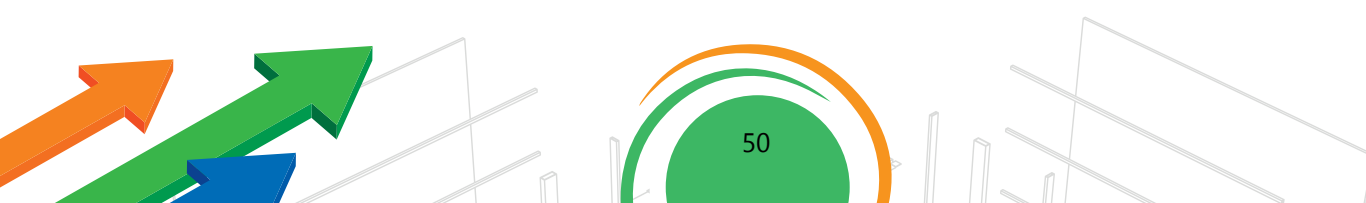


Mr B M Khenisa



Ms J K Masemola

* Dr M M Soni resigned from the Board in June 2023



The Board of Directors

Section 9 of the Housing Development Agency Act No. 23 of 2008 outlines the composition of the Board. A Board consisting of six non-executive members was appointed by the Minister of Human Settlements on 26 November 2021. The CEO and CFO were appointed in June and July 2022 respectively. The Board was supposed to have a total of nine directors, but the nominee from the Minister of Public Works was not appointed during the year under review following the resignation of the nominee in February 2022. The Board did not have any alternate members. There were two resignations in March 2023 (Dr T Ratshitanga and Mr N Vimba) and one in June 2023 (Dr M M Soni). Hosi P Ngove was appointed as a Board member in April 2023 and was appointed as the Board Chairperson in May 2023. Dr A L Mahapa was appointed as a Board member in June 2023.

Board Charter

The Board has an approved Charter that defines the roles and responsibilities of the Accounting Authority. In giving effect to the responsibilities of the Board as they are set out in the Charter, Board committees were established and constituted in line with the approved terms of reference which were reviewed in the financial year under review. The committee meetings deliberated on matters that were for the consideration and approval of the Board.

A total of 10 Board meetings were scheduled during the period under review.

Code of Conduct

The Code of Conduct sets out the conduct and ethical standards that are expected from all employees as well as the Board members. The code is a guide that sets out the ethical manner in which relationships with stakeholders and the public must be conducted. It also sets a standard for how employees should relate to each other. In line with the code, Board members are expected to ensure that their personal interests do not hinder the discharge of their fiduciary duties and that any perceived or real conflict of interests be disclosed so that they may be dealt with. The code also contains the values of the entity, which the employees and the Board are expected to commit to.

Company Secretary

The Company Secretary provides support and guidance to the Board to enable the proper discharge of the Board's fiduciary duties. The role of the Company Secretary includes:

- The preparation of the annual meeting schedule for the Board and its committees as well as the agendas for the meeting in consultation with the chairpersons and preparation of resolutions.
- Maintenance of the Board Committees' terms of reference.
- Providing advice to the Board on matters of corporate governance, policy and legislation and managing compliance with laws and regulations by the Board.
- Ensuring compliance with the Shareholder Compact is concluded between the Minister of Human Settlements and the Board.
- Induction of the Board
- Ensuring that all quarterly reports and the Annual Report are taken through the Board Committees timeously to meet the submission deadlines.
- Training of Board members.
- Maintaining liaison between management, the Board and the Shareholder.

Board Composition

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	HDA Board Committee Membership	Other Board Directorships	Number of Board Meetings attended
Ms M Dumakude	Deputy Board Chairperson	26 November 2021	-	MSc Civil Engineering BSc Industrial Engineering National Diploma: Industrial Engineering Diploma in Computer Science Graduate Diploma in Engineering Management Advancement Programme	Construction services – roads, stormwater, concrete and earthworks, general building and housing construction Project management, human performance strategies, industrial engineering	Land, Properties and Projects Development Committee (Chairperson) Audit and Risk Committee Corporate Support and Remuneration Committee	Kelvion	9



Board Composition (continued)

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	HDA Board Committee Membership	Other Board Directorships	Number of Board Meetings attended
Dr M M Soni	<p>Non-executive Board member</p> <p>Interim Board Chair (7 March 2023 – 15 May 2023)</p> <p>**Resigned from the Board in June 2023**</p>	26 November 2021	June 2023	<p>PhD Construction Management</p> <p>MSc Built Environment: Project Management</p> <p>MBA</p> <p>BSc (Hons) Construction management</p> <p>BSc Civil Engineering</p> <p>BTech Construction Management</p> <p>National Diploma: Financial Management</p>	<p>Construction management, strategy, corporate governance, development of infrastructure maintenance plans</p> <p>Project management, audit and risk compliance, mediation and arbitration, litigation, fraud prevention, drafting of legislation and policy, combined assurance, management of ethics, legal expertise</p>	<p>Corporate Support and Remuneration Committee (Chairperson)</p> <p>Social and Ethics Committee</p> <p>Land, Properties and Projects Development Committee</p>	Lepelle Northern Water	2

Board Composition (continued)

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	HDA Board Committee Membership	Other Board Directorships	Number of Board Meetings attended
Ms N Maharaj	Non-executive Board member	26 November 2021	-	LLB BProc Certificates in Corporate Governance, Financial Accounting for public entities	Audit and risk, compliance, governance, mediation and arbitration, litigation, fraud prevention, drafting of legislation and policy, combined assurance, management of ethics, legal expertise	Social and Ethics Committee (Chairperson) Audit and Risk Committee Land, Properties and Projects Development Committee	Agricultural Research Council Independent Regulatory Board for Auditors University of Venda SA Weather Service SA Veterinary Council SA Institute for Drug-Free Sport Border Management Authority Gauteng Gambling Board Overberg Water	9

Board Composition (continued)

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	HDA Board Committee Membership	Other Board Directorships	Number of Board Meetings attended
Mr R Makan	Non-executive Board member	26 November 2021	-	Doctoral Candidate in Town and Regional Planning MSc Town and Regional Planning BTech Town and Regional Planning	Spatial planning, land use management, development of guidelines for legislation, development of spatial development frameworks, strategic planning, project management	Social and Ethics Committee Audit and Risk Committee Corporate Support and Remuneration Committee	-	6

Board Composition (continued)

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	HDA Board Committee Membership	Other Board Directorships	Number of Board Meetings attended
Hosi P C Ngove	Board Chairperson	15 May 2023	-	Master of Laws (Commercial and Business laws) Master of the Built Environment Postgraduate diplomas in Labour Law, Environmental and Sustainability Law and Urban Economic Development Postgraduate Certificates in Construction and Engineering Law, Local Government Law, Advanced Company Law and Administrative Law National Diploma Public Administration	Law (administrative, construction, local government), public administration	Social and Ethics Committee Land, Properties and Projects Development Committee	National House of Traditional Leaders (Chairperson) Vatsonga/Machangana Royal Leaders Unity (Treasurer General) Nkhensani Hospital (Board Member) Limpopo Provincial Executive Committee (Member) Deputy Chairperson: Sectional Title Management Scheme	9

Board Composition (continued)

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	HDA Board Committee Membership	Other Board Directorships	Number of Board Meetings attended
Dr A L Mahapa	Non-executive Board member	11 June 2023	-	PhD Psychology of Education M. Ed Psycho-Educational Programme Development B. Ed Teacher Diploma in Higher Education	Education, labour relations	Corporate Support and Remuneration Committee (Chairperson) Social and Ethics Committee	Public Service Sector Education and Training Authority Government Employees Pension Fund	10
Mr V M Rabothata	Non-executive Board member	21 April 2023	-	MSc Development Planning BA (Hons) Administration Programme for Management Excellence	Development and spatial planning, monitoring and evaluation	Audit and Risk Committee Land, Properties and Projects Development Committee Corporate Support and Remuneration Committee	-	9



Board Composition (continued)

Name	Designation	Date appointed	Date resigned	Qualifications	Areas of Expertise	HDA Board Committee Membership	Other Board Directorships	Number of Board Meetings attended
Mr B M Khenisa	Chief Executive Officer (Executive Director)	01 June 2022	-	Doctoral Candidate in Development Studies MSc Public and Development Management LLB Postgraduate Diploma in Corporate Law Management Development Programme National Diploma in Nursing Science	Law and development finance	None	-	9
Ms J K Masemola	Chief Financial Officer (Executive Director)	01 July 2022	-	CA (SA) BCom (Hons) Accounting Sciences BCompt CTA QE 1 and QE2 (South African Institute of Chartered Accountants) Higher Diploma in Tax Law	Financial management, asset management, supply chain management, taxation	-	-	10



Board Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Audit and Risk Committee	8	5	Ms S Y Boulton (Chairperson) Ms N Maharaj (December 2021 to date) Ms M Dumakude (December 2021 to date) Mr R Makan (October 2022 to date) Mr V Rabothata (April 2023 to date)
Land, Properties and Projects Development Committee	4	4	Ms M Dumakude (Chairperson) Dr M Soni (December 2021 to June 2023) Ms N Maharaj (December 2021 to date) Mr V Rabothata (April 2023 to date) Hosi P Ngove (July 2023 to date)
Corporate Support and Remuneration Committee	5	4	Dr MM Soni (Chairperson) (December 2021 to June 2023) Dr A L Mahapa (Chairperson from July 2023 to date) Ms M Dumakude (December 2021 to date) Mr R Makan (December 2021 to date) Mr V Rabothata (July 2023 to date)
Social and Ethics Committee	4	4	Ms N Maharaj (Chairperson) Mr R Makan (November 2022 to date) Dr M Soni (December 2021 to June 2023) Hosi P Ngove (July 2023 to date) Dr A L Mahapa (July 2023 to date)

Remuneration of Board Members

The Board members were remunerated in line with the rates as determined by the National Treasury as contained in the service benefit packages for office-bearers of certain statutory and other institutions.

Name	Remuneration R'000	Other allowance R'000	Other re-imbursements R'000	Total R'000
Hosi P Ngove Board Chair	246	17	63	326
Dr Soni M Interim chairperson (from 07 March 2023 to 11 June 2023)	62	6	-	68
Ms Dumakude M	138	22	1	161
Ms Maharaj N	130	22	1	153
Dr Mahapa A	109	18	1	128
Mr R Makan	-	-	-	-
Mr V M Rabothata	-	-	-	-

Risk Management

The HDA has implemented a structured and Enterprise-wide Risk Management (ERM) approach to managing risks and opportunities. The risk management process is governed by an approved risk management policy, framework and risk management implementation plan. Risk governance is based on standards and principles embodied in the ISO 31000 Risk Management Guidelines, the Committee of Sponsoring Organisations of the Treadway Commission (COSO), ERM Framework, the King VI Code on Corporate Governance, the Public Sector Risk Management Framework, Control Objectives for Information and Related Technology (COBIT), and the Project Management Body of Knowledge for project management. The HDA's risk management components include:

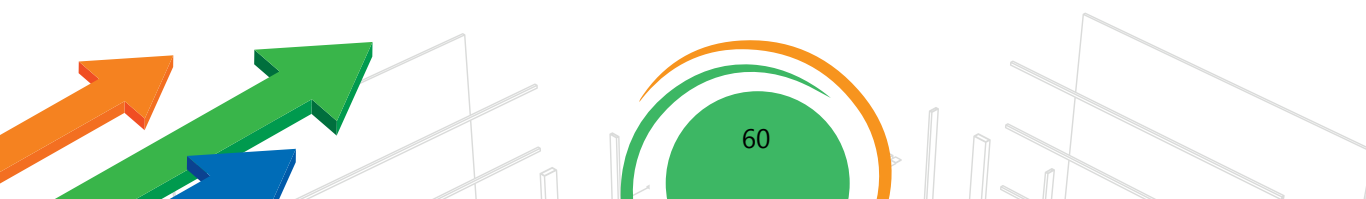
- Strategic and Operational Risk Management
- Business Continuity Management
- Fraud Risk Management
- Risk Financing

Risk assessments are conducted annually at both strategic and operational levels. The identified risks are reviewed continuously to monitor progress made to implement the risk mitigation measures and to ensure that risks are managed within acceptable levels. In addition, new and emerging risks facing the HDA are identified, and appropriate risk response strategies are applied. The HDA's strategic risks for the 2023/24 financial year are summarised as follows:

Ranking	Risk Name	Residual Rating		RRR	Risk Owner
		Likelihood	Impact		
1	Unfunded primary mandate	4	3	12	CEO
2	Insufficient funding to execute the secondary mandate	4	3	12	Regional Managers
3	Misalignment between HDA APP, MTSF, NDP priorities, and the priorities of provinces, municipalities and sector departments	3	3	9	Head of Strategy, PPC
4	Fraud and corruption	3	3	9	CEO
5	Poor governance and weak internal control system	3	3	9	CFO
6	Business disruption/continuity	3	3	9	CEO
7	Cyber attacks	3	3	9	Chief Information Officer
8	Failure to retain key skills	3	3	9	Head of Corporate Support

RRR Legend

	Extreme
	High
	Moderate
	Low



The HDA has an independent Audit and Risk Committee that provides oversight and monitors the effectiveness of the overall system of risk management, especially the integration of risk management into organisational strategy and decision-making, and mitigation of unacceptable levels of risk. The entity has an approved risk appetite and tolerance framework which guides management on the nature and extent of the risks which can be taken in pursuit of its strategic objectives.

The HDA risk maturity level was independently assessed during the financial year, and it scored a Level 4 integrated risk maturity on the 5-tier maturity scale, which is above the public sector norm of Level 3. The integration of ERM into strategy-setting has positioned risk management as one of the key drivers of organisational performance, and this has contributed to improvements in the entity's performance and achievement of its strategic objectives.

Internal Control Unit

The HDA does not have an internal control unit, however the functions of internal control are performed within the Office of the Chief Financial Officer. This includes amongst others, external audit coordination, enabling functionality of the Operation Clean Audit Committee, financial misconduct determination and compliance management. All these functions were successfully performed during the year.

Internal Audit

Internal Audit is established in terms of section 51(1)(ii) of the Public Finance Management Act (PFMA) Act 1 of 1999, which states that "the Accounting Authority must ensure that the entity has and maintains a system of Internal Audit under the control and direction of the Audit and Risk Committee, complying and operating in accordance the regulations and instructions prescribed in sections 76 and 77".

The HDA adopted a co-sourced internal audit model where the entity keeps control over the internal audit function while leveraging the third-party service provider's internal audit capabilities, resulting in access to valuable and diversified specialised talents as needed.

The key objectives of Internal Audit are to assist the HDA to accomplish its established objectives by providing reasonable assurance on whether:

- Governance processes are effective in establishing and preserving values, setting goals, monitoring activities, performance and defining the measures of accountability.
- Risk management system is adequate, effective, and efficient.
- System of internal controls is adequate, effective, and efficient.
- Integrity and reliability of financial information is maintained.
- Resources are utilised economically, effectively, and efficiently.
- Assets are safeguarded.
- Rules, regulations, policies, procedures, and laws are complied with.

The Internal Audit function performed its work according to the International Standards for the Professional Practice of Internal Auditors, published by the Institute of Internal Auditors of South Africa. Its key activities include:

- Review of the Internal Audit Charter.
- Develop risk-based three-year and annual plans which are supported by the Chief Executive Officer and approved by the Audit and Risk Committee.
- Achieved 100% target on the implementation of the approved risk-based annual plan.
- Monthly reporting to the Executive Management Committee and quarterly to the Audit and Risk Committee.
- Develop an integrated combined assurance framework that includes "five lines of assurance" to formalise the approach of assessing the control environment within the HDA.

Assurance audits were undertaken in the following key areas: Corporate Governance, Performance Information, Sage300 Accpac Application Control Review and Financial Discipline Audit, Project Management, Performance Management, and Supply Chain and Contract Management. Consulting engagement was undertaken to review the adequacy of controls in the Land Assembly. Further, Internal Audit conducted a follow-up audit on both internal and external audit findings to assess the degree of implementation of audit action plans and recommendations.

Audit and Risk Committee

The Audit and Risk Committee was established in terms of the PFMA and Treasury Regulations to assist the Board of Directors in fulfilling its oversight responsibilities of the financial reporting process, system of internal control, risk management, audit process, and monitoring of compliance with laws, regulations, policies, and procedures.

Audit and Risk Committee Report

The Audit and Risk Committee herewith presents its report for the financial year ended 31 March 2024.

Legislative Requirements

The Audit and Risk Committee ("the Committee") is established as a statutory Committee in terms of Section 77 of the Public Finance Management Act 1 of 1999 (as amended) and Treasury Regulation 27.1, reports that it has adopted formal terms of reference as its Audit and Risk Committee Charter and has fulfilled its responsibilities for the year in compliance thereto.

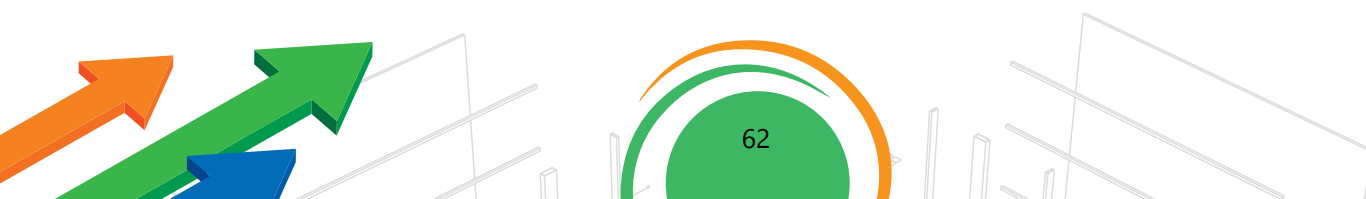
Membership and Attendance

- The Committee is comprised of five independent non-executive members with extensive experience to serve in the Committee.
- The Chairperson of the Committee is independent from the Board whilst the other four are members of the Board. The Committee was quorate for the entire 2023/24 financial period.
- The Committee met eight times during the year. There were four ordinary meetings, and four special meetings held during the period.
- The special meetings amongst others dealt with the approval of financial statements, audit reports, annual report, annual budget reviews and draft procurement plans for the year.
- The names and attendance of the members serving in the Committee are detailed on page 65 under the Governance section of the Annual Report.

Audit and Risk Committee Responsibility

The report maps out the oversight function against the specific responsibilities of the Committee as outlined in the Charter. The Committee is satisfied that it has discharged its responsibilities in the following areas of functions:

- Financial and performance reporting
- Integrated annual reporting
- Combined assurance
- Information, communication technology
- Risk management
- Compliance with laws, regulations and good ethics
- Reporting practices.



Effectiveness of Internal Control

- The Committee considered all the reports issued by both the internal and external auditors and has noted the weaknesses identified in the system of internal controls.
- The Committee observed major improvements in the management of irregular, fruitless and wasteful expenditure. The implementation of a Condonation Committee to deal with all the previously identified irregular transactions has been effective and is demonstrated by the reported implementation and execution of consequence management.
- Management demonstrated progress in addressing previously identified audit findings and has resolved 83% of external audit findings and 59% of internal audit findings, respectively.
- The Committee is also satisfied with the adopted aggressive anti-corruption strategy to curb the frequency and magnitude of fraud and corruption.
- The Committee reports continuous progress and improvements noted in the system of internal control for the period under review.

Effectiveness of Internal Audit

The PFMA obligates the Accounting Authority to ensure that the Agency has a system of internal audit under the control of the Audit and Risk Committee.

- The Agency continues to apply the co-sourced internal audit model and OMA Chartered Accountants Inc. is the service provider. In conjunction with the Chief Audit Executive (CAE), they ensure a strengthened and well-capacitated Internal Audit.
- The Committee approved a three-year risk-based Strategic Internal Audit Plan and an Annual Audit Coverage Plan for the period 1 April 2023 to 31 March 2024.
- Internal Audit has reported quarterly to the Committee the audits finalised and the status of corrective action taken by management on both the internal and external audit findings.
- Based on the audit work performed for the year under review, Internal Audit has concluded on the control environment as "Needs Improvement". This status remains consistent with that reported in the previous year.

The table below depicts the areas considered with their resultant ratings:

Focus Areas	Opinion	
	2023/24	2022/23
Performance Information – Performance against Objectives	Adequate	Adequate
Information and Communication Technology – Security Controls	Adequate	Needs Improvement
Project Funding Review	Needs Improvement	Needs Improvement
Supply Chain and Contract Management	Needs Improvement	Inadequate
SAGE 300 AccPac Application Control and Financial Discipline Review	Inadequate	Inadequate
Corporate Governance	Needs Improvement	N/A
Performance Management Systems	Needs Improvement	N/A
Land Assembly	Consulting Engagement	Inadequate

The Committee reviewed all the Internal Audit reports and is satisfied with the activities of the Internal Audit function, including its coordination with the external auditors, risk management and their recommendations.

The Internal Audit identified and reported that management should continuously revisit its control environment and ensure that controls implemented are adequate to address weaknesses identified within the financial performance (financial management) area.

The Committee noted that the Performance Information (Performance against Objectives) review remains consistent with the previous year and there are adequate and efficient management controls. Management's focus should be on ensuring the full achievement of targets planned each quarter.

The Committee also acknowledges the internal auditors' ability to complete the audit coverage for the 2023/24 financial period as planned.

The Committee is therefore of the opinion that Internal Audit is effective, independent, and provides objective assurance and consulting activities that were designed to add value and improve the organisation's operations. Through Internal Audit, the Committee endeavours to drive combined assurance to ensure an effective coordinated approach is applied in obtaining assurance that risks are being managed effectively.

Risk Management

The Committee has embedded in its terms of reference (the Charter) the responsibility to provide oversight and monitor the effectiveness of Enterprise-wide Risk Management within the Agency.

The Agency's risk management function is responsible for the establishment and maintenance of an effective system of risk management, the prevention and detection of fraud and internal controls.

The Agency remains agile towards the mitigation of its strategic and operational risks. The Committee obtained assurance on the overall system of risk management and provided oversight and monitoring on:

- Risk Management Policy and Framework.
- Strategic and operational risk assessment results.
- Risk appetite and tolerance framework.
- Business Continuity Policy and Framework.
- Business Continuity Plan.
- Significance and materiality framework.
- Fraud risk management.
- Risk financing (insurance).
- Quarterly risk management and fraud prevention reports.

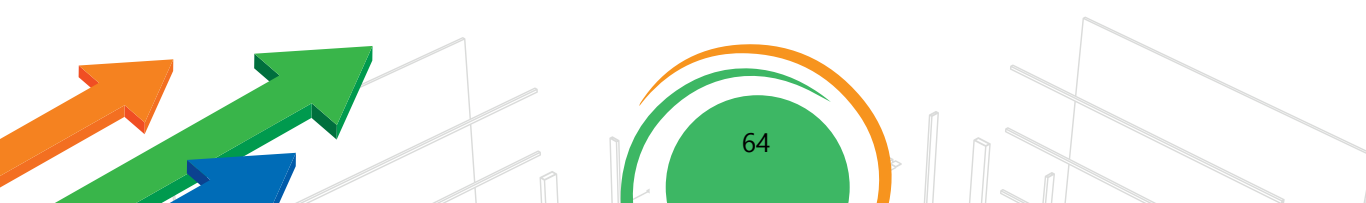
During the year under review, the Agency's risk management system was independently assessed to ascertain the risk maturity status. The Agency scored Level 4 of the integrated risk maturity on the 5-tier maturity scale, which is above the public sector norm of Level 3. Due to a rigorous risk management process, the Agency maintained improved performance and risk-based decision-making. Therefore, the Committee confirms that the overall system of risk management is effective.

