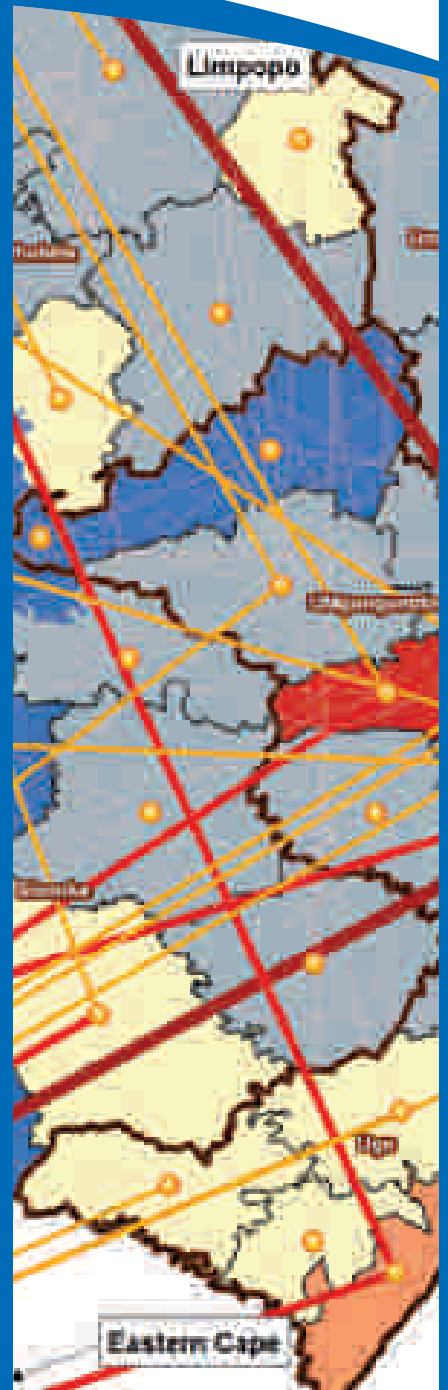


Accelerating the development of sustainable human settlements through land assembly, building and property acquisitions, and project management and support services



2010 - 2011 ANNUAL REPORT



PHOTO: ZANEMVULA

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FOREWORD BY CHAIRPERSON



Setting up a new institution in as complex an arena as land assembly and human settlements is not a simple undertaking. Our first two years have required us to put in place the staff and the necessary governance, financial and management systems. In addition we have had to manage the tensions between compliance and delivery which are the stock in trade of any public entity. An added challenge has been the requirement to turn around two of the largest housing projects in the country, the N2 Gateway Project in Cape Town and the Zanemvula Project in Nelson Mandela Bay. These two troubled national priority projects were assigned to us as part of a rationalisation programme within the National Department of Human Settlements (NDHS). Finally we have been required to establish our credentials with our colleagues in the national, provincial and local spheres of government who, justifiably, need to be convinced of our ability to deliver on our mandate.

The Housing Development Agency (HDA) is entering its third year of operation and the building blocks that were put in place in year one and two have gone a long way in enabling us to fulfil our targets. Our written mandate has been concluded with the Minister of Human Settlements and a number of agreements and Implementation Protocols have been signed or are in the process of negotiation with provinces and municipalities. We have a strong management team and skilled staff in place to deliver on these agreements. Performance and delivery are now the key focus for our team.

As this annual report shows, we are emerging as a centre of best practice in the area of mega project management. The N2 Gateway and Zanemvula projects are now stable and delivering. They are visited by many local and provincial authorities who seek to learn the good and bad lessons of these two national priorities. Key to their success is the cooperation of the various organs of state, and of the communities in which the projects are situated. Our thanks to all who participated in getting these projects back on track.