Fraud and Corruption

A toll-free whistleblowing hotline operated by an independent service provider remains operational. Service providers, members of the public and employees are encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices. All reported incidents have been captured in the Fraud and Corruption Database and preliminary assessments conducted. All the cases reported in the 2023/24 financial year were effectively closed.

The Committee is satisfied that management has effectively implemented the fraud prevention plan and initiatives to prevent, mitigate and reduce fraud and corruption through the following:

- Robust anti-fraud, corruption and whistleblowing policy
- Fraud risk assessments
- Ethics training and awareness
- Investigation of reported disclosures
- Consequence management



Compliance Function

The Agency has established a compliance management system to ensure compliance with legislative requirements. Compliance obligations are monitored continuously and the status is reported to the Committee quarterly for effective oversight whilst the Agency mitigates the risk of non-compliance. The Committee thoroughly considered compliance with the enabling legislation such as the HDA Act, and the PFMA throughout the year. The focus was also on compliance with the OHS Act considering the high safety and security risk for employees who are on project sites. The Committee is satisfied that management has fully implemented the approved Annual Compliance Plan which guides the compliance activities of the Agency. However, areas of improvement have been noted with compliance management for the period under review.

In-Year Management of Quarterly Financial and Performance Information

The Committee has been consistent in its oversight responsibilities. We conducted a review of the annual financial statements, and the performance information presented by management quarterly. Where necessary special sessions with the Committee chairperson were held with management to ensure the required effort to the task is well communicated and articulated.

The Committee noted the content of the financial and performance information reports that were prepared and issued during the year. The quality of reports has improved and provides meaning to the Committee clearly articulating the performance strengths and progress in addressing control weaknesses.

The entity's overall performance information remains significantly improved and is reported quarterly. The Committee is impressed with the alignment of the strategic documents as well as the accuracy of information reported to the stakeholders generally. The Agency closed off the period depicting 91% (2023: 74%) of targets achieved and reported. The Agency had 21 (2022/23: 23) targets to achieve across three programmes, but only two (2022/23: 6) targets could not be achieved.

Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the annual financial statements to be included in the annual report with the external auditor, the executive management and the Board.
- Reviewed the external auditors' final management report as well as the audit report including the management responses thereto.
- Reviewed the application of the accounting policies and practices.
- Reviewed the HDA's compliance with legal and regulatory provisions.
- Reviewed the information on predetermined objectives to be included in the annual report.
- Reviewed the correction of material adjustments resulting from the external audit review.

The Agency's audit outcome has remained consistent with the previous financial year. All previous years' material misstatements were addressed and corrected without exceptions.

External Audit

- The Committee has reviewed the independence and objectivity of the external auditor.
- The external auditor attended seven statutory meetings of the Committee and held one in-committee session with the chairperson of the Committee.
- The 2023/24 independent audit is the second audit conducted by the Auditor-General of South Africa (AGSA). The Committee is satisfied with the audit as undertaken by the AGSA.
- The Committee reviewed the auditors' management and audit reports and concurred with their overall conclusion – **“Unqualified with findings”**. The Committee thus accepts the audit opinion and conclusion arrived at.

Governance

The year under review experienced stability in leadership at both the Board and executive levels. The Committee will continue to work hand in glove with the Board and ensure it assists management in sustaining the Agency objectives towards achievement of the planned strategic intent in line with the Agency mandate.

Conclusion

The Committee extends its appreciation to the Board of the HDA, the Chief Executive Officer, the Chief Financial Officer and the executive management and staff for their committed effort and support as well as their willingness to cooperate with the Committee.



Ms S.Y. BOULTON
Chairman of the Audit and Risk Committee
Housing Development Agency
31 August 2024



Audit and Risk Committee Composition

Name	Qualification	Internal Or External	Date Appointed	Date Resigned	No. Of Meetings Attended
Ms S Y Boulton	Registered AGA (SA) Professional Accountant (SA) Tax Practitioner (SA) BCom	External	20 March 2020	-	8
Ms N Maharaj	BProc, LLB Certificates: Corporate Governance, Financial Accounting for public entities	External	14 December 2021	-	8
Ms M Dumakude	MSc Civil Engineering BSc Industrial Engineering Diploma in Engineering National Diploma: Industrial Engineering Diploma in Computer Science Management Advancement Programme	External	14 December 2021	-	8
Mr R Makan	MSc Town Planning BTech Town and Regional Planning National Higher Diploma Town and Regional Planning	External	27 October 2022	-	1
Mr V Rabothata	MSc Development Planning BA Administration (Hons) Programme for Management Excellence	External	April 2023	-	3

Compliance with Laws and Regulations

The HDA is a national public entity listed in schedule 3A of the PFMA and is exposed to regulatory risks associated with the fulfilment of its mandate. The entity's compliance activities are guided by an approved Annual Compliance Plan, Compliance Universe and Compliance Risk Management Plan. Management is responsible for ensuring compliance with applicable laws and regulations in the areas of their responsibilities.

The legislative provisions prioritised for compliance monitoring include:

Legislations	Sections	Intent of Provisions
Public Finance Management Act 1 of 1999	<ul style="list-style-type: none"> Section 50(1)(a) Section 51(1)(b) (iii) Section 53(1) 	<ul style="list-style-type: none"> Effective management of assets. Consequence management. Timeous submission of annual budget.
Preferential Procurement Policy Framework Act 5 of 2000	<ul style="list-style-type: none"> Section 2(1) 	<ul style="list-style-type: none"> The entity is to have a preferential procurement policy and implement it within the required framework.
Housing Development Agency Act 5 of 2000	<ul style="list-style-type: none"> Section 5(1) Section 5(3)(b) 	<ul style="list-style-type: none"> Fulfilling the entity mandate to identify, acquire, hold, develop and release land for the creation of sustainable human settlement. The agency concludes agreements with other organs of the state in instances where there is a lack of capacity in organs of the state.
Occupational Health and Safety Act 85 of 1993	<ul style="list-style-type: none"> Section 8(1) Section 13(a) Section 14(a) Sections 19(1) & (2) Sections 20(1) & (2) 	<ul style="list-style-type: none"> Provision of a safe and maintained working environment. Staff informed of any hazards around the workplace. Employees take reasonable care of health and safety. Establishment of a health and safety committee and members nominated in writing. Health and safety committee performing its functions.
Housing Consumer Protection Measures Act 95 of 1998	<ul style="list-style-type: none"> Sections 14 & 21 	<ul style="list-style-type: none"> Home builders to enrol with the National Home Builders Registration Council before the commencement of construction. Interdict on non-compliance with the Act, e.g., stoppage of construction, etc.

During the financial year, the HDA commenced a programme to ensure compliance with the Protection of Personal Information Act. The Audit and Risk department assists and supports management and the Board with monitoring and reporting on compliance with prioritised regulatory requirements.

During the period under review, the HDA complied with the following legislation, regulations, and codes:

- Medium-Term Strategic Framework 2019–2024
- Public Finance Management Act 1 of 1999 as amended: Submission of quarterly reports, a compilation of the strategic and annual performance plans for approval by the Executive Authority, preparation of a procurement plan, preparation, and approval of an annual budget, submission of the organisational structure, and creation of an Audit and Risk Committee.
- Housing Development Agency Act 23 of 2008: Setting up of the Board committees, review of the terms of reference.
- King IV Code on Corporate Governance (2016): Ethical leadership by the Board, management of ethics, and adequate delegation of authority.
- Appropriation Act 10 of 2021
- Alienation of Land Act 68 of 1981 as amended
- Basic Conditions of Employment Act 75 of 1997 as amended
- Broad-Based Black Economic Empowerment Act 53 of 2003
- B-BBEE Codes on Construction, issued under section 9(1) of the Broad-Based Black Economic Empowerment Act
- Constitution of the Republic of South Africa 108 of 1996
- Construction Industry Development Board Act 38 of 2000
- Consumer Protection Act 68 of 2008
- Deeds Registries Act 47 of 1937
- Disaster Management Act 57 of 2002
- Division of Revenue Act 9 of 2021
- Electronic Communications Act 36 of 2005. The Act has been updated with Regulations Notice No R93 in Government Gazette No 34010 dated February 2011
- Electronic Communications and Transactions Act 25 of 2002
- Employment Equity Act 55 of 1998
- Government Immovable Asset Management Act 19 of 2007
- Housing Act 107 of 1997
- Intergovernmental Fiscal Relations Act 97 of 1997
- Intergovernmental Relations Framework Act 13 of 2005
- Labour Relations Act 66 of 1995
- Land Survey Act 8 of 1997
- Less Formal Township Establishment Act 113 of 1991
- Public Audit Act 25 of 2004
- Spatial Planning and Land Use Management Act 16 of 2013

Fraud and Corruption

The HDA has established fraud prevention mechanisms to safeguard the integrity of the entity. There is an Anti-fraud, Corruption and Whistleblowing Policy, and the Fraud Prevention Plan which are approved by the Board. The Fraud Prevention Plan was fully implemented in the current financial year.

The HDA has established internal and external fraud and corruption reporting channels which employees and members of the public who wish to disclose information regarding possible unlawful or irregular conduct can utilise. Disclosures can be made directly to Line Managers, Audit Managers, Legal Services, Risk Managers, and/or any member of the Executive Committee of the HDA, alternatively, whistle-blowers may make use of the Ethics Hotline. The Ethics Hotline is hosted by an independent third-party company, Whistleblowers (Pty) Ltd, to ensure that the identity of whistle-blowers who wish to remain anonymous can be protected according to the requirements of the Protected Disclosure Act 26 of 2000. The Act makes provision for the protection of whistle-blowers who disclose in good faith and substantially by any procedure prescribed by the employer.

All reported cases are preliminary assessed to establish if there is prima facie evidence. The progress status and recommendation for each case are reported to the Social and Ethics Committee, and the Audit and Risk Committee.

Minimising Conflicts of Interest

All employees of the HDA are required to declare any interest in any other business, undertaking, or institution, whether this is a private business and/or institution, or an organ of the state. The declaration of interest is a standing item on the agendas of all Board, Board committees and management committee meetings.

Health, Safety and Environmental Issues

The HDA has developed an Occupational Health and Safety (OHS) Policy, as guided by the Occupational Health and Safety Act that will ensure a work environment that is safe and without risks to the health and safety of its employees and third parties. The processes developed, aligned to Policy, ensure that all risks in the work environment are identified and managed. The Health and Safety Committee was also established to manage the OHS programme centrally to drive health and safety education and transformation, emergency evacuation drills, incident reporting process and general compliance with the standing policy.

Social Responsibility

The HDA has made an impact through community service with the following initiatives:

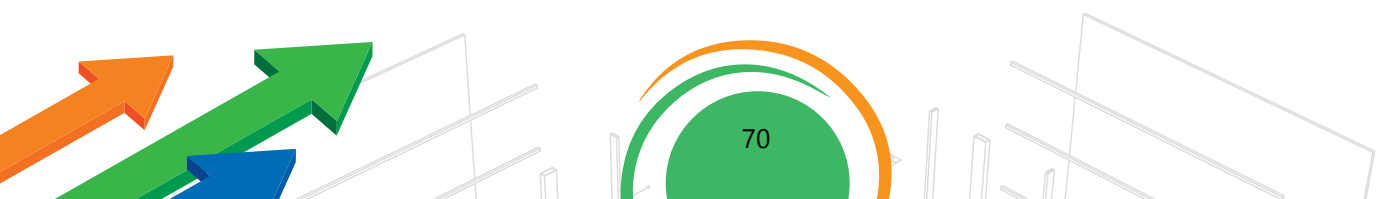
1. The Khabonina Old Age Home in Dihlabeng Municipality, which provides a nurturing environment for 25 cherished elderly people, was refurbished in collaboration with MSK Construction and Dihlabeng Municipality's Human Settlements unit. This establishment was previously known as Bohlokong Hospice, which served terminally ill patients in Bethlehem.
2. The HDA solicited donations from the business community to furnish a house that was handed over to an elderly resident of Nellmapius.

The HDA's dedication to social responsibility is demonstrated by these two programmes.

“

The HDA has developed an Occupational Health and Safety (OHS) Policy, as guided by the Occupational Health and Safety Act that will ensure a work environment that is safe and without risks to the health and safety of its employees and third parties.

”



B-BBEE Compliance Performance

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes/ No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	yes	The HDA is implementing an SMME development programme to empower designated groups and businesses in Occupational Health and Safety and New Venture Creation accredited by the Services Seta and Construction Seta. The HDA does not issue licenses, concessions and authorisations.
Developing and implementing a preferential procurement policy?	yes	This is implemented through the application of specific focus in our Bid Specification. Points are allocated in bids to favour a designated group when required.
Determining qualification criteria for the sale of state-owned enterprises?	no	The HDA does not determine these criteria.
Developing criteria for entering partnerships with the private sector?	yes	The HDA has entered into Memoranda of Understanding (MoUs) with organisations that represent women, youth, people living with disabilities and military veterans to identify areas of support needed.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	no	The HDA does not award grants, incentives or investment schemes in support of B-BBEE.



PART D

HUMAN RESOURCE MANAGEMENT



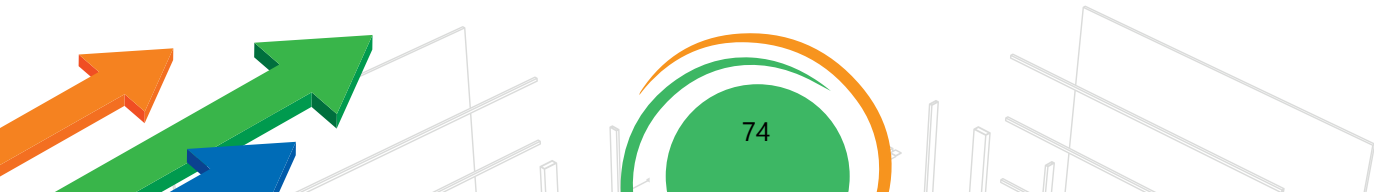
Introduction

The vision of Corporate Support is to provide strategic management and support services to the whole organisation with cutting-edge solutions that enable a client-centric culture within the HDA. The human resources (HR) function was established to contribute to the overarching strategic objective of building the organisation in the context of good governance and best practice. The intention is to provide advisory and hygiene factors for the promotion of good implementation of related prescripts and provision of resources of trade.

Human Resources ensures that the organisation's structures, systems, and procedures are responsive to client needs and are fulfilled in the most effective ways possible. Additionally, it has recently expanded its transformation agenda to include culture management as a strategic priority, given the level of transversal and strategic support it provides to the organisation. Furthermore, through human resources capabilities, Corporate Support strives to constantly develop and implement functions which support and enable operational efficiency and sustainability within the organisation.

Overview

The HDA implements all human resources initiatives based on the people strategy that addresses the HR value chain and strategic interventions intended to create a stable and innovative work environment.



Workforce strategy is driven through the assessment of the HR and skills demand plans to determine staffing needs, both in numbers and skills, maintaining competitive pay and benefits, and supporting the performance management and career development process. This includes current and future needs. The skills demand plan indicates the significance of the following skills:

Core	Support
Built environment engineering	Facilities, Occupational Health and Safety
Development implementation and packaging	Financial Management, Procurement and Project Finance
Land management and acquisition	Legal Services
Project and programme management	Strategy and Programme Planning and Performance
Subsidiary and beneficiary management	Monitoring and Evaluation
Town planning	People Management
	Marketing and Communication

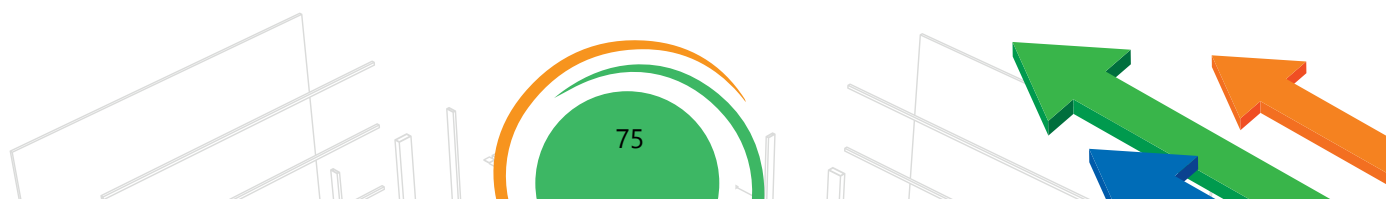
Organisational design is based on the regulatory framework the HDA complies with in respect of the Constitution Section 26, Housing Act, Housing Code, Special Planning & Land Use Management Act, Basic Conditions of Employment Act, Labour Relations Act, Employment Equity Act, Skills Development Act and Compensation for Occupational Injuries Act amongst others. It also considers the organisational strategy to package performance components required to implement the HDA mandate as elaborated in the annual performance plan.

Human Resources services: HR research is being conducted consistently to improve upon the delivery of HR services according to the basic HR value chain and implementation of career counselling to better guide the career journeys of talented staff.

HR technology: HR has introduced an e-induction portal and is on the brink of implementing e-recruitment. The employee assistance programme is driven cost-effectively with payroll being implemented via the Sage 300 people system.

HR Priorities and Impact

Priority	Impact
Improve culture and build a recognisable employer brand	<ul style="list-style-type: none"> Implementation of an HDA-wide change management programme to build the HDA brand. Clear key drivers of engagement Summarised Employee Value Proposition
Development of efficient learning and development strategy	<ul style="list-style-type: none"> Revised workforce skills and annual training plan Implementation of the following executive management development programme and the graduate programme
Re-enforce a high-performance culture	<ul style="list-style-type: none"> Incorporate values in the performance contract for all employees below management committee level Forecasted performance view/graph by a bell curve
Improve human resources governance systems	<ul style="list-style-type: none"> Talent attraction and acquisition strategy Approved Standard Operations Procedure Manual HR modernisation Revised Remuneration Strategy and related processes.



Employee Performance Management Framework

1. The purpose of the Performance Management Framework is several-fold:
 - (i) It is a compliance tool to document and formalise the performance planning and reporting requirements as required by legislation and regulation.
 - (ii) A tracking tool to monitor the implementation of the five-year strategic plan and the extent to which the HDA is achieving its strategic objectives and goals.
 - (iii) A management tool to guide the implementation of the strategy through the Annual Performance Plan.
 - (iv) A diagnostic tool to identify and correct underperformance.
 - (v) An accountability tool to facilitate individual and team performance by inter alia, identifying the roles and responsibilities in the performance management value chain.
2. The successful implementation of the performance management framework will provide the HDA with relevant and accurate information that is useful in evidence-based decision-making, planning and implementation of interventions.
3. Within the context of this purpose, the objectives of the Employee Performance Management System are to:
 - (i) Assist the HDA in meeting its organisational performance objectives
 - (ii) Instil and sustain a culture of performance delivery and output
 - (iii) Achieve sustainable service delivery
 - (iv) Ensure that the HDA is a performance-based organisation
 - (v) Ensure that every employee knows what is expected of him/her
 - (vi) Build and enhance the relationship between HDA employees and line managers

- (vii) Encourage and reward good performance
- (viii) Manage and remedy poor performance
- (ix) Enable employees to develop their abilities, increase job satisfaction and achieve their full potential for the mutual benefit of both employees and the HDA.

Employment Wellness Programme

- The management of the HDA supports and is committed to the overall health and wellbeing of its employees and promotes wellness amongst its employees.
- The HDA appointed a new Employee Wellness service provider and is in the process of launching the service offerings to employees.
- The services apply equally to all HDA employees, dependents, and significant others as detailed in the Employee Assistance Programme services.
- The Employee Wellness Programme (EWP) encourages self-referral, by employees to seek help for personal problems voluntarily and confidentiality is the cornerstone of the EWP.

Policy Development

Human Resources continues to evolve with new and changing laws, trends, and business needs and to this effect, the HDA continues to strengthen its governance and implementation of best practices via the 25 newly approved policies. The validity period of the policies runs for three years, with the Remuneration Policy being reviewed annually to consider rapidly changing patterns and factors for remunerating staff fairly.

Highlights

The Human Resources arm of the HDA aims to position the HDA as the employer of choice in the construction and housing fraternity. This is supported by the overall objective, as set out in its Recruitment Policy to ensure that its employment

practices and remuneration policies motivate and retain talented employees and create an attractive work environment. The following achievements are notable:

(a) Achievement 1: Management of the Internship Programme.

The HDA concluded the internship programme for 24 interns who started in April 2023-March 2024. The interns completed the programme and were recognised with certificates demonstrating the areas of practical exposure. The programme focused on the importance of skills development and its impact on uplifting the skill sets of learners

(b) Achievement 2: Stable Union/ Management relationship.

The General Industries Workers Union of South Africa (GIWUSA) union is the single and majority union and is confirmed by the recognition agreement. Union and management meetings are consistently facilitated to maintain a harmonious working relationship and attain case resolution swiftly. Approval was granted for union members to nominate new representatives due to ending the current union leadership's term.

(c) Achievement 3: Employment Equity (EE) status:

Efforts towards achieving EE targets demonstrate a significant inclusion of employees from African and Indian populations as follows:

- (i) The target for the African black employment equity category is at 88.83%, which exceeded the target by 9.93%.
- (ii) The Indian employment equity category is at 4.30% and there is overrepresentation by 1.6% of the total staff complement represented by this group.

The appointment of recruitment and training agencies for people living with disabilities is underway. Ordinary recruitment efforts are being pursued to address the shortages.

(d) Achievement 4: Formulation of sound people management policies:

The 25 reviewed policies were presented to GIWUSA for input. Approval was granted by the Board of Directors to give effect to implementation. Engagement sessions with various subsidiaries in the human settlements sector contributed insight into the management of people matters in the construction industry and to better benchmark critical areas for consideration in policy development.

Challenges

The critical issue for HR relates to the achievement of employment equity targets with respect to attracting prospective employees from Coloured, White and people living with disabilities populations. The journey towards reaching targets is as follows:

- (i) The target for the Coloured employment equity category is at 6.25%, which is underrepresented by 3.45% points.
- (ii) The White employment equity category is at 3.12% and is underrepresented by 5.58% of the total staff complement this group represents.
- (iii) The disability target is at 0.44% and underrepresented by 1.56% points.