The delivery of land has been a much slower process. Aided by our internally developed and increasingly effective GIS systems, we were able to identify suitable publicly-owned land in a relatively short space of time. Moving from identification to acquisition and then release into the human settlements

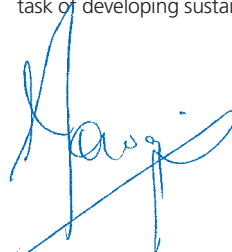
sector has been a slower process. We are hopeful that this will be speeded up during the course of 2011 through the recently approved Enhanced Framework for the Release of State Land for Human Settlement. The HDA has been instrumental in setting up a Joint Coordinating Committee on State Land Release which coordinates the release efforts of the departments of Human Settlements, Public Works, Public Enterprise, and Rural Development and Land Reform. Under the guidance of this new framework and the joint committee, we hope to see the more rapid release of land already requested from the relevant national departments.

We have completed our Medium-Term Strategic Plan 2011-2014 which provides a secure basis for sustained growth and delivery. The plan is aligned with the government's Outcome 8, specifically the target of releasing and/or acquiring 6 250 hectares of well-located public land, and we have included concrete targets to assist in delivering other areas of our mandate. However, it must be noted that the absence of a funded medium-term land assembly programme to focus, direct and facilitate the delivery of human settlements remains a major obstacle to the HDA achieving its targets.

In conclusion let me acknowledge and thank the Minister, the Director General and, as a whole, the National Department of Human Settlements for the support we have received from them.

I would like to thank my fellow Board members for their commitment and support over the past year, and for providing leadership and strategic direction as we build this new, delivery-focused Housing Development Agency.

I would also like to thank the staff and the executive management team of the HDA who have faced the challenges upfront and have found ways to move the Agency forward in meeting its mandate. Everyone has played a part in building the HDA, raising its profile in the sector, and strengthening its reputation for effective action in tackling the giant task of developing sustainable human settlements across South Africa.



N L Sowazi
Chairperson



PHOTO: N2 GATEWAY

OVERVIEW OF THE HDA

WHAT IS THE HDA?

The Housing Development Agency (HDA) is a national public development agency established by an Act of Parliament (Act 23 of 2008). The HDA promotes sustainable communities by making well-located land and buildings available for the development of housing and human settlements. As an organ of state, the HDA is accountable through its Board to the Minister of Human Settlements.

OBJECTIVES OF THE HDA

The HDA was established to address the land acquisition and assembly process so as to accelerate housing delivery and human settlement development. *The two main objectives of the Agency are to:*

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

In order to achieve these objectives, the Agency must:

- Ensure that residential and community developments are sustainable, viable and appropriately located
- Ensure that job creation is optimised in the process of residential and community development
- Introduce and manage a land inventory and information system
- Ensure that community participation takes place

WHAT ARE THE FUNCTIONS OF THE HDA?

In terms of section 7 (1) of the HDA Act, the HDA must:

- Develop a development plan to be approved by the Minister in consultation with the relevant authorities in the provinces and municipalities
- Develop strategic plans with regard to the identification and acquisition of state, privately and communal owned land which is suitable for residential and community development
- Prepare necessary documentation for consideration and approval by the relevant authorities as may be required in terms of any other applicable law
- Monitor progress of the development of land and landed property acquired for the purposes of creating sustainable human settlements
- Enhance the capacity of organs of state including skills transfer to enable them to meet the demand for housing delivery
- Ensure that there is collaboration and intergovernmental and integrated alignment for housing development services
- Identify, acquire, hold, develop and release state, private and communal land for residential and community development
- Undertake such project management services as may be necessary,

including assistance relating to approvals required for housing development

- Contract with any organ of state for the purpose of acquiring available land for residential housing and community development for the creation of sustainable human settlement
- Assist organs of state in dealing with housing developments that have not been completed within the anticipated project period
- Assist organs of state with the upgrading of informal settlements
- Assist organs of state in respect of emergency housing solutions

In terms of the HDA Act, the Minister may authorise the Agency to perform any additional function that is consistent with the Act. Accordingly the Minister can direct the Agency to conclude land assembly and/or project management agreements with organs of state, in consultation with the relevant MECs.

HOW DOES THE HDA WORK?