Human Resource Oversight Statistics

Personnel Cost by Programme/Activity/Objective

Programme/ activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Administration	202,484	56,341	28%	56	1,006
Land Management and PDAs	2,129	18,251	57%	15	1,217
Programme Planning and Design Management and Regional Coordination	199,003	98,658	50%	110	897
Planning, Monitoring and Evaluation	30,471	14,430	47%	16	902

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top management	21,037	11%	9	2,337
Senior management	18,167	10%	12	1,514
Professional qualified	82,337	44%	72	1,144
Skilled	50,244	27%	77	653
Semi-skilled	2,229	1%	5	446
Unskilled	166	-	1	166
Temporary	14,445	8%	19	760
Interns	523	-	2	262
TOTAL	189,148	100%	197	7 281

Training Costs

Programme/ activity/ objective	Personnel Expenditure (R'000)	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee (R'000)
Administration	-	364	-	37	10
Land Management and PHDAs	-	10	-	5	2
Programme Planning and Design Management and Regional Coordination	-	631	-	55	11
Planning Monitoring and Evaluation and Inter	-	10	-	5	2
TOTAL	-	1,015	-	102	25

Employment and Vacancies

	2023/2024 No. of Employees	2023/2024 Approved Posts	2023/2024 Vacancies	% of Vacancies
Top management	9	2	2	1.01%
Senior management	12	5	5	2.53%
Professional qualified	72	52	16	26.39%
Skilled	77	34	18	17.25%
Semi-skilled	5	3	2	1.52%
Unskilled	1	-	-	-
Secondments	2	-	-	-
Temporary	19	-	-	-
Interns	-	-	-	-
Total	197	96	43	48.70%

1. The HDA endeavours to advertise vacancies in multiple media sources to attract suitable and qualified candidates from designated groups.
2. Recruitment methods include headhunting for top management, and scarce or critical skills.
3. Positions are advertised internally to encourage internal candidates to apply for more senior positions where they meet the minimum requirements.
4. Where possible, positions are filled by internal candidates, however, this is not always possible when the skills are not readily available within the organisation or where the skill set is not in alignment with all the job requirements.
5. The HDA is committed to developing its employees, so they progress to more senior positions or develop in areas beyond their job function. The HDA employees who show potential and display the necessary drive, motivation and competence which support career progression, will be encouraged to study further as part of a defined career-planning process.
6. The staff development strategy supports ongoing training and development opportunities aligned with enhancing job-related skills criteria as well as for career progression.
7. The study assistance programme in the form of bursary agreements to support continuous professional development and career growth is available to staff when approved.

Employment Changes

Level	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top management	9	1	-	9
Senior management	10	4	2	12
Professional qualified	80	29	18	72
Skilled	87	19	12	77
Semi-skilled	5	1	-	5
Unskilled	1	-	-	1
Secondments	-	2	-	2
Temporary	-	-	9	19
Interns	30	-	33	-
Total	222	56	74	197

Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
End of fixed-term contract	38	51%
Resignation	32	43%
Retirement	-	-
Dismissed	2	3%
Deceased	2	3%
Total	74	100%

1. The HDA has fixed-term contracts aligned to funding agreements with stakeholders.
2. Thirty-eight employee contracts were terminated within the period under review and included the interns who were appointed to a one-year internship programme.
3. Thirty-two employees resigned for better work opportunities and/or career growth.
4. The Counter-offer Policy guidelines are implemented where possible in cases where scarce and critical skills must be retained.

Labour Relations: Misconduct and Disciplinary Action

Reason	Number
Verbal warning	-
Written warning	5
Final written warning	9
Dismissal	2
Total	16

Employment Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	4	5	-	-	1	-	1	1
Senior management	4	7	1	2	-	-	-	-
Professional qualified	34	51	2	5	2	4	1	2
Skilled	19	28	3	9	2	3	-	-
Semi-skilled	2	1	-	-	-	-	-	-
Unskilled	-	12	-	1	-	-	-	-
Interns	-	-	-	-	-	-	-	-
Temporary	8	-	-	-	-	-	1	-
Secondments	1	-	-	-	-	-	-	-
Total	72	104	6	17	5	7	3	3

Employment Target and Employment Equity Status (continued)

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	3	3	-	2	-	-	-	1
Senior management	5	8	-	-	1	1	1	-
Professional qualified	29	51	1	6	2	4	1	1
Skilled	46	59	4	8	-	4	3	-
Semi-skilled	3	3	-	-	-	-	-	-
Unskilled	1	6	-	-	-	-	-	-
Interns	-	-	-	-	-	-	-	-
Temporary	9	-	1	-	-	-	-	-
Secondment	1	-	-	-	-	-	-	-
Total	97	130	6	16	3	9	5	2

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top management	-	-	-	1
Senior management	-	1	-	-
Professional qualified	-	-	-	1
Skilled	-	-	-	1
Semi-skilled	-	-	1	-
Unskilled	-	-	-	-
Interns	-	-	-	-
Temporary	-	-	-	-
Secondment	-	-	-	-
Total	-	1	1	3

1. The HDA endeavours to always meet its employment equity objective, however, due to capacity constraints, recruitment processes are delayed which has a negative effect on the appointment of key talent.
2. The procurement process to appoint a service provider to assist with the recruitment of people living with disabilities is underway.
3. A recruitment portal will be launched to fast-track the recruitment process.



PART E

PFMA COMPLIANCE REPORT



Irregular, Fruitless and Wasteful Expenditure

Irregular Expenditure

(a) Reconciliation of Irregular Expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	331,914	360,065
Adjustment to opening balances	-	37,609
Opening balance as restated	331,914	322,456
Add: Irregular expenditure confirmed	36,087	371,369
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	(361,911)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	368,001	331,914

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	36,087	371,369
Total	36,087	371,369

Enhancement of internal controls and cancellation of the emergency housing services project contract in Gauteng which was implemented in the 2020/21 financial year resulted in the significant reduction of irregular expenditure in the current financial period.

After the year end, the Board of Directors approved the derecognition of R37,6 million in irregular expenditure that was found to have complied with applicable procurement prescripts.

This amount consists of R1,8 million and R35,8 million incurred in 2020/21 and 2019/20 financial periods respectively.

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	-	-

Assessment, determination and investigation of irregular expenditure incurred in the current and prior years were concluded and consequence management was implemented and finalised in line with the HDA's human resources policies.

(c) Details of irregular expenditure condoned

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

No irregular expenditure was condoned during the current financial period as this process was in progress at the end of the period.

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	361,911
Total	-	361,911

The Board of Directors in terms of applicable prescripts approved the removal of irregular expenditure to the value of R705 million. This amount is composed of R361 million incurred in the 2022/23 financial period and R343 million incurred in prior years.

(e) Details of irregular expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

No irregular expenditure was recovered during the current financial period as value for money was derived from the transactions.

(f) Details of irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

No irregular expenditure was written off during the current financial period.

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

Description
None
Total

No instances of non-compliance were identified where the HDA was involved in an inter-institutional arrangement whereby the HDA was responsible for the non-compliance.

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

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

No instances of non-compliance were identified where the HDA was involved in an inter-institutional arrangement whereby the other institution was responsible for the non-compliance.

(i) Details of disciplinary or criminal steps taken as a result of irregular expenditure**Disciplinary steps taken**

Disciplinary steps were taken against officials responsible for irregular expenditure. No criminal steps were taken since no criminal or fraudulent conduct was identified.

Nine employees were subjected to consequence management processes during the financial period. Two of these employees who were responsible for the current year's irregular expenditure left before

the process was finalised due to resignation and employment contract that came to an end. The remaining seven employees who were responsible for the prior year's irregular expenditure were given sanctions that included five written warnings, two suspensions without pay and two final written warnings.

Fruitless and Wasteful Expenditure

(a) Reconciliation of Fruitless and Wasteful Expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	1,404	18,483
Adjustment to opening balance	-	337
Opening balance as restated	1,404	18,820
Add: fruitless and wasteful expenditure confirmed	742	67
Less: fruitless and wasteful expenditure recoverable	-	-
Less: fruitless and wasteful expenditure not recoverable and written off	(4)	(17,483)
Closing balance	2,142	1,404

Fruitless and wasteful expenditure incurred in prior years and discovered in the current financial period relate mainly to South African Revenue Service's penalties of R337 thousand. Duplicate payments of R1 million (incurred in 2019/20) and missing petty cash of R1,300 (incurred in 2020/21) were also discovered in the current financial period. The recovery process for duplicated payments and penalties is underway.

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	337
Fruitless and wasteful expenditure for the current year	742	67
Total	742	404

The assessment was finalised for all fruitless and wasteful expenditure identified during the current financial period. The balance for the current financial period is R738 thousand and R337 thousand for the prior period after some expenditure was written off in March 2024.

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

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	689	337
Fruitless and wasteful expenditure under investigation	-	-
Total	689	337

No fruitless and wasteful expenditure is under assessment and investigation at the end of the current financial period.

(c) Details of fruitless and wasteful expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	45
Total	-	45

An amount of R45 000 emanating from fruitless and wasteful expenditure of R51 thousand incurred during the prior period was recovered in the current year.

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

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	4	17,483
Total	4	17,483

The Board of Directors approved a write-off of R2,9 million on 4 March 2024 in accordance with the HDA's Debt Policy. This amount included R4 thousand for the current period and R67 thousand for the prior year while the remaining balance relates to other prior years.

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

Disciplinary steps were taken against officials responsible for fruitless and wasteful expenditure emanating from duplicate payments that occurred in prior years. No criminal steps were taken since no criminal or fraudulent conduct was identified.

Four employees were subjected to a consequence management process that was finalised during the financial period under review. This process resulted in sanctions that included a dismissal and final written warnings where employees were found guilty.

Late and/or Non-Payment of Suppliers

Description	Number of Invoices	Consolidated Value
		R'000
Valid invoices received	750	152,911,350.80
Invoices paid within 30 days or the agreed period	747	150,654,708.40
Invoices paid after 30 days or the agreed period	2	10,653,009.51
Invoices older than 30 days or the agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or the agreed period (unpaid and in dispute)	9	4,146,841.32

Supply Chain Management

Single Source and Emergency Procurement Appointments

Project Description	Name Of Supplier	Type Of Procurement By Other Means	Contract Number	Value Of Contract R'000
The provision of the township establishment on the farm Elandskuil 205 IP and 206 IP within the JB Marks Local Municipality, North West Province	Mamphela Development Planners	Single Source	RFP/NW/2017/007	R209,475.23
HDA partnerships with the University of Pretoria, for research purposes	University of Pretoria	Single Source	Not Applicable	R1,000 per hour
HDA partnerships with the University of Johannesburg, the University of Witwatersrand for research purposes	University of Johannesburg	Single Source	Not Applicable	R1,000 per hour
Construction of 62 military veterans units within various municipalities in the Limpopo Province	Capotex Construction	Single Source	HDA/ LIM/2021/012	R6,666,545.00
Appointment of a service provider for preliminary geotechnical undermining assessment for erven 2100 and 2101, Arckerville within the jurisdiction of eMalahleni Local Municipality in Mpumalanga Province	Council of Geoscience	Single Source	Not Applicable	R428,842.00
Physical Security Guarding Service on Portion 237 of 78 Farm Hartbeespoort No. 328 Stormvoel Road, Pretoria for two months	Calvin & Family Security	Emergency Procurement	Not Applicable	R321,308.00

Project Description	Name Of Supplier	Type Of Procurement By Other Means	Contract Number	Value Of Contract R'000
Appointment of Physical Security Guarding Service at Welkom and Bloemfontein, in the Free State Province for three months	South African Tiger Security	Emergency Procurement	Not Applicable	R2,293,506.45
Appointment of a service provider through a single source to complete beacon replacement at Palm Ridge extension 34 consisting of 103 erven within a city of Ekurhuleni Metropolitan Municipality in Gauteng Province	Tlou Integrated Tech CC	Single Source	RFP/JHB/2022/010	R79,964.25
Appointment of a service provider through a single source for services of opening and searching for assets and closing the storage facilities	Biddulph International	Single Source	Not Applicable	R34,906.00
Appointment of a service provider through a single source for services of opening and searching for assets and closing the storage facilities	Stuttaford Van Lines	Single Source	Not Applicable	R8,262.75
Appointment of Stuttaford Van Line through a single source process for six months on a month-to-month basis for the storage of office furniture, IT equipment and documents	Stuttaford Van Lines	Single Source	RFP/JHB/2022/010	R43,656.30
Appointment to attend 26 Southern Africa interest audit hybrid conference	The Institute of Internal Auditors South Africa	Single Source	Not Applicable	R14,950.00
Appointment of a service provider through a single source appointment for the provision of SAGE 300 ERP Solution for three months	Isitshixo Business Solutions	Single Source	Not Applicable	R52,518.38
Appointment for the provision of armed response services for seven months at the HDA North West Office.	Xpanded Security Solutions	Single Source	Not Applicable	R3,660.00

Project Description	Name Of Supplier	Type Of Procurement By Other Means	Contract Number	Value Of Contract R'000
Appointment of a service provider through a single source for storage of office equipment, HDA Cape Town	Biddulph International Pty	Single Source	HDA/WC/2023/S03	R418,872.00
Procurement of GIS software, products and licenses for the HDA through a sole service provider agreement arranged by National Treasury	ESRI South Africa	Single Source	HDA/HO/2023/S01	R8,374,300.00
Appointment of an auctioneer on a single source to assist the HDA with the disposal of the redundant movable assets	Automotive Auction World (Pty) Ltd	Single Source	HDA/HO/2023/S06	20% of the commission
Procurement of High-Resolution Satellite Imagery and Earth Observation Services	SANSA	Sole Source	HDA/HO/2023/S07	R850,000.00
Appointment for provision of Temporary Emergency Accommodation to support the victims of the April 2022 floods disaster in KZN	Astia Investment	Single Source	HDA/HO/2023/S08	R11,127,610.00
Appointment for provision of Temporary Emergency Accommodation (TEA) to support the victims of April 2022 floods disaster in KZN	Concost Development	Single Source	HDA/HO/2023/S09	R10,950,841.17
Provision of storage for office furniture, IT equipment and documents on monthly basis for a period not exceeding 12 months	Stuttaford Van Lines	Single Source	HDA/EC/2023/S010	R95,515.72

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
Provision of office space and parking for KwaZulu-Natal office	Delta Property Fund	Extension of time with financial implication (21.7%)	Not Applicable	R3,801,919.92	R824,222.52	R4,626,142.44
Provision of office space and parking for Free State Office	Spitskop Ontwikkeling	Extension of time with financial implication (29.8%)	Not Applicable	R5,059,200.00	R1,508,030.40	R6,567,230.40
Total						R11,193,372.84





PART F

FINANCIAL INFORMATION



Report of the Auditor-General to Parliament on the Housing Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Housing Development Agency set out on pages 101 to 168, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information 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 Housing Development Agency as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

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 public 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.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2024.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority 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 authority is responsible for assessing the public 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 public 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 97, forms part of our auditor’s report.

Report on the audit of the annual performance report

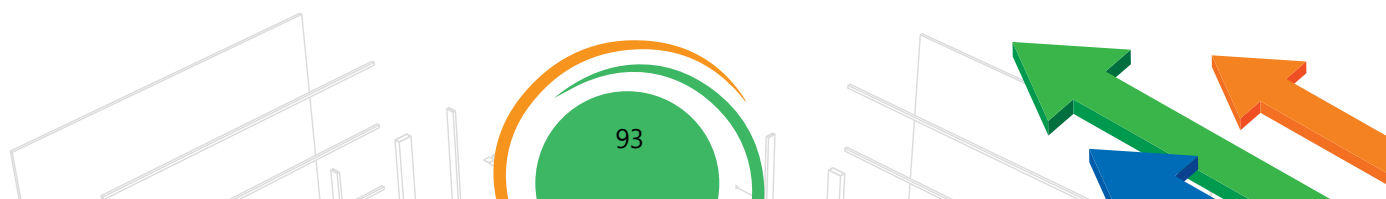
- 12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

- 13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the public entity’s performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2 - Land assembly and PDA’s	36 - 38	This programme facilitates access to well-located land for human settlements development, through land acquisition and rezoning within PDA’s.

Programme	Page numbers	Purpose
Programme 3 - Programme planning and design and regional coordination and human settlement implementation support services	39 - 42	This programme plans, designs, manages and implements priority programmes and provides access to adequate housing through a range of programmes.

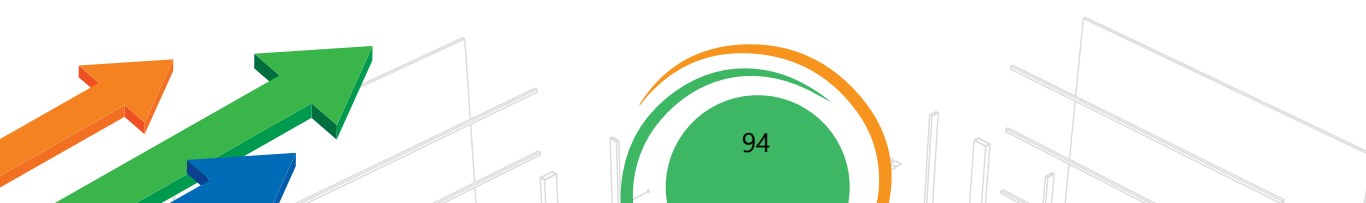
- 14. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity’s planning and delivery on its mandate and objectives.



15. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the entity'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/ measures taken to improve performance
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
17. I did not identify any material findings on the reported performance information.

Other matter

18. I draw attention to the matter below.
19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under-achievements.



Programme 2 - land assembly and PDA's.

Key service delivery indicators not achieved	Planned target	Reported achievement
<i>Targets achieved: 60%</i> <i>Budget spent: 94%</i>		
Number of hectares of well-located land acquired within PDAs	500 hectares of well-located acquired land within PDAs	316.2926 hectares of well-located acquired land within PDAs
Percentage of the 1786.1527 ha of land acquired during 2014 - 2019 falling within PDAs rezoned	100% of 1786.1527 ha of land acquired during 2014- 2019 falling within PDAs rezoned	1% of the 1786.1527 ha of land acquired during 2014 - 2019 falling within PDAs rezoned

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
21. 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.
22. 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 public entity, 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.
23. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements and Annual Report

24. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.

Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. 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.

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

Other reports

34. I draw attention to the following engagement conducted by various parties. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
35. On the 15 January 2024, Minister of Human settlements: Ms MT Kubayi requested the Housing Development Agency to conduct lifestyle audits on the following employees: Executive management, Senior managers and SCM employees as at 31 March 2024, the audits have not started, the matter has been referred to SIU to conduct the audit by the Chairperson of the Audit and Risk Committee.

Internal control deficiencies

29. 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.
30. The matters reported below are limited to the significant internal control deficiencies that resulted in the material finding on compliance with legislation included in this report.
31. Leadership did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.
32. Management did not adequately prepare regular, accurate and complete financial reports that are supported by reliable information resulting in material adjustments to the annual financial statements.
33. Management did not adequately review and monitor compliance with applicable laws and legislation.

Auditor-General

Pretoria
31 July 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-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 entity'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 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entity to . express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority 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 authority 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.

From the matters communicated to those charged with governance, I determine those matters that

were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Compliance with legislation - selected legislative requirements

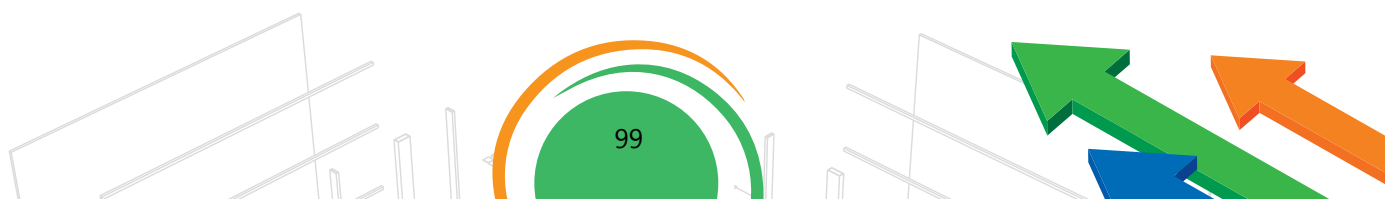
The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulation, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.3.3; 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.8; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1
Preferential Procurement Regulations, 2022	Regulation 4.4; 5.4
National Treasury Instruction No.1 of 2021/22	Paragraph 4.1
National Treasury SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2(b); 7.2
National Treasury SCM Instruction 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 5 of 2009/10	Paragraph 3.3
Second amendment of National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9

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The reports and statements set out below comprise the annual financial statements presented to the Minister:

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General Information

COUNTRY OF INCORPORATION

South Africa

LEGAL FORM OF ENTITY

Schedule 3A entity listed in terms of the PFMA

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Accelerating the development of sustainable human settlements through land assembly, building and property acquisitions, and project management support services.

THE FOLLOWING IS INCLUDED IN THE SCOPE OF OPERATION

Identify, acquire, hold, develop and release well-located land and buildings, provide project management support and housing development services.