The Agency provides project delivery services in the form of land acquisition and management, project structuring, project planning, capacity assembly, as well as the management of projects. The type of assistance provided is negotiated and expressed through an Implementation Protocol (IP). Intergovernmental agreements are structured between the HDA and the respective organ of state with a view to ensuring that there is collaboration and intergovernmental and integrated alignment for housing development services.

In general the agreement outlines the framework of cooperation, the areas of activity in both land and building acquisitions, management and project management, and the institutional arrangements, for example, the establishment of a steering committee. *Specific project-based agreements are then formulated to guide the overall agreement covering the following key services provided by the HDA:*

Land Acquisitions and Management

- Land identification and planning
- Acquisitions management
- Land and property assets holding
- Land geo-spatial services

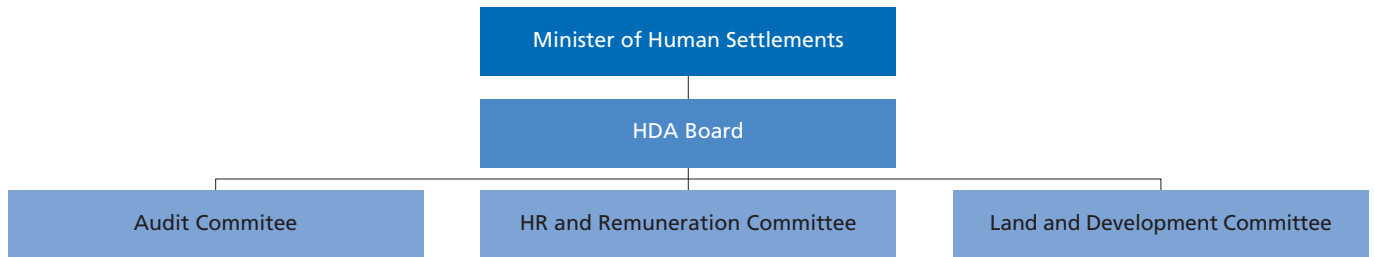
Project Management Support Service and Programmes

- Technical support and project programming
- Capacity assembly and project packaging
- Project management support services
- Priority Housing Development Areas

The HDA collaborates with provinces and municipalities, as well as supplementing their capacity in the development of housing and human settlements. The HDA does not, and cannot, replace a province and municipality in the fulfilment of housing development functions.

HOW IS THE HDA STRUCTURED?

The HDA Board is appointed by the Minister of Human Settlements and includes appointees representing the Ministries of Cooperative Governance and Traditional Affairs, Public Works, and Rural Development and Land Reform.



The HDA's Executive Management team is led by the Chief Executive Officer and is structured as follows:



The HDA has offices in Johannesburg, Cape Town and Port Elizabeth. Regional offices will be established as the need arises.

HOW IS THE HDA FUNDED?

In terms of the HDA Act, the Agency can be funded as follows:

- Monies appropriated by Parliament (via the National Department of Human Settlements)
- Donations or contributions
- Interest on investments
- Loans raised
- Proceeds from the sale of land
- Fees for services provided to provinces and municipalities based on cost recovery
- Subsidies and grants from organs of state

CHIEF EXECUTIVE OFFICER'S REPORT



Substantial steps have been taken to establish the HDA as a credible organisation that delivers in line with its mandate. The experience of the last year has provided a good point of reference for the planning, targets and approach that are necessary to move the HDA forward, and the Agency can claim substantial progress in a number of areas.

Financial sustainability is a vital feature of any organisation. In its second year of operation the HDA has managed to diversify its sources of income from a 100 percent reliance on a national government grant for operational and capital funds, to a situation where the grant of R69,3 million for operational expenditure was supplemented by R22.6 million recovered from services provided to achieve a total revenue of R92.2 million.

Corporate Services which includes Financial Management, Supply Chain Management, Legal, Informational Technology, Human Resources and Communications has established an operating environment which is functioning effectively.

From a governance and compliance point of view, the Board has been facilitated to operate effectively, and all committees are compliant with the various requirements imposed by legislation and regulation. The written mandate required by our Act has now been signed. The regulations for the HDA as a whole and the Priority Housing Development Areas (PHDA) are being developed in consultation with the NDHS.