CONTROLLING ENTITY

Department of Human Settlements

MEMBERS OF THE ACCOUNTING AUTHORITY

Hosi P Ngove Board Chair from 12 July 2023
Ms N Maharaj
Ms M Dumakude
Mr R Makan
Mr V Rabothata from 11 April 2023
Dr A Mahapa from 11 June 2023
Mr B Khenisa - Chief Executive Officer
Ms J Masemola - Chief Financial Officer

REGISTERED OFFICE

4 Kikuyu Road Sunninghill,
Sandton Johannesburg
2157

PHYSICAL ADDRESS

4 Kikuyu Road Sunninghill,
Sandton Johannesburg
2157

BANKERS

First National Bank Ltd

AUDITORS

Auditor-General South Africa

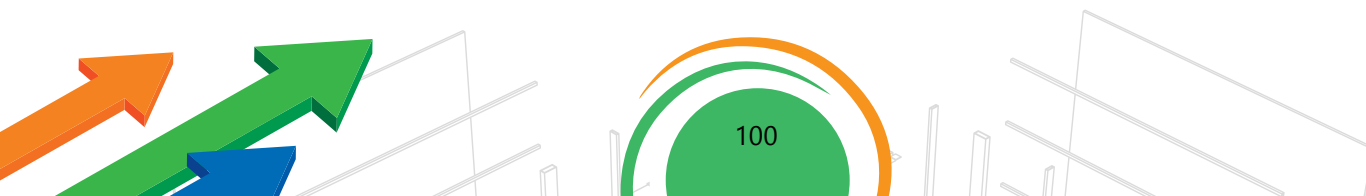
COMPANY SECRETARY

Ms Z Mbanjwa

BUSINESS ADDRESS

P.O. Box 3209
Houghton
2041

ANNUAL FINANCIAL STATEMENTS PREPARED BY: HDA Management



Statement of Financial Position

Figures in R'000	Note(s)	31 March 2024	Restated 31 March 2023
Assets			
Non-Current Assets			
Property, plant and equipment	1	142 488	49 128
Intangible assets	2	254	718
		1 142 742	50 846
Current Assets			
Receivables from exchange transactions	3	299 089	276 657
Trust funds	5	596 144	492 045
Cash and cash equivalents	6	871 797	1 963 664
		1 767 030	2 732 366
Total Assets		1 909 772	2 782 212
Net Assets and Liabilities			
Net Assets			
Accumulated surplus		270 646	270 317
		270 646	270 317
Non-Current Liabilities			
Finance lease obligations	7	1 459	-
Payables from exchange transactions	10	32 038	-
		33 497	-
Current Liabilities			
Payables from exchange transactions	10	1 585 594	2 504 125
Current portion of finance leases	7	351	-
Provisions	11	19 012	6 709
Operating lease payable	4	672	1 061
		1 605 629	2 511 895
Total Liabilities		1 639 126	2 511 895
Total Net Assets and Liabilities		1 909 772	2 782 212

Statement of Financial Performance

Figures in R'000	Note(s)	31 March 2024	Restated 31 March 2023
Revenue		464 374	480 382
Revenue from non-exchange transactions		243 649	242 716
Transfer from controlling entity	12	243 649	242 716
Revenue from exchange transactions		220 725	237,666
Provinces support conditional grant	12	131 800	165 907
Project management fees	13	52 399	50 874
Fund management fees	14	2 494	4 067
Interest income	15	24 184	11 487
Other income	16	9 848	5 331
Expenditure		463 803	379 755
Operating expenses	17	202 403	141 860
Land and related costs	18	19 780	14 332
Technical and project services	19	53 867	50 642
Finance costs	20	78	19
Employee costs	21	187 675	172 902
Other expenditure			
Deficit on disposal of property, plant and equipment		283	350
Total other expenditure		283	350
Surplus from grant funding		288	100 277
Surplus for the year		288	100 277

Statement of Changes in Net Assets

Figures in R'000	Accumulated surplus	Total
Balance as at 01 April 2022	170 961	170 961
System consolidation adjustments	235	235
Surplus for the period	99 353	99 353
Balance at 31 March 2023	270 549	270 549
Prior period errors - (Note 39)	(225)	(225)
Prior period error adjustment	(7)	(7)
Restated balance at 31 March 2023	270 317	270 317
System consolidation adjustments	41	41
Surplus for the period	288	288
Balance at 31 March 2024	270 646	270 646

Statement of Cash Flow

Figures in R'000	Note(s)	2024	Restated 2023
Cash flows from operating activities			
Receipts		249 800	414 742
Grants		375 449	371 036
Fund management fees recovery		2 494	(8 574)
Management fees		23 379	49 434
Interest income		22 800	-
Other income		8 540	2 846
Increase receivables		(182 862)	-
Payments		(1 230 209)	(395 550)
Employee costs		(186 773)	(173 017)
Cash paid to suppliers		(1 043 436)	(116 760)
Land and related costs		-	(11 734)
Technical and project services		-	(33 682)
Deposits with conveyancers pending land transfers		-	(60 357)
Cash generated/(utilised) in operations	26	(980 409)	(5 879)
Interest received		-	9 101
Interest paid - finance charges on finance leases		-	(19)
Net cash inflows/(outflow) from operating activities		(980 409)	3 203
Cash flows from investing activities			
Property, plant and equipment acquired		(111 186)	(3 851)
Intangible assets acquired		(271)	(1 107)
Proceeds on disposal of property, plant and equipment		-	46
Net cash inflows (outflow) from investing activities		(111 457)	(4 912)
Decrease in cash and cash equivalents		(1 091 866)	(1 709)
Cash and cash equivalents at beginning of the year		1 963 663	1 965 372
Cash and cash equivalents at end of the year	6 & 5	871 797	1 963 663

Statement of Comparison of Budget Information with Actual Information - 31 March 2024

Figures in R'000

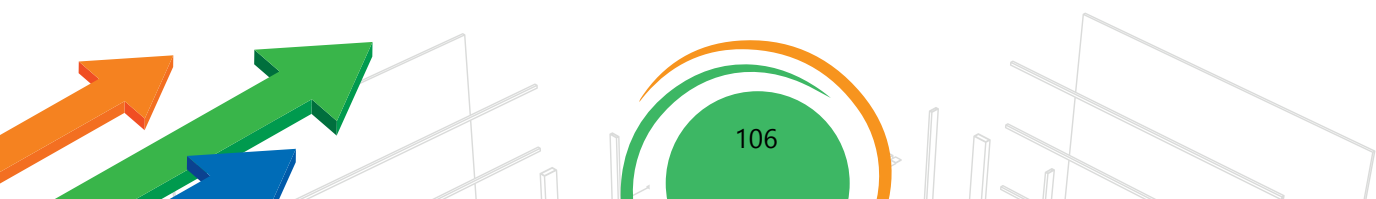
Note(s) 31 March 2024

	Approved budget	Adjusted Budget	Final Budget	Actual	Variance	Variance %
Operating Revenue						
Operational grant - NDHS	243 649	-	243 649	243 649	-	0%
Provinces support conditional grant	181 287	43 054	224 341	131 800	(92 541)	-41%
Project management fees	47 251	3 300	50 551	54 893	4 342	9%
Interest income	5 000	10 201	15 201	24 184	(8 983)	-59%
Other income	1 000	6 213	7 213	9 848	(2 635)	-37%
Total revenue	478 187	62 768	540 955	464 374	(99 817)	-18%
Expenditure						
Advertising & Marketing	4 077	(860)	3 217	1 091	(2 126)	-66%
Agency Support - Outsourcing	3 580	(963)	2 617	1 024	(1 593)	-61%
Impairment (Bad Debts)	-	-	-	69 163	69 163	-100%
Depreciation	2 304	(1 262)	1 042	4 717	3 675	353%
Amortisation	-	-	-	735	735	-100%
Assets Below R5 000	243	-	243	89	(154)	-63%
Auditor remuneration	780	7 452	8 232	8 550	318	4%
Bank charges	160	36	196	158	(38)	-19%
Board Costs	1 965	(50)	1 915	940	(975)	-51%
Catering & Conferences	3 801	359	4 160	2 809	(1 351)	-32%
Communications	801	(17)	784	491	(293)	-37%
Computers services	8 742	5 435	14 177	15 659	1 482	10%
Consultants - Technical	41 610	52 428	94 038	53 867	(40 171)	-43%
Consultants - Operational	33 407	(2 881)	30 526	23 995	(6 531)	-21%
Contractor - Operational	3 926	(1 010)	2 916	3 143	227	8%
Insurance	1 500	100	1 600	1 601	1	0%
Leasing charges	1 171	(163)	1 008	536	(472)	-47%
Legal Fees	8 400	7 876	16 276	13 000	(3 276)	-20%
Office rental	18 983	(2 592)	16 391	13 733	(2 658)	-16%
Penalties	-	-	-	1 030	1 030	-100%
Printing & Stationery	1 152	(16)	1 137	937	(200)	-18%
Repairs, refurbishment & Maintenance	1 328	(264)	1 064	529	(535)	-50%
Staff Recruitment	7 465	(1 980)	5 485	1 468	(4 017)	-73%
Other office expenses	2 090	814	2 903	4 009	1 106	38%
Temporary Staff	22 549	(1 291)	21 258	14 968	(6 290)	-30%
Training & staff development	2 363	347	2 710	1 506	(1 204)	-44%
Travel & Accommodation	20 690	770	21 460	16 600	(4 860)	-23%
Employee costs	262 020	1 549	263 569	187 675	(75 894)	-29%
Land & related	13 505	3 777	17 282	19 780	2 498	14%
Deficit on disposal of PPE	150	-	150	283	133	89%
Assets (PPE) purchases	9 425	(4 826)	4 599	4 602	3	0%
Total expenditure	478 187	62 768	540 955	468 688	(72 267)	-13%

Statement of Comparison of Budget Information with Actual Information - 31 March 2024

Figures in R'000
Note(s) 31 March 2024

Add: Non-Cash items	95 274
Depreciation	4 717
Leave, Audit & Bonus provision	19 995
Loss on disposal of PPE	283
Assets written off & bursary written off	381
Amortisation	735
Bad debts	69 163
Surplus for the year	90 960



Accounting Policies

Reporting entity

The Housing Development Agency is a section 3A entity of the PFMA, Act 1 of 1999. The principal activity is accelerating the development of sustainable human settlements through land assembly, building and property acquisitions, and project management and support services.

1. Presentation of Annual Financial Statements

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) issued by the Accounting Standards Board in terms of section 91(1) of public finance Management Act (Act No.1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues, expenses were not offset, except where offsetting is either required or permitted by standard GRAP.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of the GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Management has concluded that the financial statements fairly present the entity's financial position, financial performance and cash flow for the year ended 31 March 2023. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

1.2 Presentation Currency

The financial statements are presented in South African Rand, which is the functional currency of the Agency. Amounts in the financial statements are rounded to the nearest One thousand Rand.

1.3 Materiality

Items are considered to be material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item or a combination of both could be the determining factor.

Assessing whether an omission or misstatement could influence decision of users, and so be material, requires consideration of the characteristics of those users. The framework for the preparation and presentation of financial statements (GRAP1) states that the users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decision.

1.4 Significant judgement and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Estimates are informed by historical experience, information currently available to management, assumptions and other factors that are believed to be reasonable under the circumstances. These

Accounting Policies

estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements:

1.4.1 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 of the accounting policy.

1.4.2 Contingent liabilities

Contingent liabilities are recognised in the notes to the financial statements when there is a possible obligation that arises from a past event and whose existence will be confirmed at the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity or where 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 where there is a liability that cannot be recognised because it cannot be measured reliably.

1.4.3 Depreciation and amortisation

At the end of each financial year, management assesses whether there is any indication that the entity's expectations about the residual value and useful life of assets included in property, plant and equipment have changed since the preceding reporting date. If any such indication exists, the change is accounted for as a change in accounting estimate in accordance with the Standards of GRAP on accounting policies, change in accounting estimates and errors. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

1.4.4 Effective interest rate

The entity uses an appropriate interest rate, taking into account guidance provided in the Standards, and applying professional judgement to the specific circumstances, to discount future cash flows. The entity used the prime interest rate to discount future cash flows of receivables at year-end.

1.4.5 Impairment of trade and other receivables

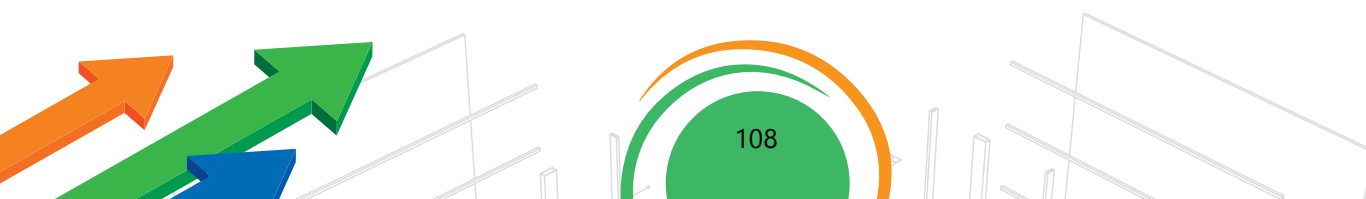
For trade and other receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the carrying amount of the trade receivable and the expected amount to be received in future. When a trade receivable is uncollectable, it is written off against the surplus or deficit in the year. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance. The present value of estimated future cash flows is not calculated, as the potential timeframes of receiving future payments are not certain and can vary materially, based on past experience.

1.4.6 Incidental Revenue

The Agency identifies, acquires and holds land on behalf of the clients. To avert the risk of the land invasions, the Agency enters into rental agreements with small businesses in the area to temporarily use part of the land for their business purposes. The nature of businesses include small scale business ventures. The rental income from these land parcels are recognised in project obligations. The funds are used to fund incidental expenditure to maintain these land parcels.

1.4.7 Going Concern

Management considers key financial metrics and approved medium-term budgets, together with the Agency's dependency on the grants from national and provincial departments, to conclude that the going concern assumptions used in the compilation



Accounting Policies

of its annual financial statements, is appropriate. These annual financial statements have been prepared based on the expectation that the entity will continue to operate as going concern for at least the next 12 months.

1.5 Impairment property, plant and equipment

During the annual physical verification of assets, management assesses each asset and make judgement of the condition of each asset. Conditional assessment reports are used to assess whether there are indications of impairment of an item of PPE. When indications exist, the calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

1.6 Budget information

A difference of 10% or more between budget and actual amounts is regarded as material. All material differences are explained in the notes to the annual financial statements.

1.7 Operating lease commitments - Agency as lessor or lessee

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received or paid under operating leases are recognised in statement of financial performance on a straight-line basis over the period of the lease.

1.8 Services in-kind

Except for financial guarantee contracts, the agency recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably. Where the fair value of the assets cannot

be measured reliably the service in kind is not recognised.

Where services in-kind are not significant to the agency's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, and the fair value of the assets cannot be measured the agency discloses the nature and type of services in-kind received during the reporting period.

1.9 Segment Reporting

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

1.10 Principal-Agent relationships

HDA assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Accounting Policies

1.11 Standards and pronouncements comprising the GRAP Financial Reporting Framework

The following GRAP pronouncements applicable to the Agency were approved and became effective as at 31 March 2024:

GRAP	STANDARDS	IMPACT	EFFECTIVE DATE
GRAP 1	Presentation of Financial Statements	The Guideline on The Application of Materiality to Financial Statements.	1-Apr-23
IGRAP 21	The Effect of Past Decisions on Materiality	Explains whether past decisions about materiality can affect the future.	1-Apr-23
GRAP 25 and (IGRAP 7)	Employee Benefits	Changes predominantly on Defined Benefit plans.	1-Apr-23
Improvements to Standards of GRAP (2020)	Improvements to Standards	Minor amendments aligned from international standard-setters as well as local stakeholder input	1-Apr-23

The following IGRAP standards have been approved but not yet effective as at 31 March 2024:

IGRAP	STANDARDS	IMPACT	EFFECTIVE DATE
GRAP 104	Financial Instruments	The transitional provisions require adoption of the revised Standard taken as a whole.	1-Apr-25
GRAP 1	Presentation of Financial Statements		1-Apr-24

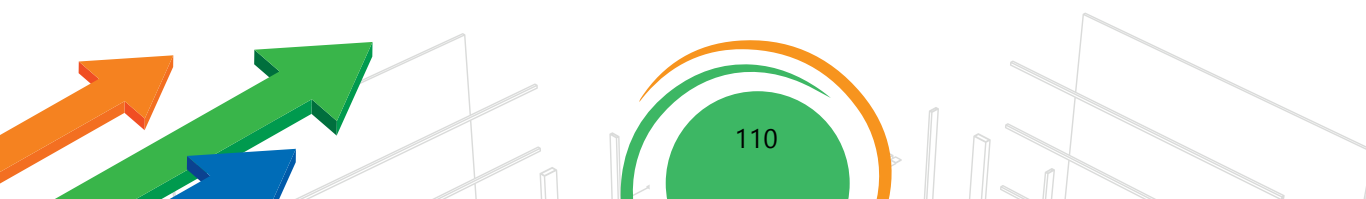
2. Revenue recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. Revenue comprises the fair value of consideration received or receivable for services offered or for the use of the entity's' assets in the ordinary course of its activities

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.



Accounting Policies

The HDA is financed from money appropriated by Parliament and other sources as indicated below:

2.1 Revenue from exchange transactions

Revenue from exchange transactions refers to the revenue that accrued to the HDA directly in return for services rendered, the value of which approximates the consideration received or receivable. Revenue is recognised based on cost recovery.

Revenue from exchange transactions comprises of, Provinces support conditional grant, Management fees, Interest income, rental income and other income.

2.1.1 Human Settlements Conditional Grant Allocation For Project Management Support and Implementation (HSDG)

The HDA receives conditional grant funding from provinces in terms of signed MTOP agreements. The conditional grants are treated as liabilities in the statement of financial position in the year it was received or accrued and released to revenue as the expenses are incurred or to the extent that the conditions are met.

2.1.2 Management fees

Management fees are raised in terms of funding agreements and implementation protocols entered into with provinces and municipalities for the management and implementation of various capital projects

Management fees are recognised by reference to the stage of completion of projects which is reliably estimated through expenditure incurred at each stage of capital projects.

2.1.3 Interest Income

Revenue arising from the use by others of entity interest yielding assets is recognised to the extent that it is probable that the economic benefits or service potential will flow to the entity and the

revenue can be reliably measured.

Interest income is recognised as it accrues on a time apportionment basis taking into account its effective yield.

2.1.4 Other income

Other income comprises of insurance claims and other incidental income. Insurance claims and other incidental income are recognised in the financial period in which the claim was raised when it is probable that the economic benefits associated with the claim will flow to the entity and it can be reliably measured.

2.1.5 Rental income

Rental income from land and properties owned by the HDA is accrued on a straight-line basis over the period of lease agreements, unless another systematic basis is more representative of the time pattern in which a use benefit derived from the leased assets is diminished.

The Agency identifies, acquires and holds land on behalf of the clients. To avert the risk of the land invasions, the Agency enters into rental agreements with small businesses in the area to temporarily use part of the land for their business purposes. The nature of businesses include small business ventures. The rental income from these land parcels are recognised in project obligations. The funds are used to fund incidental expenditure to maintain these land parcels.

2.1.6 Fund management fees

Fund management fees are raised in terms of funding agreements entered with provinces for the management of funds received for the implementation of various capital projects.

Fund management fees are recognised by reference to a fixed percentage on expenditure incurred throughout the programme.

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2.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the HDA received revenue from another party without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants from government are recognised at fair value of the consideration received when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received. The HDA receives an unconditional grant from National Department of Human Settlements.

3. Taxation

The HDA is not required to make provision for SA Normal Taxation in the annual financial statements, since it is exempted in terms of Section 10(1) cA (i) of the Income Tax Act 58 of 1962 as amended.

The HDA is defined as a public authority in terms of the VAT Act 89 of 1991 as amended and is not required to register for VAT (Value Added Tax). The HDA is also exempt from paying Skills Development Levy in terms of Section 4 (d) of the Skills Development Levies Act no. 9 of 1999.

4. Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the entity; and

- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Where an asset is acquired at no or nominal cost, its cost is its fair value as at the date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment, except for paintings, is carried at cost less accumulated depreciation and impairment losses.

Recognition of costs in the carrying amounts of an item of property, plant and equipment ceases when an item is not location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is depreciated on a straight-line basis over their expected useful lives to their estimated residual values. Depreciation commences when the asset is ready for its intended use.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately. Where the carrying value is greater than estimated recoverable amount, it is written down immediately to its recoverable amount. The useful lives of all the assets are assessed on an asset by asset basis. The major categories of assets are depreciated over the following average useful lives:

Class of Asset Average useful life

	Minimum	Maximum
Land		
Developed land	Infinite	Infinite

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	Mininum	Maximum
Undeveloped land	Infinite	Infinite
Buildings and Building Components (including air conditioning systems)	20	100
Computer equipment	2	30
Office equipment	2	30
Furniture & fittings	2	30
Electronic hardware	2	30
Leasehold improvements	2	30
Other	2	30

The residual value, the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The Agency conducts asset audits bi-annually and assess property plant and equipment for impairment. If there are any indications of impairment the Agency estimates the recoverable service amount of the asset. If the asset's carrying value exceeds its recoverable amount, the asset is impaired. In the assessing whether there is any indication that an asset may be impaired, the Agency considers all sources of information. The impairment loss is charged as an expense in the Statement of Financial Performance.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefit or service potential of items of property,

plant and equipment are expensed as incurred.

5. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity, and
- the cost of the asset can be measured reliably.

An asset is identifiable if it is either:

- Separable - capable of being separated or divided from an entity and sold, transferred, licenced, rented or exchanged, either individually or together with a related contract, identifiable assets or liability regardless as to whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the group or from other rights and obligation.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract. Intangible assets are initially recognised at cost.

Intangible assets are purchased computer software and licences that is stated at cost less accumulated amortisation and any accumulated impairment losses. It is amortised over its estimated life or over the licence period.

Item	Average useful life
Computer Software	1- 3 years
Licences	Over the licence period

The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the assets; and
- * Residual value can be determined by reference

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to that market; and

- * It is probable that such a market will exist at the end of the asset's useful life.

Useful lives, amortisation methods and residual values of assets are re-estimated annually to finite periods. The depreciable amount of an intangible asset with finite useful life shall be allocated on a systematic basis over its useful life. Amortisation shall begin when the asset is available for use. The assets are then amortised over their re-assessed useful lives.

An intangible asset shall be derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss on derecognition on an intangible asset is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

At each statement of financial position date, the carrying amounts of intangible assets are reviewed to determine whether there is any indication that those assets may have been impaired. If the fair value less costs to sell of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its fair value less costs to sell. An impairment loss is recognised immediately in surplus or deficit.

Software Licenses for periods not more than 12 months are recognised as expenses and allocated to the statement of financial performance over the duration of the period covered by the license.

6. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other

leases are classified as operating leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Classification of leases is done at the inception of the lease agreement.

7. Finance leases

Assets acquired in terms of finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance lease assets are carried at the initial cost recognised less accumulated depreciation and impairment losses. Finance lease assets are depreciated over the shorter of the useful life of the asset or the lease term unless the asset is expected to be used by the entity beyond the term of the lease.

The major categories of leased assets are depreciated using the following range of useful life:

Item	Average useful life
Office equipment	2 - 3 years

8. Operating leases – lessee

Leases for assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset.

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9. Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

10. Provisions

A provision is a liability of uncertain timing or amount.

Provisions are recognised when:

- the entity has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required for settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the

provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Provisions are not recognised for future losses.

11. Leave payable

Employee entitlement to annual leave is recognised when it accrues to employees. An amount payable, based on total employment cost, is raised for the estimated liability as a result of services rendered by employees up to date of the statement of financial position.

12. Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Commitments are future liabilities that will arise from existing contracts where performance or deliverables under such contracts will be performed subsequent to year-end.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation in a note to financial statements if the following criteria are met:

- Contract should be non-cancellable or only cancellable at significant cost, and
- Contracts should relate to something other than the routine, steady, state business for the entity.

Commitments are not recognised as a liability in the statement of financial position but disclosed in the notes to the annual financial statements. Amounts disclosed in respect of commitments are measured on the basis of the contractual provisions and where applicable expected future escalation may be included to fairly state the liability that will

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subsequently arise.

Lease commitments are derived from the signed lease agreements based on the future premiums.

Commitments value is based on system purchase orders that are open at year end. For Multi-year Funding Agreements where the commitment amount cannot be determined at year end, a disclosure is made to this effect and a list of all long-term funding contracts where purchase orders have not been issued at year end is maintained.

13. Contingent liabilities and assets

13.1 Contingent Liabilities

A contingent liabilities 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 wholly within the control of the entity, or
- A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes to the financial statements when it is possible that economic benefits will flow from the entity, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

13.2 Contingent assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the entity.

Contingent assets are not recognised but are disclosed where an inflow of economic benefits or service potential is probable.

14. Land

14.1 Land owned by the HDA

Land purchased and controlled by the HDA utilising its own funds for the purpose of future residential development and where there is uncertainty regarding date of release is classified as Property Plant and Equipment in line with the HDA mandate and accounted for in accordance with GRAP 17. Control of land is determined by applying GRAP18 and is evidenced by the following criteria: legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land. Initial Recognition is at cost. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition. Where the entity concludes that it does not control land after recognising it in its books, but land is currently recognised as an asset in its statement of financial position, the land is derecognised. Land is derecognised as an asset from the statement of financial position in accordance with GRAP 17.

14.2 Land held on behalf of the principal:

Accounting by principals and agent

A principal-agent arrangement exists where there is a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal). The HDA acquires and holds land in terms of signed agreements on behalf of provinces and municipalities in order to release it for future human settlement development. The Agency is considered an agent in terms of the circumstances of these arrangements.

Where the HDA is the agent to the transaction, only the portion of revenue (conditional grant) it receives and expenses it incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

Land assets acquired by the Agency in terms of the signed agreements on behalf of provinces

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and municipalities are not classified as assets in the accounting records of the HDA due to the relationship between the Agency and its clients, the Land is disclosed as a note to the financial statements as per requirement of GRAP 109.