Important achievements in the Land Acquisitions and Management (LAM) portfolio were the support given to the NDHS in finalising the Outcome 8 delivery agreements. These specifically list the HDA as the responsible party for land identification and acquisition, the identification of 6 250 hectares of state-owned land required in terms of that agreement (years ahead of the target dates, indeed 33 000 hectares have been identified) the establishment of a recognised land transfer process between departments (The Enhanced Framework for the

Release of State Land), and the establishment of a Joint Coordinating Committee to facilitate transfers of state land. A medium-term land assembly and development programme has developed in interactions with the North-West and Free State provinces, as well as several local authorities. This opens the way for a medium-term programme to be developed, approved and implemented and looks a promising way forward for sustainable interactions delivering well-located land and projects to our stakeholders, and ultimately creating human settlements.

The reintroduction of the position of General Manager - Intergovernmental Relations and Strategy Alignment will also help to strengthen intergovernmental relationships and align the work of the HDA with related government authorities and institutions.

The Projects and Programmes (P&P) unit has seen a massive improvement in the management of the two S29 projects. This has led to the turnaround of the N2 Gateway project in particular, a most admirable achievement. It is perhaps the biggest single indicator of increased trust in the HDA's performance that the Western Cape and Eastern Cape provinces are willing to extend the use of our services.

One of the sub-committees of the HDA Board is the Properties and Development Committee which is now supported by a newly-formed internal Property and Development Technical Committee. The committee assisted in coordinating a joint programming initiative which saw the LAM and P&P teams together visiting the Free State, North West, KwaZulu-Natal and Western Cape, to better align the work of the HDA in the provinces. This opened up several new opportunities for both units and P&P has since conducted a number of technical readiness assessments which, in turn, have informed the Agency's Draft Plan of Action and Support to the Provinces.

The HDA has coordinated various workshops during the year under review on upgrading of informal settlements and provision of emergency housing, neighbourhood development and Municipal Land Assembly Support, as well as learning visits by eThekweni officials and councillors to the N2 Gateway project.

Taffy Adler
Chief Executive Officer



PHOTO: THE HDA VISITS THE FREE STATE

BOARD MEMBERS



NL SOWAZI
CHAIRPERSON



TM ADLER
CHIEF EXECUTIVE



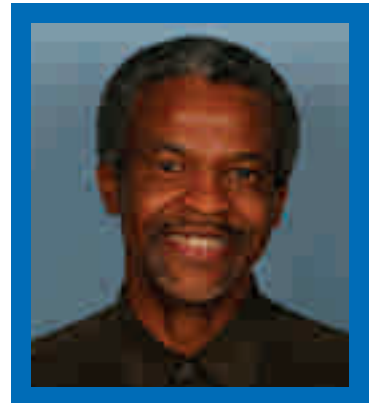
APG MOOLA
CHIEF FINANCIAL OFFICER



TE NWEDAMUTSWU



GGL LEISSNER



ME SWARTZ



CF PLATT



NJO LESTER

NOT PICTURED
K GORDHAN



PHOTO: N2 GATEWAY

PROGRAMME PERFORMANCE

STRATEGIC OBJECTIVES 2010/11

The HDA's strategic objectives for the year under review were set down in the 2010/11 Strategic Plan, approved by the Board and the NDHS. They are as follows:

- To advocate and facilitate the speedy release of public land to the HDA for human settlements development
- Identify and plan for the realisation of land opportunities
- Introduce and manage a land inventory and information system
- Secure and manage acquired land and properties
- Manage the release of HDA-held land and properties
- Prepare and develop Priority Housing Development Areas framework for project implementation
- Facilitate, coordinate and implement the transformation of targeted urban neighbourhoods
- Provide support services in project planning and structuring for informal settlement upgrading

- Provide support services in project planning and structuring for rural development
- Capture, develop, disseminate, preserve and apply good practice products and tools relating to the built environment
- Secure key IGR partnerships by establishing agreements with identified public sector stakeholders
- Develop a responsive organisation that applies effective and compliant systems to the delivery process
- Build a values-based, sustainable, performance-focused organisation.

In February of this year the HDA submitted its Medium-Term Strategic Plan for 2011/12 to 2013/14 to the NDHS. Going forward, the HDA will build on the foundations it has put in place and the successes it has achieved to date.

HDA STAFF STATISTICS

CATEGORIES	African Female	African Male	Coloured Female	Coloured Male	Indian Female	Indian Male	White Female	White Male	TOTAL
Top management (%)	–	–	–	–	–	–	–	1.3	1.3
Number of employees	–	–	–	–	–	–	–	1	1
Senior management (%)	2.7	8	–	–	1.3	–	1.3	1.3	14.6
Number of employees	2	6	–	–	1	–	1	1	11
Professionals, specialists & mid-mgt (%)	4	1.3	–	–	2.7	–	2.7	1.3	12
Number of employees	3	1	–	–	2	–	2	1	9
Skilled, qualified workers, Supervisors (%)	22.7	10.7	1.3	16	2.7	–	6.7	–	60.1
Number of employees	17	8	1	12	2	–	5	–	45
Semi-skilled workers (%)	1.3	1.3	2.7	1.3	1.3	–	–	–	7.9
Number of employees	1	1	2	1	1	–	–	–	6
Unskilled workers (%)	2.7	1.3	–	–	–	–	–	–	4.1
Number of employees	2	1	–	–	–	–	–	–	3
TOTAL PERCENTAGE	33.3	22.7	4	17.3	8	0	10.7	4	100
TOTAL STAFF NUMBER	25	17	3	13	6	–	8	3	75
ESTABLISHMENT SUBMITTED									78
% POSITIONS FILLED									96.1%

PROGRAMME PERFORMANCE – OVERVIEW

The HDA is structured to realise the Agency's goals and strategic objectives with specific programmes focused on core operations and key deliverables. While the HDA has overcome a number of challenges over the past year – and still faces others – it has made significant strides in establishing itself as a credible, performance-focused organisation providing a range of support services to accelerate the delivery of sustainable human settlements across the country. Below is a summary of programme performance over the past financial year.

STRATEGIC MANAGEMENT, FINANCE AND ADMINISTRATION

The principal function of the Strategic Management, Finance and Administration programme has been to develop the HDA as a credible and responsive organisation that applies effective and compliant systems that enable the HDA to deliver on its mandate.

The programme deals with:

- Strategic planning, coordination, performance, governance, marketing and communications
- Financial management, supply chain management, risk management, and financial compliance and reporting
- Corporate services, including human resources management and development, information technology, documents and records management and legal services.

The HDA subscribes to the values of good corporate governance and

recognises the need to conduct the agency with integrity in accordance with the principles, practices and applicable prescripts of the King Code of Corporate Governance, where possible.

The appointment of a Communications and Marketing Officer during the year under review has seen the strengthening of this function, rolling out the HDA brand, raising the profile of the Agency and clarifying its role and services through various communications materials. A corporate brochure and DVD have been developed to provide a general overview of the HDA, what it does and the services it offers. An internal staff newsletter is distributed monthly, in electronic format, to keep all staff informed of the Agency's activities and an external HDA newsletter has been introduced and is distributed to stakeholders.

The Finance environment is regulated by the Public Finance Management Act and Treasury Regulations. Financial policies and procedures were authorised by the Accounting Authority and are reviewed periodically. There is a system of monthly financial reporting ensuring timely reconciliations and limitation of risks. There are also approved policies and procedures for Supply Chain Management, which encompass the terms of reference and conduct of members of the Bid Adjudication Committee which adjudicates tenders.

The HDA has put in place a risk management system and produced a strategic and operational risk register. This now needs to be consolidated into a Risk Management policy.

For the year ended 31 March 2011, the HDA received an unqualified audit report.

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Corporate Services provides the organisational framework that enables the HDA to operate smoothly and effectively. It encompasses Human Resources (HR) management, Information Technology (IT), Records and Document Management, and Legal Services.