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the HDA is an agent. The HDA is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Binding arrangement

Principal-agent arrangements are governed by a binding arrangement. The HDA assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. Substance over form is applied.

The requirements of these binding arrangements, particularly the rights and obligations established for the various parties, inform the HDA's assessment of whether it undertakes transactions for its own benefit, or for the benefit of another entity. The terms and conditions of the binding arrangement are assessed to determine the roles, responsibilities and authority of parties in relation to the activities and resulting transactions undertaken in terms of that arrangement.

Recognition

The HDA, as an agent, recognises only that portion

of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The HDA recognises assets and liabilities arising from principal agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

15. Related parties

The HDA operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties. Transactions disclosed are those occurred with parties not at arms length and not normal commercial terms.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of Executive Committee up to the Accounting Authority are regarded as key management. Close members of the family of persons related to the entity may influence, or be influenced by them in their transactions with the entity.

16. Finance costs

Finance costs are charges incurred by the HDA in connection with finance lease liabilities, and are recognised as an expense in a period which they are incurred.

17. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or residual interest of another entity.

Initial recognition

The entity recognises a financial asset or a financial

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liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting. Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

18. Receivables

Receivables from exchange transactions

Receivables are classified as loans and receivables and are initially measured at transaction value. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The allowance for debtor impairment is determined as being the difference between the present value of the expected future cash receipts and the carrying value. Bad debts are written off when concrete cases of default are identified. Gains and losses are recognised in surplus and deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Receivables from non-exchange transactions

Receivables are classified as loans and receivables and are initially measured at transaction value. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are subsequently measured at amortised cost using the effective interest rate method. The allowance for debtor impairment is determined as being the difference between the present value of the expected future cash receipts and the carrying value. Bad debts are written off when concrete cases of default are identified. Gains and losses are recognised in surplus and deficit when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

19. Payables

Payables from exchange transactions

The entity's financial liabilities include payables which are initially measured at fair value and subsequently measured at amortised cost.

Payables from non-exchange transactions

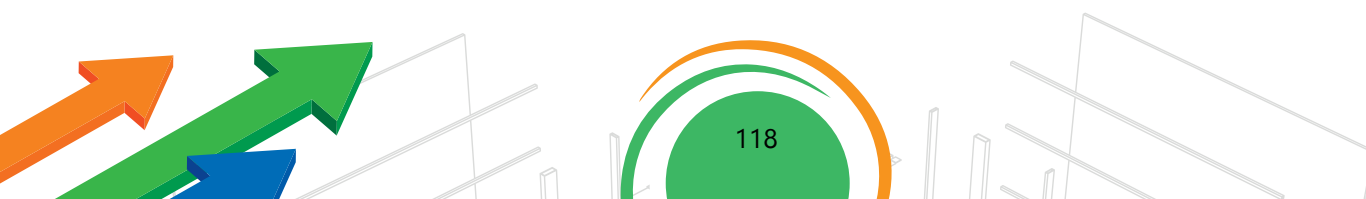
The entity's financial liabilities include payables which are initially measured at fair value and subsequently measured at amortised cost.

20. Cash and cash equivalents

Cash and cash equivalents, comprise cash on hand and deposits held on call with banks, net of bank overdrafts, all of which are available for use unless otherwise stated. These are initially and subsequently recorded at cost which equates fair value.

21. Offsetting

Transactions are only offset when such offsetting reflects the substance of the transaction or event. Where a legally enforceable right of offset exists



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for recognised financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or settle on a net basis, all related financial effects are offset.

22. Employee benefits

22.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

22.2 Retirement benefits

The HDA is a member of the Government Employees Pension Fund (GEPF) and the Liberty Corporate Selection Umbrella Provident Fund. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to these funds. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Liberty Corporate Selection Umbrella Provident Fund

This is a defined contribution plan. The entity pays monthly contributions to the Liberty Provident Fund and these contributions are expensed in the Statement of Financial Performance in the year in which they relate. The only obligation of the entity with respect to this retirement plan is to pay over the specified contributions to the fund. The actuarial and investment risk falls on the employees.

Government Employees Pension Fund (GEPF)

This is a defined benefit plan. The entity accounts for this defined benefit state plan as a defined plan, as there is no consistent and reliable basis for allocating the obligation, plan assets and cost to the individual employers participating in the plan and the plan exposes the participating employers to actuarial risks associated with the current and former employees of other employers participating in the plan. The only obligation of the entity with respect to this state plan is to pay over the contributions in accordance with the fund rules. The total expense recognised in the Statement of Financial Performance represents contributions payable to the plan by the entity at rates specified in the rules of the plan. These contributions have been expensed under employee related costs in the year in which they relate.

23. Events After Reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

24. Project Obligations

Project Obligation is raised on receipt of a signed MTOP or funding agreement, cash and Implementation Protocol, with clear deliverables. These funding agreements and the subsequent receipt of funds is the basis for the recognition of the project obligation. The obligation will be discharged in the financial year.

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Initial recognition and measurement

Project obligations are recognised as a current liability to the extent that the HDA is obliged to deliver a service of equal value to the project funder or repay the amount received if project is not delivered.

Project funds are kept separately and any interest accrued on the funds is due to the project funder. These project funds are matched to the project expenses until the project is completed and closed off.

Subsequent measurement

Project obligation is subsequently measured at cost plus interest earned.

25. Financial Risk Management

The Agency has limited exposure to financial risks as a consequence of its operations. Namely, liquidity risk, credit risk and interest rate risk. The Agency's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its performance. Financial risk management is carried out under approved finance policies that ensures financial practices directed as minimising the identified risks in relevant areas.

26. Budget information

The HDA is typically subject to budgetary limits in a form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

27. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure as defined in Section 1 of the PFMA means expenditure which was made in vain and would have been avoided had

reasonable care been exercised.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when incurred and confirmed. The amount recorded is equal to the total value of the fruitless and wasteful expenditure incurred. The expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

28. Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including but not limited to the following:

- (a) the PFMA;
- (b) the Treasury Regulations;
- (c) a National Treasury Instruction, issued in terms of section 76 of the PFMA; and
- (d) a Provincial Treasury Instruction issued in terms of section 18(2)(a) of the PFMA.

Irregular expenditure is recorded in the notes to the financial statements when incurred and confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons are therefore provided in the note.

Irregular expenditure is removed from the irregular expenditure register and annual report when it is either condoned by the relevant authority or removed by the accounting authority in terms of paragraph 5.8 of the National Treasury Instruction Note No. 4 of 2022/23.

29. Comparative Information

Prior year comparatives

When the presentation or classification of items



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in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed. Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

30. Segment Reporting

A segment is an activity of an entity:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met. The Agency's reportable segment was reported separately without aggregation.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly,

only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis. If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements

31. Principal Agent Arrangements: HDA as Agent

The Constitution of the Republic of South Africa, 1996 (the Constitution), sets out the various responsibilities of government, and assigns activities to various spheres of government or to particular types of entities. Supporting legislation within each sphere of government sets out the mandate, authority, roles and responsibilities of specific entities in undertaking the activities outlined in the Constitution. In many cases, this legislation results in the establishment of separate entities to undertake these activities. It is however not feasible to establish separate entities in all instances, and it may be more efficient and effective to utilise other entities to undertake certain activities. As a result, entities frequently have certain activities executed by another entity, or undertake activities on behalf of other entities. The ultimate responsibility, however, for the various activities still rests with the entities identified in legislation.

Where these arrangements exist, it is important to identify which entity should account for the transactions arising from these activities, and what resulting revenue, expenses, assets and/or liabilities should be recognised. Examples of

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typical arrangements where one entity undertakes activities on behalf of another entity in the public sector may include:

- The collection of revenue, including taxes, fees and other charges from specific parties, e.g. motor vehicle licence fees collected by municipalities for the provincial government, and taxes collected by the Revenue Authority for the national government.
- The construction of assets, e.g. houses built for beneficiaries of the reconstruction and development programme, for national and/or provincial housing departments and organisations.
- The provision of goods and services to recipients, e.g. the provision of water to specific communities by municipalities on behalf of water service authorities.
- Property management services, which may include the maintenance of properties and collection of revenue, for the Department of Public Works and/or municipalities.

When an entity directs another entity to undertake an activity on its behalf, it must consider whether it is a party to a principal-agent arrangement. The definition of a principal-agent arrangement refers to an entity acting on behalf of another entity in relation to transactions with third parties. In the absence of transactions with third parties, the arrangement is not a principal-agent arrangement, and the entity then acts in another capacity rather than as an agent. This type of assessment may be particularly relevant to the following two scenarios that are often encountered in the public sector:

Entities, particularly national and provincial departments, are often asked to collect money from public entities or other agencies and to subsequently deposit the money into the relevant revenue fund. In these arrangements, although the departments seemingly undertake activities on behalf of the revenue fund, there is no specific direction given by the revenue fund in relation to the transactions with third parties. As a result, such arrangements may not meet the definition of a principal-agent arrangement.

“Transactions with third parties” in the context of this Policy includes the execution of a specific transaction with a third party, e.g. a sale or purchase transaction, but it also includes interactions with third parties, e.g. when an agent is able to negotiate with third parties on the principal’s behalf. The nature of the transactions with third parties is linked to the type of activities carried out by the agent in accordance with the binding arrangement. These activities could include the agent transacting with third parties for the procurement or disposal of resources, or the receipt resources from a third party on behalf of the principal.

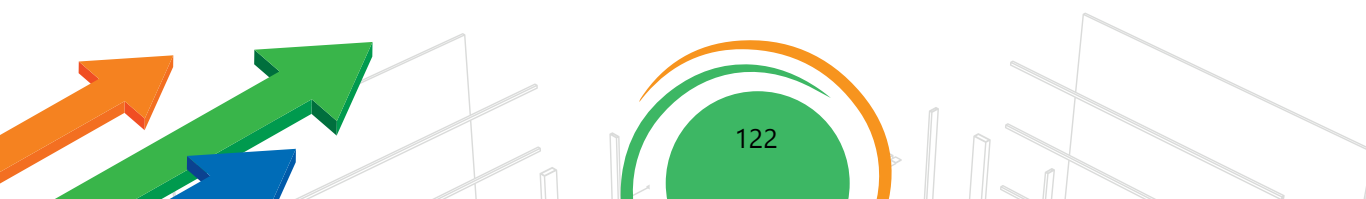
Principal-agent arrangements usually exist as a result of a binding arrangement between the parties to the arrangement. It is unlikely that an entity would undertake activities on behalf of another entity in the absence of a binding arrangement as the arrangement imposes rights and obligations on the parties to perform in a particular manner.

Where no binding arrangement exists, it is assumed that the entity is acting for itself, rather than on behalf of another entity. As a result, no principal-agent arrangement exists in the absence of a binding arrangement.

A principal is an entity that directs another (an agent) to undertake transactions with third parties, for the benefit of the principal, in terms of a binding arrangement.

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.



Accounting Policies

Identifying whether HDA is a principal or an agent.

When an entity is party to a principal-agent arrangement, it shall assess whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether an entity is a principal, or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

HDA assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Principal-agent arrangements are governed by a binding arrangement. The requirements of these binding arrangements, particularly the rights and obligations established for the various parties, inform an entity's assessment of whether it undertakes transactions for its own benefit, or for the benefit of another entity. The terms and conditions of the binding arrangement should be assessed to determine the roles, responsibilities, and authority of parties in relation to the activities and resulting transactions undertaken in terms of that arrangement. Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with GRAP 109.

Assessing which entity benefits from the transactions with third parties.

When an entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The HDA is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

(a) It does not have the power to determine the significant terms and conditions of the

transaction.

- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) It is not exposed to variability in the results of the transaction.

Except where an entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria indicated above to conclude that is an agent. Entities shall apply judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

The HDA has various funding agreements detailing project implementation protocols entered into with the following provincial governments, government entities and municipalities:

- Rand West Municipality
- Northern Cape Provincial Government
- Buffalo City Municipality
- City of Johannesburg Municipality
- City of Tshwane Municipality
- Ekurhuleni Municipality
- Eastern Cape Provincial Government
- Free State Provincial Government
- Gauteng Provincial Government
- Kwazulu-Natal Provincial Government
- Limpopo Provincial Government
- North West Provincial Government
- National Skills Fund
- Western Cape Provincial Government
- Social Housing Regulatory Authority

There were no significant changes to either the mandate of the HDA as well as the funding agreements in the year under review.

The assumption of the rights and obligations of the provincial governments, government entities and municipalities exposes the HDA to the following risks:

- Liquidity risk
- Interest rate risk
- Credit risk

Accounting Policies

- Market risk

The HDA applies risk mitigation through avoidance, reduction, transference, and acceptance.

The HDA accounts for the following transactions as an Agent:

Properties held on behalf of others

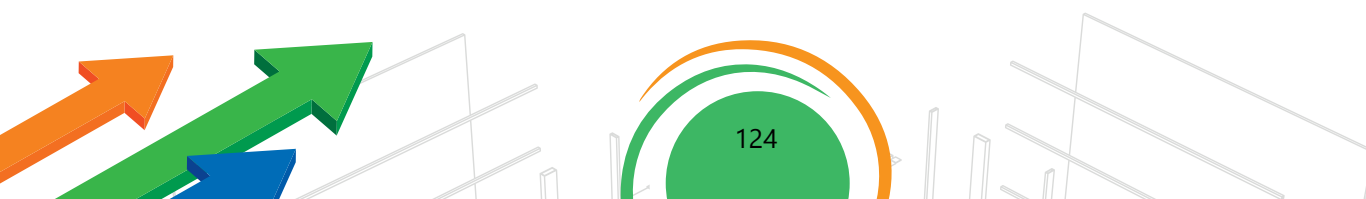
Properties held on behalf of others are properties that the Agency does not have control over in terms of GRAP18, these properties are only disclosed in the financial statements and not recognised by the HDA.

Cash and cash equivalent: Principal funds

The provincial governments, government entities and municipalities transfer cash and cash equivalents to HDA for the purchase of properties on their behalf. The HDA accounts for the Cash and cash equivalents in terms of GRAP 104 (Financial Instruments).

Project payables: Principal Payables

HDA recognise payables for all the funds that are being held on behalf of provincial governments, government entities and municipalities for purchase of properties. The HDA accounts for the Principal Payables in terms of GRAP 104 (Financial Instruments).



Notes to the Annual Financial Statements

Figures in R'000

2024

Restated
2023

1. Property, plant and equipment

	Cost	Accumulated depreciation	2024 Carrying value	Cost	Accumulated depreciation	2023 Carrying value
Assets						
^Land	92 143	-	92 143	41 436	-	41 436
*Buildings	55 877	14 184	41 693	-	-	-
Furniture and fittings	3 525	2 000	1 525	4 827	2 515	2 312
Electronic hardware	3 374	1 871	1 503	2 156	507	1 649
Office equipment	1 152	752	400	1 948	1 348	600
Computer equipment	8 259	4 851	3 408	5 983	2 980	3 003
Leasehold improvements	3 531	3 531	-	3 531	3 499	32
Capitalised leased assets	1 832	51	1 781	940	905	35
Paintings	35	-	35	61	-	61
	169 728	27 240	142 488	60 882	11 754	49 128

^Land

^SABC Seapoint Land valued at R46,2m was registered in the name of the agency in September 2023. Upon transfer to the name of the agency, that land was classified as property plant and the equipment which is in line with GRAP 17.

^During financial the year, the HDA Board approved the donation of various erven in Knysna Local Municipality (erven RE/ 17845, 17847, RE/18093 and 20524 measuring 31.0019 hectares) valued at R1.7m to the municipality for human settlements development. The land parcels will be removed from the Agency's books upon transfer and registration of the land parcels in the name of the municipality, the process is underway.

*Building

* Eskom Building valued at R60,3m was registered in the name of the agency in August 2023. Upon transfer to the name of the agency, that land was classified as property plant and the equipment which is in line with GRAP 17.

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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1. Property, plant and equipment (continued)

The carrying amounts of property, plant and equipment can be reconciled as follows for the financial year ended 31 March 2024:

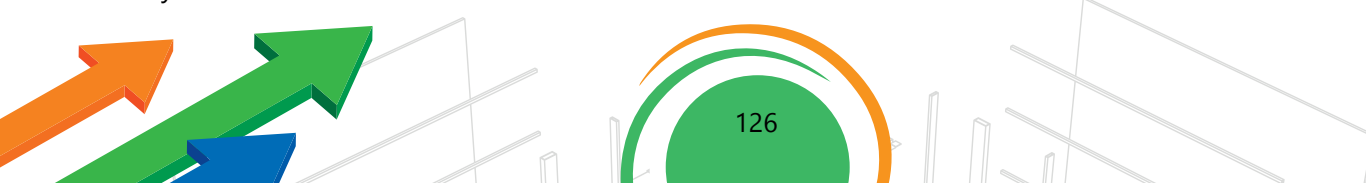
	Carrying value at beginning of year	Additions	Disposals	Depreciation	Impairment	Reclassification	2024 Carrying value at end of year
Assets							
Land	41 436	50 707	-	-	-	-	92 143
Buildings	-	55 877	-	(1 695)	(12 489)	-	41 693
Furniture and fittings	2 312	303	(160)	(359)	(158)	(413)	1 525
Electronic hardware	1 649	939	(8)	(505)	(160)	(412)	1 503
Office equipment	600	169	(26)	(116)	(23)	(204)	400
Computer equipment	3 003	1 360	(85)	(1 926)	-	1 056	3 408
Leasehold improvements	32	-	-	(32)	-	-	-
Capitalised leased assets	35	1 831	-	(85)	-	-	1 781
Paintings	61	-	-	-	-	(27)	34
	49 128	111 186	(279)	(4 718)	(12 830)	-	142 487

The carrying amounts of property, plant and equipment can be reconciled as follows for financial year ended 31 March 2023:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2023 Carrying value at end of year
Assets					
Land	41 436	-	-	-	41 436
Furniture and fittings	2 914	-	(128)	(474)	2 312
Electronic hardware	139	1 751	-	(241)	1 649
Office equipment	697	84	-	(181)	600
Computer equipment	2 475	2 016	(15)	(1 473)	3 003
Leasehold improvements	430	-	-	(398)	32
Capitalised leased assets	314	-	-	(280)	34
Paintings	61	-	-	-	61
	48 466	3 851	(143)	(3 047)	49 127

Pledged as security

Except for leased assets that have restriction on title, none of the assets above have been pledged as security.



Notes to the Annual Financial Statements

Figures in R'000

2024

Restated
2023

2. Intangible assets

	Cost	Accumulated amortisation	2024 Carrying value	Cost	Accumulated amortisation	2023 Carrying value
Computer software and licences	1 378	(1 124)	254	1 107	(389)	718
	1 378	(1 124)	254	1 107	(389)	718

The carrying amounts of intangible assets can be reconciled as follows for the financial year ended 31 March 2024:

	Carrying value at beginning of year	Additions	Amortisation	Disposals	2024 Carrying value at end of year
Computer software and licences	718	271	(735)	-	254
	718	271	(735)	-	254

The carrying amounts of intangible assets can be reconciled as follows for the financial year ended 31 March 2023:

	Carrying value at beginning of year	Additions	Amortisation	Disposals	2023 Carrying value at end of year
Computer software	-	1 107	(389)	-	718
	-	1 107	(389)	-	718

3. Receivables from exchange transactions

Receivables	61 063	14 182
Staff debtors	2 367	2 430
Prepaid expenses	4 419	5 227
Project receivables	168 921	65 988
Other receivables	121 753	85 807
Rental deposits	967	500
Receivables - Properties from exchange transactions	-	106 593
Provision: Impairment	(60 401)	(4 070)
	299 089	276 657

Provision: Impairment

Opening balance	4 070	4 070
Increase in the provision	56 331	-
Closing Balance of the provision	60 401	4 070

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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3. Receivables from exchange transactions (continued)

In line with the GRAP requirements, we've assessed whether the accounts receivables are impaired or not. The assessment of impairment and recoverability of these amounts (financial assets) has been performed in line with objective indicators mentioned in the GRAP statement. The provision includes R60.4m expenditures incurred in the previous financial periods where funders and projects principals have not accepted nor confirmed their liabilities thus indicating that the recoverability of the amount is questionable. The Agency is in the process of negotiating with the National Department and National Treasury to request to utilise interest income generated on the capital projects funds held by the Agency to close off the deficits for these old projects. The balance of the provision relates mainly to outstanding rentals from tenants. The factors considered in determining impairment on receivables from tenants included observing the tenants' payment patterns and historical information about their default status.

4. Operating lease payable

Liability due to straight lining	672	1 061
----------------------------------	-----	-------

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of the Operating Lease the following assets have been recognised:

Obligations under operating leases - Lessee

The future minimum office lease payments escalation ranges between 0% and 10% p.a.

Eastern Cape - East London Office

The future minimum office lease payments, which escalate at 7% p.a. are as follows:

	3 171	4 603
Not later than 1 year	1 532	1 432
Later than 1 year but not later than 5 years	1 639	3 171

Free State

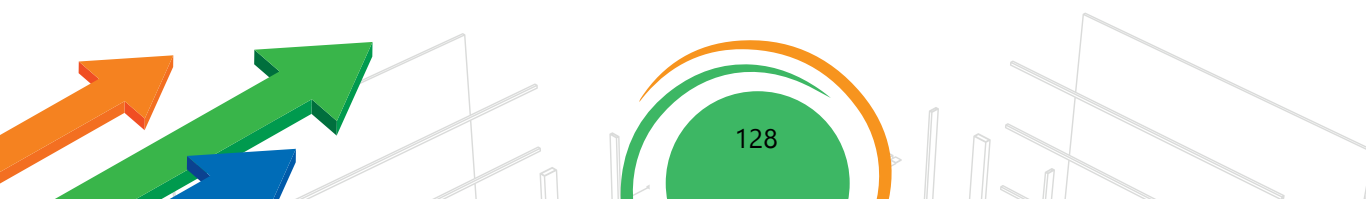
The future minimum office lease payments, which escalate at 8% p.a. are as follows:

	713	1 639
Not later than 1 year	713	914
Later than 1 year but not later than 5 years	-	725

Gauteng

The future minimum office lease payments, which escalate at 7% p.a. are as follows:

	34 550	1 202
Not later than 1 year	6 765	1 202
Later than 1 year but not later than 5 years	27 785	-



Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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4. Operating lease payable (continued)

KwaZulu-Natal

The future minimum office lease payments, which escalate at 8% p.a. are as follows:

	-	73
Not later than 1 year	-	73
Later than 1 year but not later than 5 years	-	-

The KZN lease agreement expired in January 2024

Limpopo

The future minimum office lease payments, which escalate at 0% p.a. are as follows:

	4 161	-
Not later than 1 year	1 513	-
Later than 1 year but not later than 5 years	2 648	-

Northern Cape

The future minimum office lease payments, which escalate at 10% p.a. are as follows:

	1 602	2 684
Not later than 1 year	1 192	1 083
Later than 1 year but not later than 5 years	410	1 601

North West

The future minimum office lease payments, which escalate at 10% p.a. are as follows:

	329	1 613
Not later than 1 year	329	1 284
Later than 1 year but not later than 5 years	-	329

44 526	11 814
---------------	---------------

Lease terms and conditions per office	Expiry date	Lease term
Eastern Cape - East London	31-03-2026	5 years
Free State	31-12-2024	5 years
Gauteng	30-11-2028	5 years
Limpopo	31-12-2026	3.4 years
Northern Cape	31-07-2025	4 years
North West	30-06-2024	3 years

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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5. Principal agent arrangement - HDA as Agent

The agency received funds from stakeholders for the purchase of land on their behalf.