HUMAN RESOURCES

The HDA has filled 96 percent of the funded positions defined in its staff establishment plan. Operating with a staff complement of 75 people, the HDA has established a skilled team of management and support staff, including staff that support the project delivery capacity for the N2 Gateway and Zanemvula projects.

The HDA has an Employment Equity Plan, and 56 percent of staff employed are women and over 85 percent are Black. A Workplace Skills Plan is in place, and staff and management training programmes are to be developed and implemented in line with the approved Workplace Skills Plan.

The HDA has a performance management system in place and performance evaluations are conducted with staff twice annually.

INFORMATION TECHNOLOGY, RECORDS AND DOCUMENT MANAGEMENT

The IT strategy, developed to ensure effective business operations, support and maintenance, is being implemented. A common IT operating system is shared across all HDA offices.

A document management strategy has been developed and an integrated system is operational thus providing for efficient records and document management. This system supports business continuity within the HDA, enabling a 'library' of organisational knowledge and information.

LEGAL SERVICES

During the year under review the legal services function has been established with the appointment of a manager to handle all legal, governance and compliance matters and reduce the need to outsource such services. Legal Services also seeks to proactively minimise the Agency's legal risk in its various contracts, agreements and transactions.

INTERGOVERNMENTAL RELATIONS AND STAKEHOLDER MANAGEMENT

The Intergovernmental Relations (IGR) and Stakeholder Management division was originally set up within the HDA to manage and coordinate engagements with government at national, provincial and local levels. Its function was also to negotiate and conclude collaborative agreements with key government authorities to secure land and provide support to provinces and local authorities for the delivery of housing and human settlements.

During the past year, the IGR function was restructured into the LAM and P&P departments and is reported under these departments in the attached Annexure. While this saw some benefits, it diluted the overall thrust of the IGR function and limitations in this regard were noted in the Agency's interactions with government at various levels. The IGR programme has now been reinstated as one of the three core units of the HDA with effect from the start of the new financial year. It will continue in its functions to secure key intergovernmental relationships to facilitate and accelerate the development of human settlements as well as providing support to the other functions of the Agency by facilitating access to stakeholders and concluding agreements that enable LAM and P&P to function effectively.

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The Agency operates collaboratively with provinces, municipalities and other organs of state and this work, which is negotiated through IGR, is structured through Implementation Protocols (IPs). An IP constitutes a legally binding agreement between the HDA and the respective co-signatory, detailing the collaborative arrangements. These are formulated through joint planning working sessions between the HDA and the organ of government concerned. The interpretation of IPs is effected through the MTEF operational plan.

During the year under review, seven IPs have been formalised and signed: with the provincial governments of Limpopo, Free State, Western Cape (N2 Gateway), Eastern Cape (Zanemvula), and the City of Tshwane. A further four IPs have been prepared for discussion and finalisation with the provincial governments of North West and KwaZulu-Natal, the cities of Johannesburg and eThekweni, and the statutory Council for Geoscience. The HDA works with the Council for Geoscience in relation to its land geospatial systems, land assessments and development feasibility studies.

The HDA's engagement and interaction with national, provincial and municipal government and other organs of state over the past year has enabled the Agency to introduce new structures to facilitate the release of state-owned land, to clarify its own role and functions, and to set out the range of support services that it can offer to assist provincial and municipal authorities responsible for human settlements development.

Going forward IGR will consolidate an intergovernmental strategy to facilitate the HDA support programme and fiscal alignment with provinces, municipalities and other public institutions.

The core pillars of the IGR strategy involved:

- Outreach and engagement with public bodies
- Negotiating and concluding enabling agreements

- Managing contractual relations with stakeholders
- Ensuring alignment

LAND ACQUISITIONS AND MANAGEMENT

The LAM programme focused primarily on coordinating the integrated national land and landed property inventory and facilitating the acquisition and release of land and buildings for sustainable human settlements and community development.

The LAM programme deals with:

- Land identification and planning
- Land geospatial systems
- Land and property acquisitions and release
- Land and property assets management

Although the LAM programme was set up only towards the end of HDA's first year in operation, it has made significant progress in developing operating policies to guide its work, moving ahead with land identification and planning and setting up the Agency's geospatial analysis systems. The policy outlining the criteria for identifying land suitable for human settlements development and an enhanced framework for the release of state-owned land have been developed. In addition, LAM has formalised the Medium-Term Land Assembly Framework and the Leasing Framework, as well as preparing the development planning approach that will be adopted by the HDA.

In terms of the land assembly programme, which is a primary function of the HDA, LAM has compiled a first register, comprising 33 000 hectares of state-owned land identified for human settlements development, and this register has been submitted to the respective custodian departments

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– the departments of Public Works and of Rural Development and Land Reform – with the formal request for the land to be released.

Facing various obstacles that hinder the release of state-owned land, the HDA, together with the custodian departments concerned, has developed an Enhanced Framework for the Release of State Land for Human Settlement. This provides the framework for engagement with the custodian departments. A Joint Coordinating Committee on State Land Release has been established and the first meeting of the Committee was convened during the last quarter of the year under review, to assess progress and agree actions to be undertaken going forward.

Several land offers and requests, to the estimated value of R821 942 million, were received and processed. However, the major limiting factor for the Agency has been the funding gap, which has meant that land offers could not be favourably considered.

The absence of capital funding at the disposal of the HDA remains a major obstacle to the Agency's ability to carry out its mandate of acquiring privately-owned land for human settlements development. This remains a focus of ongoing discussion with the NDHS with a view to establishing a funding base for the HDA. The fragmented funding arrangements for land acquisition for human settlements requires policy review and/or enhancement.

CURRENT PROPERTY PORTFOLIO

FREE STATE		
Area Description	Size (±Ha)	Status
Bethlehem	4.886	Land & buildings
Bethlehem	0.39	Land & buildings
Bloemfontein	40.91	Vacant land
Bloemfontein	5.028	Vacant land
Kroonstad	48.61	Vacant land
Kroonstad	2.065	Land & buildings
Kroonstad	1.228	Land & buildings
Welkom	2.42	Land & buildings
LIMPOPO		
Bela-Bela	72	Vacant land
TOTAL	177.537	

In terms of the performance delivery agreement signed between the President and the National Minister of Human Settlements, and further elaborated in the delivery agreements signed between the National Minister and the three key ministries, the HDA is directly responsible for the acquisition of 6 250 hectares of well-located publicly-owned land and buildings for human settlements development. LAM has already identified and verified the land required for this deliverable.

LAM is also working with a number of provinces and municipalities, providing support in respect of land assembly and related operational functions.

In Limpopo the HDA has taken transfer of 72 hectares of land in Bela Bela, acquired on behalf of, and with funding from, the Limpopo Department of Local Government and Housing. This represents the first acquisition by the HDA of privately-owned land for human settlements development. A development plan is currently being prepared for this land. In terms of the Implementation Protocol already in place, the HDA is working with the Limpopo Provincial Department of Local Government and Housing to conclude additional land acquisitions in the province.

In the Free State, HDA has secured the rights to eight Transnet-owned properties, totalling 105.5 hectares, on behalf of the Provincial Department of Human Settlements. With the acquisition funded by the Free State Province, these properties are at transfer and registration stages. The Province has also requested the Agency to assess several properties, prior to their acquisition, and to undertake development feasibilities on the secured properties.

In other provinces – Western Cape, KwaZulu-Natal and North West – negotiations are in progress to finalise key areas of collaboration on land assembly and related functions and to ensure alignment between the HDA and the respective provincial departments.