596 144	492 045
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HDA is party to Principal-Agent arrangements. The HDA has various funding agreements detailing project implementation protocols entered into with provincial governments, government entities and municipalities. The agency received funds from stakeholders for the purchase of land on their behalf. The agency purchased properties listed above. The funds were transferred to the trust bank accounts of the conveyancers before 31 March 2024. The conveyancer has started the process of registering the property in the name of the agency. Once the property has been registered (title deed), the funds will be paid to the respective seller upon registration of these properties.

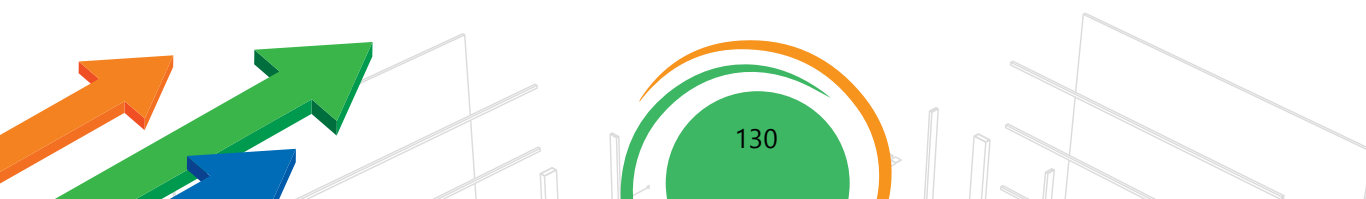
6. Cash and cash equivalents

HDA	226 865	333 323
Projects*	644 760	1 630 262
Petty cash	172	79
Total funds in the bank	871 797	1 963 664

*The HDA holds cash on behalf of provinces and municipalities as disclosed above. Cash held is based on commitments between the agency and its funders on agreed projects and operational plans. Amounts disclosed excludes payables as at 31 March 2024 in note 11 which still needs to be honoured.

7. Finance lease obligation

Lease photocopiers (Long-term Capital)	1 459	-
Repayable within a year transferred to CL	351	-
	1 810	-
	3 556	-
Not later than 1yr (pmts)	1 219	-
More than 1yr (pmts)	2 337	-
Finance charges	(1 746)	-
	1 810	-
PRESENT VALUE	-	-
Lease photocopiers (Long-term Capital)	181	-
Not later than 1yr (pmts)	101	-
Finance charges	80	-
	80	-



Notes to the Annual Financial Statements

Figures in R'000

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8. Operating Leases-Lessor

Rental Income

This represents future minimum property lease receipts. Rentals are increased each year by a percentage equal to the percentage change in Consumer Price Index (CPI). Future rentals were based on 4.6% CPI escalation rate.

	3 379	3 324
Not later than 1 year	2 268	1 606
Later than 1 year but not later than 5 years	1 111	1 718

9. Commitments

	1 587 249	1 445 885
Operational Expenditure: Purchase Orders for multi-year contracts	58 343	13 962
Capex Expenditure: Purchase Orders for multi-year contracts	1 528 906	1 431 923

An increase is mainly driven by increase in business from the EC, some of the projects were concluded in the current financial year.

Rapid Land Release programme

This relates to commitments by the agency where the agency is appointed to facilitate the purchasing and administration of properties on behalf of stakeholders. In cases where the Agency is appointed to facilitate the transferring of the service stands in the names of the beneficiaries, the Agency discloses this commitment until all its obligations of transferring the service stands in the names of the beneficiaries is complete.

Project Description

Project description	March 2024			March 2023	
	Total Number of Stands	Number of stands registered to date	Number of stands in the process of registration	Number of stands registered to date	Number of stands in a process of registration
Palm Ridge Ext 14, 15, 16, 17, 34 and 35	1 392	118	774	500	892
Palm Ridge 38	548	-	-	-	-
Westonaria	342	103	239	-	-
Elijah Barayi Village	495	-	495	-	-
	2 777	221	1 508	500	892

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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9. Commitments (continued)

Palm Ridge Ext 14, 15, 16, 17, 34 and 35

- The beneficiary list from the Department was received in November 2021.
- The Agency is unable to locate and trace some beneficiaries which delays the registration of the stands into their names which causes delays in the stands' registration process.

Palm Ridge 38

- The Agency has not received mandate from Provincial Department in Gauteng which causes the delay in the stand registration.

Westonaria

- The beneficiary list from the Provincial Department in Gauteng was received in November 2023.
- The Agency is struggling to get hold of some of the beneficiaries which causes delays in the stands' registration process.

Elijah Barayi Village

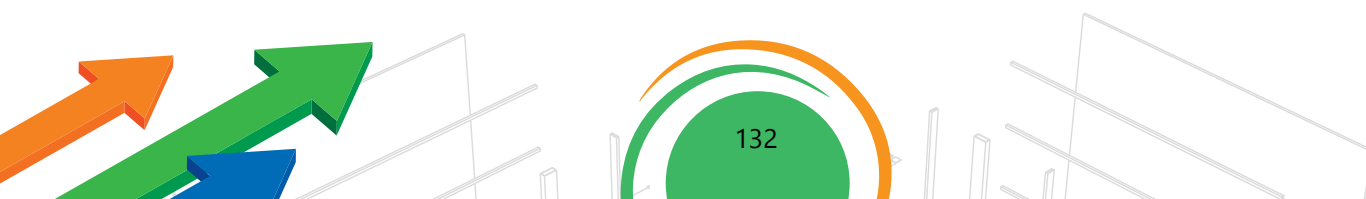
- The beneficiary list from the Provincial Department in Gauteng was received in November 2021.
- The Agency is struggling to get hold of some of the beneficiaries which causes delays in the stands registration process.
- Awaiting Section 53 SPLUMA certificate.

10. Payables from exchange transactions

Payables	18 365	26 969
Employee's leave payable	12 009	11 104
Accruals	22 352	80 991
Payable to National Treasury	-	395 128
Retentions	63 574	10 861
Land related agency obligations	596 144	492 045
Project payables	298 656	464,639
Agency Project	25 173	277 059
Payables		
^Projects obligations	581 930	745 329
	1 618 203	2 504 125

Employees leave payable is reconciled as follows:

Carrying amount beginning of year	11 104	11 219
Increase/decrease in leave payable	5 068	2 095
Amounts incurred and charged against the leave account	(4 163)	(2 210)
Carrying amount at end of the period	12 009	11 104



Notes to the Annual Financial Statements

Figures in R'000

2024

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10. Payables from exchange transactions (continued)

The leave payable on termination is expected to realise during the 2024 financial year. The leave on termination was not discounted as the amount is already reflected at its present value at the reporting date and that the impact of discounting is (impractical as time is uncertain) and immaterial. When the amount payable for leave is calculated, it is based on the employees' salary scales as at the reporting date, but when the payable realises during the 2024 financial year, it may realise at the employees' new salary scales as per the HDA Human Resources policy.

Retentions

The agency raised retention fees on the value of work done as at 31 March 2024. There are two types of contracts in use for the agency's projects that is JBCC and GCC contracts. The retention fee rate for JBCC and GCC is 5% and 10% of the contract value respectively.

In terms of JBCC contracts, the first 2.5% is payable at practical completion and the final 2.5% is payable at the final completion stage certified by engineers.

In terms of GCC contracts, the first 5% is payable at practical completion and the final 5% is payable at the final completion stage certified by engineers.

Details of the retention fees raised:

Long term Retentions	32 038	-
Current portion Retentions	31 536	10 861
	63 574	10 861

Projects obligations

^Project obligations are related to tranche payments received for future payments based on the projects agreed upon in the funding agreements. As and when the HDA incurs expenditure on a project linked to the tranche payment the project obligation amount is reduced. The amount disclosed above relates to the remaining balance of tranche payment received that have not yet been utilised.

Projects payables relates to stakeholders contractors' invoices received for projects and not yet paid.

11. Provisions

Audit fees

The HDA is statutorily required to have an audit performed annually. The provision is based on the estimates provided by the external auditors in their audit strategy and engagement letter. The audit fee is provided for work to be performed after year end.

Opening Balance	6 709	-
Amounts charged against the provision	(6 880)	-
Increase in the provision	7 753	6 709
Closing Balance of the provision	7 582	6 709

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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11. Provisions (continued)

The HDA is statutorily required to have an audit performed annually. The provision is based on the estimates provided by the external auditors in their audit strategy and engagement letter. The audit fee is provided for work to be performed after year end.

Bonus

The provision for bonus is based on the performance of the organisation and employee performance assessment.

Opening Balance	-	-
Increase in the provision	11 430	-
Closing Balance of the provision	11 430	-
	19 012	6 709

12. Revenue from non-exchange transactions-operational grants

Revenue from non-exchange transactions is made up as follows:

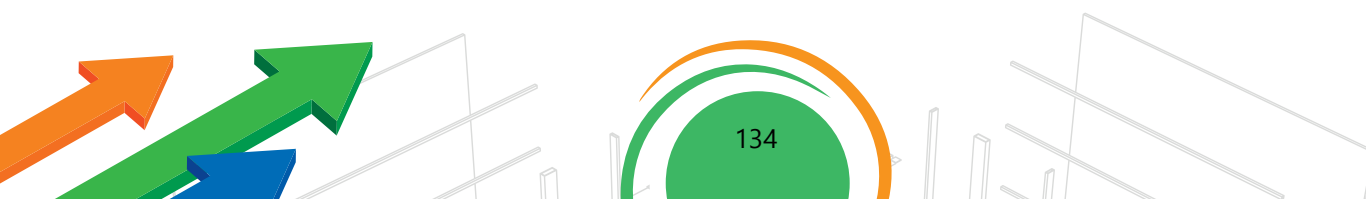
Transfer from controlling entity	243 649	242 716
	243 649	242 716

Revenue from exchange transactions-conditional grants

Provinces support conditional grant	131 800	165 907
	131 800	165 907

Buffalo City Municipality	-	21 154
Eastern Cape Provincial Government	-	8 045
Eastern Cape PHDA	-	3 906
Free State Provincial Government	23 248	16 736
Gauteng Provincial Government	-	8 492
Gauteng Provincial Government - GADA	3 233	3 406
Gauteng Provincial Government - PHDA	-	10 792
KwaZulu-Natal Provincial Government	14 184	18 969
KwaZulu-Natal Floods	38 113	12 455
Limpopo Provincial Government	17 163	15 424
Northern Cape Provincial Government	-	7 219
North West Provincial Government	10 035	15 910
Western Cape Stellenbosch Municipality	526	1 384
Western Cape Provincial Department of Transport	5 688	2 978
Western Cape Provincial Government	19 610	19 037
	131 800	165 907

The grant received covers corresponding expenditure for the provinces projects.



Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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13. Revenue from exchange transactions

Project management fees	52 399	50 874
	52 399	50 874
Buffalo City Municipality	1 577	478
Eastern Cape Provincial Government	31 184	24 673
Free State Provincial Government	2 691	4 176
Gauteng Provincial Government	6 158	2 519
Gauteng PHDA	-	540
Gauteng: Sanitation	8 883	17 215
KwaZulu-Natal Floods	1 906	623
Limpopo Provincial Government	-	156
Northern Cape Provincial Government	-	494
	52 399	50 874

Management fees are earned as per agreements signed between the HDA and relevant organs of state.

14. Fund management fees

Fund management fees	2 494	4 067
	2 494	4 067

Fund management fees are earned as per agreements signed between the HDA and Eastern Cape Provincial Government.

15. Interest income

Interest earned on operational grant	24 172	11 351
Interest received-provincial bank accounts	12	136
	24 184	11 487

This is interest earned mainly on the Operational grant received from National Department of Human Settlements that was invested to the money market call and call account.

16. Other income

Rental Income

Incidental income	1 634	1 418
Owned properties	1 855	2 029
Other recoveries	6 359	1 884
	9 848	5 331

Incidental income from the properties owned by the agency's stakeholders and the remaining rental income is from the properties owned by the agency.

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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16. Other income (continued)

Other recoveries are mainly driven by a refund received from the City of Tshwane in relation to a court award that was paid by the Agency in the prior financial year.

17. Operating expenses

Accounting other services	-	591
Advertising and marketing	1 091	1 484
Agency support - outsourcing	1 024	1 701
Impairment	69 163	766
Depreciation	4 717	3 047
Amortisation	735	390
Membership fees	155	73
Assets below R5 000 expensed	89	67
Auditors remuneration	8 550	9 260
Bank charges	158	156
Board costs	1 337	1 599
Catering	2 809	3 006
Communications	491	841
Computer expenses	15 659	7 994
Consultants	23 995	24 448
Contractors - operational	3 142	2 476
Insurance	1 601	969
Leasing charges	457	637
Legal fees	13 000	12 442
Office rentals	13 732	15 883
Penalties	1 030	4
Printing, publications and stationery	937	392
Repairs and maintenance	290	461
Repairs - office refurbishment	238	2 317
Staff recruitment	1 468	3 888
Staff welfare	135	297
Other office expenses	3 874	10 422
Temporary staff	14 968	17 023
Training and staff development	1 314	1 228
Travel and accommodation	16 047	17 966
International travel and accommodation	197	32
	202 403	141 860

Notes to the Annual Financial Statements

Figures in R'000

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17. Operating expenses (continued)

Analytical Review

Impairment

The provision of R69.2m is mainly driven by impairment made for Braamfontein Eskom building and deficit projects expenditures incurred in the previous financial periods where funders and projects principals have not accepted nor confirmed their liabilities thus indicating that the recoverability of the amount is questionable.

Computer expenses

An increase is due to software licences within a licence duration of less than one year which are not capitalised.

Consultants

The expenditure relates to consultancy services on funds budgeted from the Agency's operational grant. The reduction is mainly driven by implementation of cost containment measures.

Repairs - office refurbishment

The expenditure relates to unexpected repairs and maintenance requirements (excluding assets), incurred in the ordinary course of business within Head office and Regional offices. In the prior year the expenditure was high due to dismantling and reinstatement of the old HDA Killarney office. The reduction in the current year is as result of fewer repairs & maintenance requirements.

Staff recruitment

This relates to placement fees paid to the recruitment agencies in case of a successful referral. A reduction is due to insourcing some of the recruitment services.

Other office expenses

The reduction is due to decrease in litigation cases against the Agency.

Temporary staff

The reduction is due to insourcing appointment of temporary staff.

18. Land and related costs

Insurance	13	32
Maintenance costs	4 687	3 557
Conveyancing and valuation costs	4 775	6 935
Security services	8 224	2 684
Development planning and feasibility studies	2 081	1 124
	19 780	14 332

The expenditure relates to security costs for properties owned by the Agency and those held on behalf of the provinces. The increase is as a result of security services paid for the Braamfontein and Kimberley buildings.

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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18. Land and related costs (continued)

The stakeholder expenses above are covered by Provinces support conditional grant on note 19.

19. Technical and support services

Technical consultants	53 867	50 642
	53 867	50 642

The above expenditure relates to stakeholder expenses (Planning cost and KZN floods).

20. Finance costs

Finance leases	78	19
	78	19

The HDA entered into a finance lease agreement for photocopier machines as from 01 March 2024 for a period of three years.

21. Employee costs

Basic salary	147 984	146 444
Labour settlement [^]	-	2 730
Performance bonus	11 430	-
Leave paid and accrued	5 066	2 179
Allowances	3 837	3 736
Employer's contributions	18 133	17 055
Other payroll expenses - COIDA	1 225	758
	187 675	172 902

Detailed employee costs per funding

Transfer from controlling entity	106 062	92 361
Provinces support conditional grant	81 613	80 541
	187 675	172 902

22. Employee benefit obligation

Defined Contribution plan: Liberty Provident Fund

All Fixed-Term contract employees of the HDA are members of Liberty Life Umbrella Provident Fund. This is a defined contribution fund. A total employer contribution of 10% of the employee's total cost of employment is made to the fund. Approximately 110 HDA employees belong to this fund. The normal retirement age of the fund is 65 years.

Notes to the Annual Financial Statements

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22. Employee benefit obligation (continued)

Defined Benefit plan: Government Employees Pension Fund (GEPF)

All Permanent employees of the HDA are members of the GEPF. The entity accounts for this defined benefit state plan as a defined contribution plan, as there is no consistent and reliable basis for allocating the obligation, plan assets and cost to the individual employers participating in the plan and the plan exposes the participating employers to actuarial risks associated with the current and former employees of other employers. The only obligation of the entity with respect to this state plan is to pay over the contributions in accordance with the fund rules. A total contribution of 21.5% of the employees pensionable salary is made to the fund : the employer contributes 13%, the employee contributes 7.5%. Approximately 70 HDA employees belong to this fund. The normal retirement age of the fund is 60 years.

Contributions to the Liberty Provident Fund	9 327	8 711
Contributions to the GEPF	8 443	8 578
	17 770	17 289

23. Related party transactions

Relationship

Controlling entity Department of Human Settlements

Board members Hosi P Ngove Board Chair (from 12 July 2023 to date)
Ms Dumakude M - Deputy Chairperson
Ms Maharaj N
Mr Makan R
Mr Rabothata V (from 25 April 2023 to
Dr Mahapa A (from 11 June 2023 to date)

Audit and Risk Committee Ms Boulton SY - Chairperson
Ms Dumakude M
Ms Maharaj N
Mr Makan R
Mr Rabothata V (from 25 April 2023 to date)

Corporate Support and Remuneration Committee
Dr Mahapa A - Chairperson
Ms Dumakude M
Mr Makan R
Mr Rabothata V (from 25 April 2023 to date)

Notes to the Annual Financial Statements

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23. Related party transactions (continue)

Land, Properties and Projects Development Committee

Ms Dumakude M - Chairperson

Ms Maharaj N

Hosi P Ngove Board Chair (from 10 July 2023 to date)

Mr Rabothata V (from 25 April 2023 to date)

Social and Ethics Committee

Ms Maharaj N - Chairperson

Mr Makan R

Hosi P Ngove Board Chair (from 10 July 2023 to date)

Dr Mahapa A (from 10 July 2023 to date)

Executive and senior management

Mr Khenisa B - Chief Executive Officer

Ms Masemola J - Chief Financial Officer

Mr Minnie JB - Head Spatial Information Analysis

Mr Rakgoale LS - Head Land

Mr Khoza BM - Regional Head Region C

Mr Mbulawa P - Regional Head Region A

Ms Mashiane VM - Regional Head Region B

Ms Gumbu BC - Chief Executive Audit

Mr Chainee N - Head SPPC

Ms Kgatla N - Head Corporate support

Entities under common control*

National Housing Finance Corporation

Property Practitioner Regulator Authority

Community Schemes Ombud Services

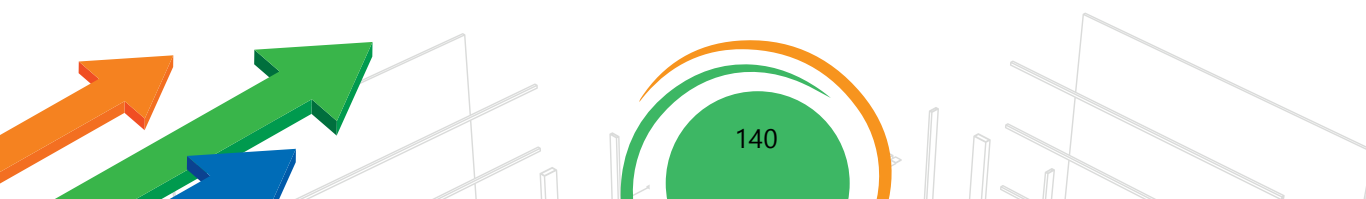
National Home Builders Registration Council

Social Housing Regulatory Authority

*These are entities under common control of the Department of Human Settlement of which HDA forms part.

By virtue of the HDA being a national public entity, it is presumed that all other government entities within the national sphere are related to it. However, only transactions that occurred outside the normal terms available to the broader public are disclosed in accordance with GRAP 20: Related Party Disclosures.

All other entities in the National Sphere of Government are considered to be related, but have not been disclosed unless transactions with those entities took place on terms that were not on ordinary terms or not course of business.



Notes to the Annual Financial Statements

Figures in R'000

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23. Related party transactions (continued)

During the year, the HDA entered into the following transactions with:

	Operational grant received		Conditional grant received		Amounts owed by the related party at year-end	
	2024	2023	2024	2023	2024	2023
Department of Human Settlements	243 649	242 716	-	-	-	-
Social Housing Regulatory Authority	-	-	876	855	-	-

Department of Human Settlements

The HDA is established by an Act of Parliament in 2008 and is funded and accountable to the National Department of Human Settlements.

Social Housing Regulatory Authority

The agency is holding land on behalf of SHRA for social-housing development for release in accordance to SHRA directive.

24. Executive and senior management remuneration

2024

Executive members	Basic salary	Pension/provident fund	Total cost	Risk benefits & Co. contr	Allowances	Bonus	Total expenditure
Mr Khenisa B - Chief Executive Officer	2 916	324	3 240	72	22	-	3 334
Ms Masemola J - Chief Financial Office	2 398	266	2 664	58	22	-	2 744
Total executive management remuneration	5 314	590	5 904	130	44	-	6 078

Notes to the Annual Financial Statements

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24. Executive and senior management remuneration (continued)

2024

Senior Management	Basic salary	Pension/provident fund	Total cost	Risk benefits & Co. contr	Allowances	Bonus	Total expenditure
Mr Khoza BM - Regional Head Region C	1 998	169	2 167	42	22	-	2 231
Ms Mashiane VM - Regional Head - Region B	2 432	270	2 702	60	22	-	2 784
Mr Mbulawa P - Regional Head - Region A	1 569	133	1 702	31	22	-	1 755
Mr Minnie JB - Head Spatial Information Analysis	1 876	159	2 035	39	22	-	2 096
Mr Rakgoale LS - Head: Land Management	1 867	158	2 025	39	22	-	2 086
Ms Gumbu BC - Chief Executive Audit	1 194	133	1 327	31	22	-	1 380
Mr Chainee N - Head SPPC	2 161	240	2 401	54	22	-	2 477
Ms Kgatla N - Head Corporate support-from 01 April 2023 to date	1 890	210	2 100	47	22	-	2 169
Total senior management remuneration	14 987	1 472	16 459	343	176	-	16 978
Total	20 301	2 062	22 363	473	220	-	23 056

2023

Executive members	Basic salary	Pension/provident fund	Total cost	Risk benefits & Co. contr	Allowances	Bonus	Total expenditure
Mr Khenisa B - Chief Executive Officer (from 01 June 2022 to date)	2 325	258	2 583	47	18	-	2 648
Ms Ngoasheng DN - Chief Executive Officer (from 1 September 2021 to 31 May 2022)	1 025	87	1 112	17	178	-	1 307
Ms Masemola J - Chief Financial Officer (from 01 July 2022 to date)	1 721	191	1 912	35	17	-	1 964
Total executive management remuneration	5 071	536	5 607	99	213	-	5 919

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24. Executive and senior management remuneration (continued)

Employees acting in executive positions	Basic salary	Pension/provident fund	Total cost	Risk benefits & Co. contr	Allowances	Bonus	Total expenditure
Mr Mlotshwa S - Projects Finance Manager - Acting CFO (1 March 2022 to 30 June 2022)	-	-	-	-	52	-	52
Total acting executive management remuneration	-	-	-	-	52	-	52

Senior Management	Basic salary	Pension/provident fund	Total cost	Risk benefits & Co. contr	Allowances	Bonus	Total expenditure
Mr Khoza BM - Regional Head Region C	1 912	162	2 074	31	22	-	2 127
Ms Mashiane VM - Regional Head - Region B	2 327	259	2 586	48	22	-	2 656
Mr Mbulawa P - Regional Head Region A	1 501	127	1 628	25	118	-	1 771
Mr Minnie JB - Head Spatial Information Analysis	1 796	152	1 948	22	22	-	1 992
Mr Rakgoale LS - Head: Land Management	1 787	151	1 938	30	22	-	1 990
Ms Gumbu BC - Chief Executive Audit from 01 December 2022 to date	381	42	423	8	7	-	438
Mr Poya NS - Chief Operations Officer (until 10 October 2022)	1 302	145	1 447	26	11	-	1 484
Ms Issel R-Head: Corporate Support until 31 July 2022	2 227	61	2 288	10	7	-	2 305
Ms Van Eck M - Head Strategic Support (until 30 September 2022)	2 165	104	2 269	19	11	-	2 299
Total senior management remuneration	15 398	1 203	16 601	219	242	-	17 062
Total acting senior management remuneration	-	-	-	-	304	-	131
Total	20 469	1 739	22 208	318	811	-	23 164

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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25. Non-executive members

Non-executive members of the accounting authority

Hosi P Ngove Board Chair (from 12 July 2023 to date)	246	-
Dr Soni M Interim chairperson(from 07 March 2023 to 11 June 2023)	62	166
Dr Ratshitanga T - Chairperson	-	223
Ms Dumakude M	138	263
Ms Maharaj N	130	203
Ms Boulton SY	89	-
Dr Mahapa A. (from 11 June 2023 to date)	109	-
Total non-executive members	774	855

Audit and Risk Committee

Ms Boulton SY	97	197
Ms Dumakude M	32	-
Ms Maharaj N	37	-
Total Audit and Risk Committee	166	197

26. Cash generated from operations

Net surplus	288	100 277
Adjustment for:		
Depreciation	4 717	3 047
Amortisation	735	390
Interest received	(1 384)	(11 487)
Deficit on disposal of property, plant and equipment	279	121
Other income non-cash	(1 308)	780
Finance costs	78	19
Project Management fee	(24 012)	975
Membership fees	-	73
Audit fees	-	6 709
Impairment of receivables	69 163	766
Leave provision	904	(12 640)
Provisions	12 303	-
Lease Straightlining	672	-
Bursary & other write off	484	8 574
	62 919	97 604

Notes to the Annual Financial Statements

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26. Cash generated from operations (continued)

Movements in working capital

	(1 043 328)	(103,483)
Increase in receivables exchange transactions	(78 763)	(543 431)
Deposits with conveyancers pending land transfer	(104 099)	(60 357)
Increase in receivables - Properties from exchange transactions	-	-
Movement in provisions	12 303	-
Increase non-current payables	33 497	-
Decrease in payables - exchange transactions	(906 266)	500 305

Cash utilised in operations

(980 409) **(5 879)**

27. Contingent liabilities

Contingent liabilities	157 381	267 794
	157 381	267 794
Labour related matters	-	3 363
Land related matters	-	17 000
Other litigations	28 019	28 926
Retention of Surplus to National Treasury	129 362	218 505
	157 381	267 794

Labour related matters

This category primarily comprise potential liabilities from matters relating to litigation and proceedings relating to employees. The cases reported previously were ruled in favour of the Agency.

Land related matters

The contingent liability that existed as at 31 March 2023 related to the land dispute. Judgment was granted in September 2023 dismissing both the application and constitutional damages.

Other litigations

This category primarily comprise potential liabilities from matters relating to litigation and proceedings relating to service providers/suppliers. Subsequent to year-end, the Agency settled a legal matter with one of the service providers. A payment amounting to R10.2m was paid to settle the matter and this amount was subsequently removed from contingent liability disclosure.

Retention of Surplus to National Treasury

The HDA must annually declare all surpluses or deficits to the National Treasury each year, based on the audited financial statements. The contingent liability represents an amount that will be subject to the declaration of surplus process in line with of National Treasury Instruction no.12 of 2020/21. The amount is estimated using unaudited annual financial statements as the basis for calculation.

Notes to the Annual Financial Statements

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28. Irregular, fruitless and wasteful expenditure

Irregular expenditure	36 087	371 369
Fruitless and wasteful expenditure	742	404
	36 829	371 773

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

Incident description 2023/24

Irregular expenditure emanated from non-compliance with supply chain management prescripts. All cases were completed, and responsible officials disciplined.

During the year ended March 2024, a total amount of R705,3 million of irregular expenditure that was not condoned by National Treasury, was removed by the Board on 04 March 2024 in compliance with the applicable PFMA Compliance and Reporting Framework. This amount includes R361,9 million for the prior year and R343,3 million that was incurred during 2017/18; 2020/21 and 2021/22 financial years. Fruitless and wasteful expenditure arose from the oversight in performing an administrative task.

An amount of R2,9 million Fruitless and wasteful expenditure was written off during the year. This amount includes R2,8 million worth of transactions that do not constitute fruitless and wasteful expenditure as defined by the Act (PFMA), R4 thousand incurred in the current year, R67 thousand for the prior year and the rest relates to 2017/18 until 2021/22 financial years.

Restatement of opening balances

During the audit of 2023/24 financial year, the HDA identified fruitless and wasteful expenditure of R337 thousand relating to the prior year through its own internal processes. This additional amount was not previously disclosed in 2022/23 financial year, and it has been duly included in the amount of R404 thousand.

Impracticality Judgement

No impracticality judgement identified during the current financial year.

29. Budget Comparison Statement

Changes between the approved and final budget

An increase between the approved and final budget is mainly driven by the following:

- An increase of R43,1m in conditional grants received from the provinces to fund the provinces expenditure. The KZN province increased its budget by more than R40m at mid-term to fund the KZN floods project. This increase in revenue had a corresponding effect in spending towards this project.
- A higher interest income originating from high levels of cash held in the bank. Operational grant spending was slow during the first six months of the year.
- A notable increase in other income of R6,2m. The Agency had utilised its operational grant funds in the prior year to pay a court award arising from a legal dispute in relation to the court settlement.



Notes to the Annual Financial Statements

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29. Budget Comparison Statement (continued)

- At mid-term, the Agency had received R3,3m originating from management fees earned on the chemical toilets & honey suckers project.

The additional inflows in other income had a domino effect on expenses, the following expenses were increased accordingly: Legal fees, audit fees, and property management costs for rates, taxes, maintenance & security for properties acquired during the year.

Changes between the Final budget and Actual

Revenue Analysis

Province support conditional grant

An increase in province supported conditional between approved budget and the adjusted budget is mainly driven by KwaZulu-Natal floods and GADA (Gauteng). These provinces increased their budget due to the following:

- KwaZulu-Natal floods project
- GADA has increased its payroll budget to capacitate the unit.

The revenue is recognised in the statement of financial performance through the matching of direct expenditure incurred to the extent where there are funds available/received. The underspending is mainly driven by delays in receiving funds for the operational projects allocated for Western Cape and delays capacitating personnel for GADA.

Project Management fees - To be updated

Overcollection is mainly driven by Eastern cape projects and Chemical toilets. Change in business process from tranche payment to value creation has also contributed to the increase.

Interest income

Interest income came in higher than expected, this is as a result high levels of cash held during the year as a result of from slow spending of the operational grant received in the current year.

Other income

Overspending is as a result of additional unanticipated tenants, The renting out of properties is an ancillary activity for the sole purpose of protecting the activities.

Expenditure Analysis

Catering & Conferences

This comprises catering for meetings, office consumable and conferences venue bookings. The underspending is due to the cost containment initiatives that were put in place.

Advertising & Marketing

The budget had assumed that all vacant positions would be filled by quarter three during the financial year, things did not unfold as expected hence the saving. In addition to this, there was unspent budget relating to event planning and marketing material due SCM processes that were only finalised during the last quarter of the financial year.

Agency support - outsourced

The expenditure relates to the travel booking fee paid to the travel agent, Sage Accounting support services, payroll outsourced services and media editorial space management services. Underspending is mainly driven by delay in procuring services in relation to the media editorial space management.

Assets Written off

The underspending is mainly driven by purchases of assets below R5 000. There was less than expected requirements to replace such assets.

Notes to the Annual Financial Statements

Figures in R'000	Restated	
	2024	2023

29. Budget Comparison Statement (continued)

Auditor Remuneration

This mainly comprises fees in relation to external audit services. The overspending is as a result of provision made.

Bad Debts

The provision of R69.2m is mainly driven by impairment made for Braamfontein Eskom building and deficit projects expenditures incurred in the previous financial periods where funders and projects principals have not accepted nor confirmed their liabilities thus indicating that the recoverability of the amount is questionable.

Bank Charges

Bank charges represent service fees charged by the banks. The spending is in line with the bank transactions volume by the Agency year to date.

Board Costs

This expenditure relates to the remuneration of the Board and its committees. Spending to date is for meetings that took place during the financial year (e.g. Social Ethics committee, Remco, ARC, Minister's budget vote and Portfolio committee). The underspending is mainly driven by fewer special meetings held for each of the Committees, and there was a lower number of Ministerial engagements that the Board was expected to attend during the financial year.

Communications

The expenditure comprises land line usage and courier services. The spending is in line with the usage to date.

Computer Services

This expenditure comprises internet services (Firewall, mime cast, hosting of server routers and 3G MTN, Telkom & Vodacom). An increase is due to software licences within a licence duration of less than one year which are not capitalised.

Consultants - Technical

This expenditure relates to consultancy services on funds budgeted from MTOP (medium-term operational plan). The underspending is mainly driven by the projects which could not take place as a result of funds unavailable to facilitate the projects.

Operational grant consultants

This expenditure relates to consultancy services on funds budgeted from the Agency's operational grant. The underspending is mainly driven by implementation of cost containment measures.

Deficit on disposal of PPE

This figure is highly dependent on circumstances and incidents that trigger the disposals. Loss of assets occurred as a result of physical damage, a robbery, etc.

Depreciation and amortisation

This is a non-cash item, representing the reduction in the value of assets over time. The high levels of depreciation emanate from the buildings and computer equipment category.

Finance Costs and Leasing charges

The expenditure relates finance costs on leased assets (photocopiers) in line with the amortisation of the lease liability, copy printing, machine toners and PABX land line system. This is depended on the usage and represents spending for the year.

Land & Related Costs

The expenditure relates to security, valuations, property rates, insurance & maintenance costs for properties owned by the Agency and those held on behalf of the provinces. The overspending is as a result of maintenance, rates, security and taxes paid for the properties managed and owned by the Agency.

Notes to the Annual Financial Statements

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29. Budget Comparison Statement (continued)

Legal Fees

Expenditure incurred for the year was as a result of litigation costs and the consequence management. Spending is in line with the activities happened during the financial period. Less than expected cases were finalised during the year.

Office Rental

The expenditure relates to office rental, for the head office and regional offices. Office lease for the Western Cape region was not renewed during the year. Limpopo office lease was renewed in the second quarter of the financial year. The budget had assumed that rental relating to these offices would be incurred from the beginning of the financial year, hence underspending.

Other Office expenses

The overspending is as a result of a court award made against the Agency in relation to the Limpopo project.

Penalty

This expenditure is not appreciated as it is considered fruitless. The expenditure incurred relates to late penalty charges on the following:

- Rental payments for the KZN and Free State offices Payments made later than the first business day of each calendar month.
- SARS e-filing (PAYE) late submission.

Printing & Stationery

The expenditure incurred to date relates to a bulk of stationery purchased by head office and regional offices. The organisation has put a control in place to ensure that stationery is kept at a minimal resulting in saving/ underspending.

Repairs & Maintenance

The expenditure relates to unexpected repairs and maintenance requirements across all HDA offices on all office equipment (excluding leased assets).

Employee costs

The underspending is mainly driven by the delay in filling up vacant positions.

Staff Recruitment

This relates to placement fees paid to the recruitment agencies in case of a successful referral. The underspending is as a result of insource some of the recruitment services.

Temporary Staff

The expenditure incurred relates to temporary employees and interns salaries for the Head office and Regions. The saving is mainly driven by insourcing appointment of temporary staff effective from 2nd quarter of the financial year, resulting to a saving on monthly placement fees hence the underspending.

Training & Staff Development

The underspending is mainly driven by the delays in finalising training plans for the employees.

Travel and Accommodation

The expenditure incurred relate to travelling costs to projects site visits and other organisational travel. Saving is mainly driven by cost containment initiatives in place.

Assets Purchases

This expenditure relates to acquisition of computer equipment, office equipment, hardware costs, furniture & fitting and software. Finalisation of SCM processes to procure assets took place in the last quarter which resulted in saving / underspending.

Notes to the Annual Financial Statements

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30. Properties held on behalf of others

Description	Description as previously reported	2024		2023			
		Land value at acquisition 2024	Municipal Valuation at 31 March 2023	Restated Land value at acquisition 2023	Restated Municipal valuation at 31 March 2023	Land value at acquisition 2023	Municipal valuation at 31 March 2023
Portion 0 of Erf 1491 Warmbad Ext 25, Bela Bela	1491 Warmbath - Bela Bela	65 400	65 400	65 400	65 400	65 400	65 400
Erf 1816 Bethlehem township	Erf 1816 Bethlehem township	4 400	710	4 400	710	4 400	710
Erf 4919 Kroonstad Pres. Steyn Hostel	Erf 4919 Kroonstad Ext 30 township	3 300	9 000	3 300	9 000	3 300	9 000
Portion 5,6,7 and 8 of Erf 5246 Kroonstad	Erf 5246 Kroonstad Ptn 5.6.7 &8	1 733	2 780	1 733	2 780	1 733	2 780
Portion 20 (of Portion 7) of Erf 4049, Bethlehem	Erf 4049 Portion 20 Bethlehem	2 100	480	2 100	480	2 100	480
Portion 59 of Erf 229, Kroonstad	Erf 229 Kroonstad	2 338	1 000	2 338	1 000	2 338	1 000
Portion 37 of Welkom 41	Ptn of farm Welkom 41	4 366	1 100	4 336	1 100	4 366	1 100
Portion 406 of Portion 1 of farm Bloemfontein 654, Liquinda	Farm 654 Portion 1 Bloemfontein	10 200	5 000	10 200	5 000	10 200	5 000
Portion 3 of Erf 2116, Hamilton	Erf 2116 Portion 3 Bloemfontein	2 500	2 300	2 500	2 300	2 500	2 300
Erf 3726 De Aar	Erf 3726 De Aar Township Northern Cape	10 000	1 000	10 000	1 000	10 000	1 000
Portion 0 of Erf 635 De Aar	Erf 635 De Aar Emthanjeni Municipality	7 700	1 000	7 700	1 000	7 700	1 000
Rem of Portion 9 of Farm 787 Weltevreden Valley, Philippi-Rem of Ptn 34 of Farm Schultz Vley no.807 (Cape Rd)	Portion 9 of Farm 787, 807 Cape Road, Western Cape	7 854	8 400	7 854	2 700	7 854	2 700

Notes to the Annual Financial Statements

Figures in R'000

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Restated
2023

30. Properties held on behalf of others (continued)

Description	Description as previously reported	2024		2023			
		Land value at acquisition 2024	Municipal Valuation at 31 March 2023	Restated Land value at acquisition 2023	Restated Municipal valuation at 31 March 2023	Land value at acquisition 2023	Municipal valuation at 31 March 2023
Portion 0 of Erf 925 Township Gugulethu, Western Cape, Erf 921-924, 927-938, 940-941 Gugulethu, Western Cape, Portion 0 of Erf 177135 & Erf 172883 Cape RD	Erven 921, 922, 923, 924, 925, 927-938, 940-941, 17735, 172883 Philippi, Western Cape	15 569	7 615	15 569	5 430	15 569	5 430
RE of Farm 700 Cape Rd	Farm 700 Business Zone 949, Cape Town, Western Cape	4 552	4 500	4 552	4 500	4 552	4 500
RE of Ptn 9 of Farm Schultz Vley 807, Portion 0 of Erf 3108 and Portion 0 of Erf 21399 Philippi, Cape RD)	Erf 807, 3108, 21400 Philippi (Market valuation as at April 2021)	39 195	9 985	39 195	11 115	39 195	11 115
Erf 4061 Hout Bay, Erf 4062, Hout Bay, 5636 and 5637 Hout Bay, Western Cape	Erven 4061, 4062, 5636, 5637 Hout Bay, Western Cape	45 354	40 955	45 354	36 000	45 354	36 000
RE Farm 791 & RE Farm 793 Cape Town, Western Cape	Farm 791, 793 Cape Town, Western Cape	10 842	4 512	10 842	4 512	10 842	4 512
Rem of Ptn 64 of Farm 787 Cape Rd, Cape Town, Western Cape	Portion 64 of Farm 787 Cape Town, Western Cape	6 365	6 785	6 365	6 800	6 355	6 800
Erf 35163 - 35174, 35148, 38368 Milnerton, Western Cape	Erven 35163 - 35174, 36148, 38368 Milnerton, Western Cape	64 965	25 320	64 965	11 760	64 965	11 760

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30. Properties held on behalf of others (continued)

Description	Description as previously reported	2024		2023			
		Land value at acquisition 2024	Municipal Valuation at 31 March 2023	Restated Land value at acquisition 2023	Restated Municipal valuation at 31 March 2023	Land value at acquisition 2023	Municipal valuation at 31 March 2023
Portion 34 of farm Schultz Vley No. 807	Portion 34 of farm Schultz Vley No. 807	12 388	-	12 388	5 700	12 388	5 700
Portion 0 of Erf 40076 & 40077 Goodwood City of Cape Town, Western Cape	Erven 40076 & 40077 Goodwood City of Cape Town, Western Cape	8 546	9 300	8 546	12 400	8 546	12 400
Ptn 2 of Farm 1540 Stellenbosch RD	Portion 2 Farm 1540 Stellenbosch	2 507	2 150	2 507	3 000	2 507	3 000
Portion 0 of Farm Elite 2630	Farm Elite 2630, in extent 214,1330 hectares Bloemfontein	45 000	25 700	45 000	25 700	45 000	25 700
Portion 0 of Erf 11839 Kimberley, Sol Plaatjie	Erf 11839 Kimberley, Sol Plaatjie	16 273	50 000	16 273	50 000	16 273	50 000
Rem of Ptn 22, 64 and 65 and Portion 23 of the Farm Strathsomers Estate No 42, Uitenhage	Portion 22,23,64&65 Farm Strathsomers Estate No 42	5 245	1 512	5 245	5 172	5 245	5 172
Portion 24 and 290 of the Farm Strathsomers Estate No 42	Portion 24 of the Farm Strathsomers Estate No 42&portion 290	6 025	1 460	6 025	1 460	6 025	1 460
Rem of farm 790 Cape RD	Farm 790:Barbara Annette Hugo	9 598	9 500	-	-	-	-

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30. Properties held on behalf of others (continued)

Description	Description as previously reported	2024		2023			
		Land value at acquisition 2024	Municipal Valuation at 31 March 2023	Restated Land value at acquisition 2023	Restated Municipal valuation at 31 March 2023	Land value at acquisition 2023	Municipal valuation at 31 March 2023
REm of Ptn 19 farm Geelhouteboom 688 Humansdorp		15 000	860	15 000	860	-	-
Rem of Portion 23 and Portion 41,42 and 43 of Farm South Gorah No. 397		4 617	1 411	4 617	1 411	-	-
Remainder of Farm SCHULTZ VLEY number 807		8 960	9 500	8 960	9 500	-	-
Total		442 892	309 235	433 264	287 790	404 707	276 019

The Agency's primary mandate is to acquire, hold and release land for Human Settlements development. The secondary mandate is to do the above on behalf of other government entities. These transactions that qualify as the primary mandate are minimal compared to the secondary mandate.

To achieve the secondary mandate, Implementation Protocols are entered between the Agency and Provincial governments /Municipalities (clients). Some agreements include transfers of land from the clients to the Agency. Other agreements involve the transfer of funds from the client to the HDA to facilitate the identification, acquisition, holding, development and transfer of the land and the attached properties to beneficiaries.

The agreements with the clients are such that the Agency has no right of use of the land or the right to the economic benefits or service potential that arises from using the land. Instructions as to when to develop or dispose are given by the client through a signed funding agreement. Development plans and decisions are borne by the client. In addition, while the Agency holds the land, operational expenses of insurance, security and rates borne by the client. For these reasons, management concludes that it is an Agent and the Clients are the Principal as defined by GRAP 109.

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30. Properties held on behalf of others (continued)

The clients retain the risks and benefits attached with the land. The major risks include land encroachment/illegal invasions by squatters. No significant risks attach to the Agency other than compliance risks with the PFMA. The Agency is exposed to the risk of Irregular expenditure; fruitless and wasteful expenditure that arise from noncompliance to procurement processes. The Agency mitigates this risk by continuously monitoring its internal control and risk management frameworks.

The Properties affected are listed above.

Transfer of various land parcels held by the agency to various municipalities

During financial the year, the HDA Board approved the donation of the following land parcels listed above to various Eastern Cape municipalities:

- > Rem of Ptn 19 farm Geelhouteboom 688 Humansdorp
- > Rem of Portion 23 and Portions 41, 42 and 43 of Farm South Gorah No. 397
- > Portions 24 and 290 of the Farm Strathsomers Estate No 42
- > Rem of Ptn 22,64 and 65 and Portion 23 of the Farm Strathsomers Estate No 42, Uitenhage

The properties were acquired with funding from the Eastern Cape province and approved to be temporarily held for and on behalf of the municipalities on condition that they will be subsequently released to the respective municipalities for informal settlements upgrading purposes. The donation of the land parcels to the respective municipalities is in accordance with the original acquisition intent. The land parcels will be removed from the Agency's books upon transfer and registration of the land parcels in the names of the municipalities, the process is underway.

31. Financial risk management

The HDA, in the course of normal operations, has limited exposure to the financial risks, e.g liquidity risks, credit risks and interest rate risks. However, the HDA attempts to manage the following financial risks:

Liquidity risks

Liquidity risk refers to the risk that sufficient liquidity is not available when required. The goal of the entity is to maintain adequate liquidity at all times.

The HDA is exposed to liquidity risk only with regards to the payment of its payables and undertaking unfunded projects. The payables are all due within a short time, the National Treasury instruction requires payments of invoices within 30 days of receipt. The HDA manages its liquidity risk by conducting monthly forecasting, holding sufficient cash in its bank accounts, supplemented by cash available in a money market account.

The HDA manages liquidity risk according to its investment policy and working capital management, expenditure versus forecasted cash flows. The amount of cash invested in call deposits of 30 days, 60 days and 90 days is guided by the projected future cash requirements. The issue of unfunded projects remains a challenge, as the funding agreements signed with some of the stakeholders entails that funding in a form of management fee is earned over a period of time, with no bridging finance available to cover preliminary expenses.

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31. Financial risk management (continued)

The maturity analysis of payables at reporting date were as follows:

Payables		
Not past due	150 860	701 199
Past due 60 days	-	-
Past due 90 days	2 257	2 415

Finance lease obligations		
Projected repayment - less than 1 year	351	-
Projected repayment - 31 March 2024	1 459	-

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, currency risk, interest rate risk and other price risk. The entity is only exposed to interest rate risk. See cash and cash equivalents below.

Interest Rate Risk

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits.

This is a risk that fair value or future cash flows from financial instruments will fluctuate as a result of changes in the market interest rates. Values in the financial instruments may change, thus resulting in both potential gains and losses. The HDA's activities do not expose it to significant market interest rate risks. Therefore, there are no procedures in place to mitigate these risks.

Cash in the bank account is kept at a minimum in order to maximise interest earned on cash.

The HDA has invested any surplus cash in a short-term money market account. The interest rates on this account fluctuates in line with movements in current money market rates.

Credit Risk

Credit risk consists mainly of cash deposits, cash and cash equivalents, derivative financial instruments and trade debtors. The HDA deposits cash only with major banks with high quality credit standing and limits exposure to any other counter party.

The HDA receives grant funding from the government through the Department of Human Settlements, therefore, its exposure to credit risk is minimal.

Receivables

The receivables are exposed to a low risk and amounts overdue are owing by other government institutions.

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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31. Financial risk management (continued)

Receivables		
Not past due	108 876	30 186
Past due 60 days	12 072	231
Past due 90 days	56 811	42 067

Cash and Cash equivalents

Cash and deposits are regarded as having insignificant credit risk. The balances of cash and cash equivalents are as follows:

Bank	Type	Interest rate	Balance as at 31 March 2024	Balance as at 31 March 2023
Absa	Current account	0.01	139 523	364 089
Absa	Call account	8.6	4 807	18 506
Absa	Money Market Call	8.1	233 281	290 273
First National Bank	Current account	5.75	28 135	25 900
First National Bank	Corporate cheque account	5.75	-	6 689
First National Bank	Commercial Nstd Call	7.05	6 298	30 659
First National Bank	Commercial Money Market	8.4	229 503	450 989
Standard bank	Current account	6.5	64 000	60 032
Nedbank	Current account		58 098	49 559
Nedbank	Call account	8.1	107 980	666 889
Petty cash	Cash	0	172	79
			871 797	1 963 664

Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Receivables from exchange transactions	299 089	276 657
Trust Funds	596 194	492 045
	895 283	768 702

Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Payables	1 618 203	2 504 125
Projects Payables from exchange transactions	-	-
Designated income received in advance	-	-
	1 618 203	2 504 125

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32. Going concern

The Agency's annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis assumes that there will be funds 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 ability of the Agency to continue as a going concern is dependent on many factors and indicators. The Board and Management has considered, among other, the following relating to financial, operating and legislation towards the assessment of going concern:

Financial indicators

- The budgets for the 2024/25 financial year indicate that the ongoing operation will be return a surplus and positive cash flows.
- The Agency has a positive net asset position of approximately R280 million (2023: R270 million)
- The Agency has positive cash balances at year end, is in a net current asset position and has a favourable current ratio of 1:1 (2023: 1,11)
- The Agency has secured the necessary fiscal backing as supported by the approved MTEF allocation and various signed funding agreements and implementation protocols in place to fund the HDA and to continue in operation for the foreseeable future.

Operational indicators

- The Entity is looking to strengthen relationships further and venture into new areas of revenue generation by engaging in its primary mandate in future.

Legislative and other factors

- Compliance with all laws and regulations applicable to the Agency is currently a priority for the Board. All identified risks on compliance are continuously being dealt with and appropriate controls are being put in place to detect and act upon any compliance requirements which might arise.
- There is no known or reported intention by Parliament to repeal the HDA Act that may cast any real material uncertainty onto the Agency's continued existence.

Consequently, the Board does not expect any material uncertainty over the Agency's ability to continue as going concern in the foreseeable future.

33. Prior period errors

(A) Fund management fees

The Agency was appointed during the financial year of 2020/2021 for three roles in upgrading of informal settlement programme; Implementing Agent, Programme management and Fund management. According to the addendum of the fund agreement, the agency is eligible for a 2.5% fund management fee on expenditure incurred throughout the programme. The agency did not recognise the fund management fee as revenue in the accounting records in the previous financial periods. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

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33. Prior period errors (continued)

Statement of Financial Position

- a decrease in Project Obligations (Current liabilities) by R4,2m
- an increase in Receivables from exchange transactions (Other Receivables) by R4,2m
- an increase Projects Payables from exchange transactions (Accruals) by R4,2m

Statement of Financial Performance

- an increase in Fund management fees (Revenue from exchange transactions) by R4,1m
- an increase in the surplus for the year by R4,1m

Statement of changes in Net Assets

- an increase in accumulated surplus R138k

(B) Land held on behalf of others not disclosed in the financial statements

During the financial year it was discovered that a few land parcels held on behalf of HDA stakeholders were not disclosed in the financial statements. The values of these parcels at acquisition were R15m, R4.6m for land parcels in the Eastern Cape and R8.96m for a land parcel in the Western Cape.

The error has been corrected. The correction resulted in a disclosure in the notes the financial statements as follows:

Land held On Behalf Of Other State Organs

Property Description	Province	Land at acquisition	Municipal value at 31 March 2023
Rem of Ptn 19 farm Geelhouteboom 688 Humansdorp	Eastern Cape	15 000	860
Rem of Portion 23 and Portions 41, 42 and 43 of Farm South Gorah No. 397	Eastern Cape	4 617	1 477
Remaining Extent of the farm SCHULTZ VLEY 807 Registration Division Cape RD	Western Cape	8 960	9 500

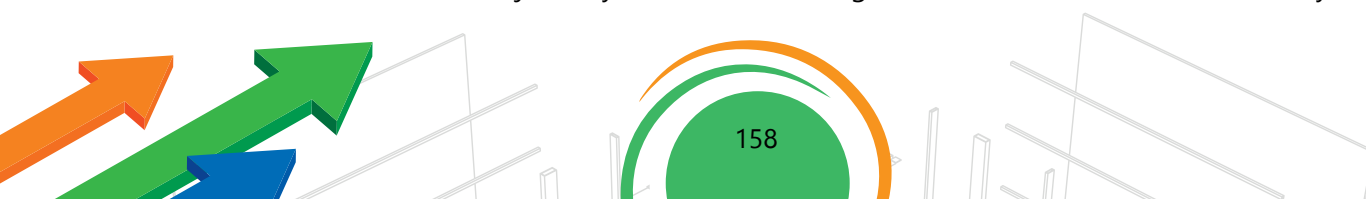
(C) Unrecorded Liabilities

Supplier Invoices

Management has identified cases in which work was performed in prior periods, without proper accrual of related costs incurred. Recognition of these liabilities has been accounted for as a prior period error, resulting in the accruals.

Statement of Financial Position

- a decrease in Project Obligations (Current liabilities) by R180k
- an increase in Accruals – Payables from exchange transactions (Current liabilities) by R3.1m
- an increase in Accruals – Project Payables from exchange transactions (Current liabilities) by R180k



Notes to the Annual Financial Statements

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33. Prior period errors (continued)

Statement of Financial Performance

- an increase in Consulting fees (operating expenses) by R3,1m
- a decrease in the surplus for the year by R3,1m

(D) Commitments: Service Stands Administration

The Agency has identified certain commitments pertaining to prior periods that should have been disclosed in prior years, but for which there was no disclosure at the time. This relates to commitments by the agency where the agency is appointed to facilitate the purchasing and administration of properties on behalf its stakeholders. In cases where the Agency is appointed to facilitate the transferring of the service stands in the names of the beneficiaries, the Agency discloses this commitment until all its obligations of transferring the service stands in the names of the beneficiaries is complete. The error has been corrected by disclosing the status of the service stands administration for the prior periods as follows:

Project Description	March 2023		
	Total Number of Stands	Number of Stands registered to date	Number of stands in a process of registration
Palm Ridge Ext 14, 15, 16, 17, 34 and 35	1 392	500	892
Palm Ridge 38	548	-	-
Elijah Barayi Village	495	-	-
	2 435	500	892

Palm Ridge Ext 14, 15, 16, 17, 34 and 35

- Beneficiary list received from the Gauteng Department of Human Settlements in November 2021 for signing of deed of sale.
- The Agency cannot get hold of some of the beneficiaries which causes delays to register the full number of the project.

Palm Ridge 38

- The Agency has not received mandate from the Department for title deed registrations to the beneficiaries.

Elijah Barayi Village

- Received beneficiary list from the Department in October 2021 for signing of deed of sale.
- Cannot get hold of some of the beneficiaries which causes delays to register the full number of the project.
- Awaiting Section 53 SPLUMA certificate.

Notes to the Annual Financial Statements

Figures in R'000	2024	Restated 2023
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33. Prior period errors (continued)

(E) Funds held in trust account

In March 2020, the Agency entered into an agreement with the Gauteng Department of Human Settlements to facilitate the transfer of service stands in the names of beneficiaries. The HDA paid the full purchase price amounting to R59 409 488 on 17 Dec 2020 into the conveyancer's bank account. As at 31 March 2023, not all the funds had been paid by the conveyancer to the seller, pending the issuance of Section 82 certificates. At year end, the balance in the Conveyancer's account was R34,5m. The Agency did not record a net interest income (interest income less legal practice fees) amounting to R3,2m in relation to the interest accrued and other fees while the funds were held in the conveyancer's bank account. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of Financial Position

- an increase in Receivables: stakeholders from exchange transactions (Current assets) by R3,2m
- an increase in Funds held in the trust-Conveyancers (Current assets) by R34,5m
- an increase in Land liability (Current liabilities) by R34,5m
- an increase in Project Obligation (Current liabilities) by R3,2m

The items were restated as follows:

1. Statement of financial position

Reference	As previously reported	Adjustments	As restated
Total assets	553 576	42 045	595 621
Current assets	553 576	42 045	595 621
Funds paid to Conveyancers: Principal agent	E	34 585	492 045
Receivables from exchange transactions	A&E	7 460	103 576
Total liabilities	(1 790 950)	(42 270)	(1 831 931)
Current Liabilities	(1 790 950)	(42 270)	(1 831 931)
Land liability: Principal agent	E	(34 585)	(492 045)
Payables from exchange transactions	C1	(3 142)	(129 925)
Projects Payables from exchange transactions	C2 + A	(4 384)	(464 639)
Project obligations	C/A	1 130	(745 322)
Operating leases	-	(1 289)	(1 289)
Net Assets	(270 549)	225	(270 324)

Notes to the Annual Financial Statements

Figures in R'000		2024	Restated 2023	
33. Prior period errors (continued)				
	Reference	As previously reported	Adjustments	As restated
2. Statement of financial performance		138 717	(925)	137 792
Total Revenue		-	(4 067)	(4 067)
Fund management fees	A	-	(4 067)	(4 067)
Expenditure				
Operating expenses		138 717	3 142	141 859
3. Statement of changes in net assets				
Accumulated surplus	A	(270 549)	(138)	(270 687)
4. Statement of cash flows				
Cash (utilised) generated from operations	A	27 766	4 205	31 971
Net cash (outflow)/inflow from operating activities	A	36 848	4 067	40 915
Cash inflow/(outflow) from financing activities	A	(421 203)	(4 205)	(425 408)

34. Segment Information

Segment Identification

The Agency is organised and reports to management on the basis of 9 major funding areas:

Head Office
 Eastern Cape
 Western Cape
 Limpopo
 Northern Cape
 Gauteng
 North West
 KwaZulu-Natal
 Free State

The segments were identified based on the source of funding and geographical locations. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Notes to the Annual Financial Statements

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34. Segment Information (continued)

Aggregation of Segments

The segments have been aggregated on the region as indicated below:

Reportable Segment	Segments	Source of Funding
Head Office	Head Office	Operational Grants
Region A	Eastern Cape	Eastern Cape conditional funding
	Northern Cape	Northern Cape conditional funding
	Western Cape	Western Cape conditional funding
Region B	Limpopo	Limpopo conditional funding
	Gauteng	Gauteng conditional funding
	North West	North West conditional funding
Region C	KwaZulu-Natal	KwaZulu-Natal conditional funding
	Free State	Free State conditional funding

Segment surplus or deficit, assets and liabilities

	Head Office	Region A	Region B	Region C	Total	Face of AFS Amounts
External Revenue from non-exchange transactions;	243 649	-	-	-	243 649	243 649
External revenue from exchange transactions;	23 687	47 490	58 058	67 306	196 541	196 541
Revenue from transactions with other segments in the same entity;	-	-	-	-	-	-
Interest revenue;	24 175	-	7	2	24 184	24 184
Total Revenue	291 511	47 490	58 065	67 308	464 374	464 374
Interest expense;	53	13	4	8	78	78
Depreciation and amortisation;	4 908	278	77	189	5 452	5 452
Impairment	69 163	-	-	-	69 163	69 163
Repairs and maintenance	184	17	87	2	290	290
Interest in the surplus or deficit of associates and joint ventures accounted for by the equity method;	-	-	-	-	-	-
Material non-cash items other than depreciation and amortisation.	-	-	-	-	-	-
Other expenses	223 402	52 991	36 853	75 856	389 103	389 103
Total Expenditure	297 710	53 300	37 020	76 056	464 086	464 086
Surplus/ (Deficit)	(6 199)	(5 809)	21 045	(8 748)	288	288
Total Non Current Assets	142 742	-	-	-	142 742	142 742
Current Year Asset Additions	111 186	-	-	-	111 186	111 186
Total Assets	1 910 343	-	-	-	1 910 343	1 910 343
Total Liabilities	1 639 697	-	-	-	1 639 697	1 639 697

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34. Segment Information (continued)

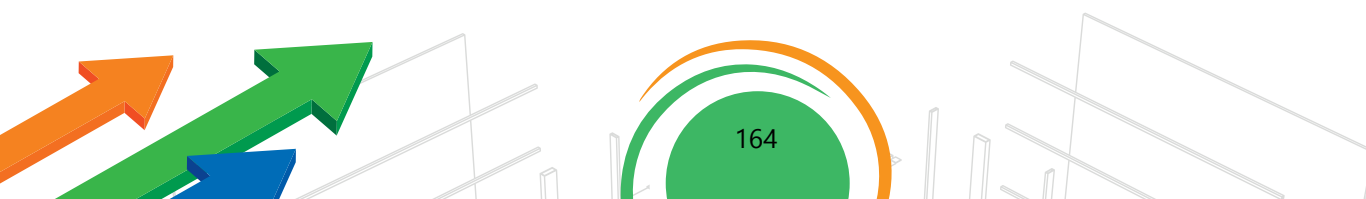
	2022/23					Face of AFS Amounts
	Head Office	Region A	Region B	Region C	Total	
External Revenue from non-exchange transactions;	242 716	-	-	-	242 716	242 716
External revenue from exchange transactions;	153 542	33 104	24 238	15 424	226 308	226 308
Revenue from transactions with other segments in the same entity;	-	-	-	-	-	-
Interest revenue;	11 485	-	1	2	11 487	11 487
Total Revenue	407 742	33 104	24 239	15 426	480 511	480 511
Interest expense;	14	2	2	1	19	19
Depreciation and amortisation;	2 746	38	233	30	3 047	3 047
Impairment	766	-	-	-	766	766
Repairs and maintenance	444	7	10	-	461	461
Interest in the surplus or deficit of associates and joint ventures accounted for by the equity method;	-	-	-	-	-	-
Material non-cash items other than depreciation and amortisation	807	-	-	-	807	807
Other expenses	302 567	33 057	24 123	15 394	375 141	375 141
Total Expenditure	307 343	33 104	24 368	15 425	380 241	380 241
Surplus/ Deficit	100 399	-	(129)	-	100 270	100 270
Total Non Current Assets	49 846	-	-	-	-	-
Current Year Asset Additions	3 851	-	-	-	-	-
Total Assets	2 782 212	-	-	-	-	-
Total Liabilities	2 511 895	-	-	-	-	-

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35. Projects and Programmes Undertaken in 2023/24

Province	Projects Name
Eastern Cape	Mdantsane Cluster 2 & 18 cc
	Reeston Stage 3 Phase 2
	Peelton & Tyutyu
	Queenstown New Rathwick
	Engcobo 1854
	Elliot 1000
	Indwe 160 middle income urban flisp
	Queenstown Polar Park 143
	Sterkstroom 164
	Whittlesea sada 1000 (300) units
	Chatty 491
	Bethelsdorp
	Khayamnandi 289
	Khayamnandi 479
	Mandelaville
	Motherwell NU12
	UISP Programme
	Emergency Housing
	Western Cape
Emergency and Management of TRAs	
TRA 5; 5.1 and TRA 6	
Welmoed	
Driftsands	
Knysna: Khayaletu Bungalows Redevelopment	
PRASA Central Line Relocation Programme	
ACSA Denel Swartklip Development	
SABC Building, Seapoint	
Erf 11473: Mitchells Plain	
Erf 14443: Strand	
Stellenbosch Priority Projects	
Erf 64 Kylemore	
Jonkershoek	
Meerlust	
La Motte	
Planning Projects	
Chatsworth: HDA Land	
Hout Bay: Imizamo Yethu	
Title Deeds	
Title Deeds Registrations	
Title Deeds Restoration Programme	
Mandela Park Programme	



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35. Projects and Programmes Undertaken in 2023/24 (continued)

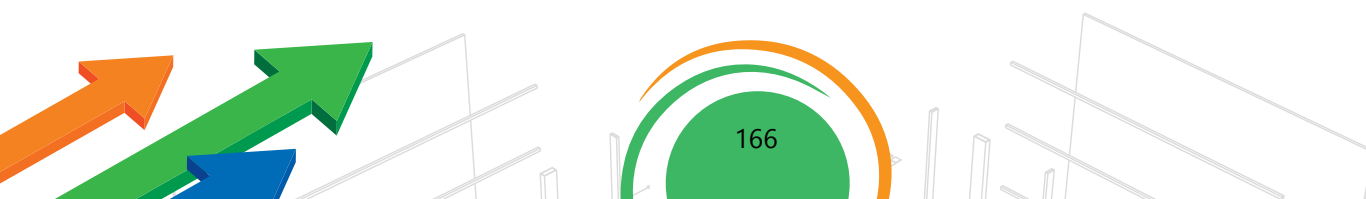
Province	Projects Name
Western Cape	Beneficiary Administration and Management
	Beneficiary Management and Helpdesk
	Southern Corridor: Farm 694
	New Eisleben – Zimbabwe
	Borchards Quarry
	New Woodlands
	Farm 694 - Kosovo
	Ithemba Farm
Free State	Bakenpark Ext. 6&7;
	Botharnia 9 Phase 2:
	Umgababa TRUs;
	Thokomala Rural Housing Project
	Umlazi Urban Regeneration Project
	Umlazi Urban Regeneration Project
	Groenvlei AgriVillage Ward 4
	stage 1 specialist studies and project packaging for various rural projects in ward 6
	Kransdraai Rural Housing Project, Ward 3
	various infill land parcels located in Edendale
North West	NDZ Cluster 1 projects incorporating ward 5, 7, 12 & 13
	Enumeration & socio economic profiling for 2 informal settlements
	Ufafa Extension Rural Housing Project
	Tlhabologang Ext. 9,
	Tshing Ext. 10
	Mooibank Ext. 32
	Vyfhoek Postma Park
	Hillview Township
	Marikana Ext. 13
	Majakaneng Phase 1
Letsopa Ext. 8	
Sunway Village	
Majakaneng Phase 2	
Kanana Ext 17	
Tigane ext. 9	
Bokfontein Ext. 6	
Mmakaunyane Ext 1	
Driekant TSE	
Rooigrond Ext 2	
Marikana Studies	
Deelpan Phase 2	
Stella Phase 2	
Coligny CBD Stands	

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35. Projects and Programmes Undertaken in 2023/24 (continued)

Province	Projects Name
Limpopo	Military Veteran
	Rural and Military
	Mining Towns & Title Deeds
	Bendor 100/ Catalytic Project
	Vingerkraal
	Asbestos- Phase 1&2
	Distressed Mining Towns
	Project Planning & pipeline
	Asbestos- Phase 2
	Gauteng
Palm Ridge x9	
Munsievilee X9	
Kagiso X1	
Zandspruit x84	
Eldorado Park (Erf 9135)	
Ennerdale X2 &6	
Mountain View	
Head Office	Sanitation



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Detailed Statement of Financial Performance

Revenue

Grants received	375 449	408 623
Operational grant received from National Department of Human Settlements	243 649	242 716
Provinces support conditional grant	131 800	165 907
Buffalo City Municipality	-	21 154
Eastern Cape Provincial Government	-	8 045
Eastern Cape PHDA	-	3 906
Free State Provincial Government	23 248	16 736
Gauteng Provincial Government	-	8 492
Gauteng Provincial Government - GADA	3 233	3 406
Gauteng Provincial Government - PHDA	-	10 792
KwaZulu-Natal Floods	38 113	12 455
KwaZulu-Natal Provincial Government	14 184	18 969
Limpopo Provincial Government	17 163	15 424
North West Provincial Government	10 035	15 910
Northern Cape Provincial Government	-	7 219
Western Cape Provincial Department of Transport	526	1 384
Western Cape Provincial Government	5 688	2 978
Western Cape Stellenbosch municipality	19 610	19 037

Gross revenue

375 449 **408 623**

Other Income

Fees received	52 399	50 874
Investment income	24 184	11 487
Other income	9 848	5 331
Other income 1	2 494	4 067
	88 925	71 759
	464 374	480 382

Expenditure

Accounting other services	479	591
Advertising and marketing	1 091	1 484
Agency Support - Outsourcing	1 024	1 701
Amortisation - Intangible assets	735	390
Assets under R5 000	89	67
Auditors remuneration	8 550	9 260
Bad debts	69 163	766
Bank charges	158	156

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Detailed Statement of Financial Performance

Expenditure (continued)

Board costs(fees and travel)	1 337	1 599
Catering	2 809	3 006
Communications	491	841
Computer expenses	15 659	7 994
Consultants	23 516	24 448
Consultants - technical	53 867	50 642
Contractors - Operational	3 142	2 476
Deficit on disposal of property, plant and equipment	283	350
Depreciation - property, plant and equipment	4 717	3 047
Finance costs	78	19
Insurance	1 601	969
Land & related costs	19 780	14 332
Leasing charges	457	637
Legal fees	13 000	12 442
Membership fees	155	73
Office rentals	13 732	15 883
Other office expenses	3 874	10 422
Penalty	1 030	4
Printing, publications and stationery	937	392
Repairs and maintenance	290	461
Repairs refurbishment - offices	238	2 317
Salaries	187 675	172 902
Staff recruitment	1 468	3 888
Staff welfare	135	297
Temporary staff	14 968	17 023
Training and staff development	1 314	1 228
Travel and accommodation	16 047	17 966
Travel overseas	197	32
	464 086	380 105
Surplus from grant funding	288	100 277
Surplus for the year	288	100 277



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