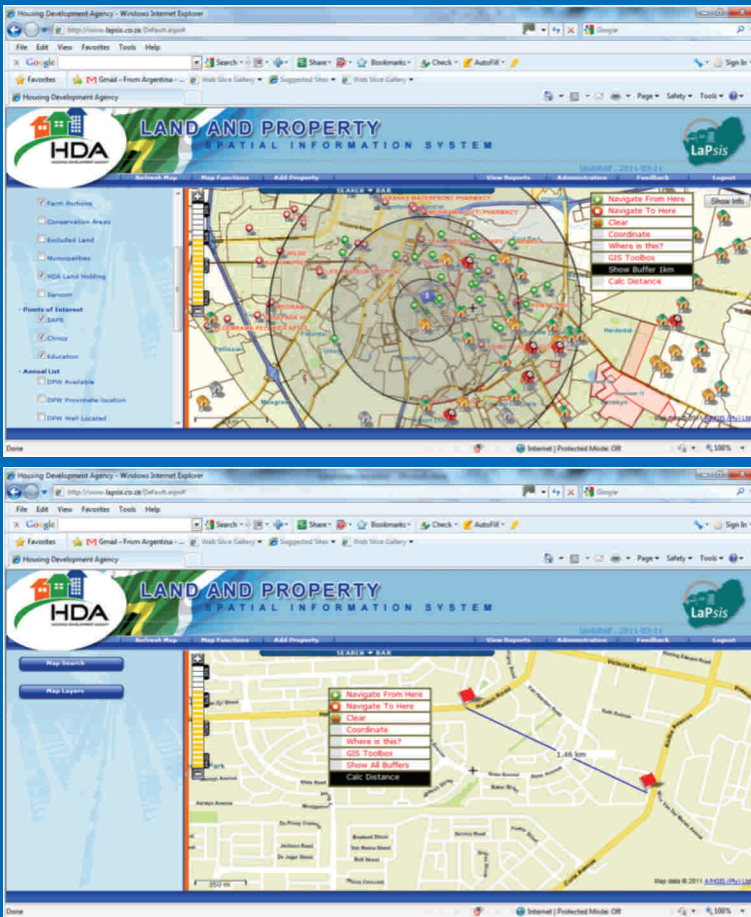
At local government level LAM is assisting several municipalities that are facing difficulties in acquiring land for human settlements.

The spatial analysis systems and capability developed by HDA in its LAPSIS (Land and Property Spatial Information System) and NaHSLI (National Human Settlements Land Inventory) programmes is proving invaluable in support of the Agency's land identification and planning services and its work with the provinces. Considerable progress has been made on the NaHSLI database which now includes demographic, environmental and agricultural datasets that can be correlated to identified land parcels. The system is being developed to provide a single, comprehensive view of the land available nationally for human settlements. The LAPSIS system, established in the HDA's first year of operation, has been enhanced with the addition of demographic, economic, infrastructure and environmental information – all of which assists LAM in taking strategic decisions on identified land parcels, taking account of the associated information provided.



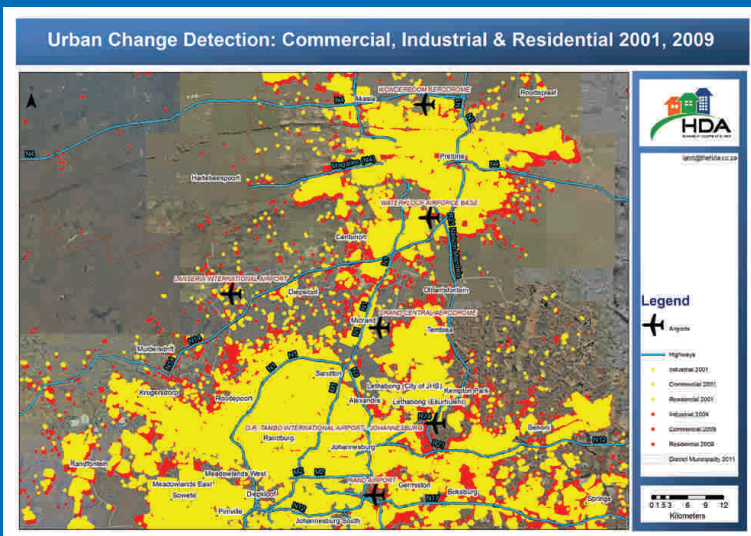
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LAPGIS (LAND AND PROPERTY SPATIAL INFORMATION SYSTEM)



LaPIS is a government-driven engine that stores all land and landed property data including cadastre, ownership, title documents, deeds, administrative boundaries and points of interest in South Africa. LaPIS is used to identify, verify, manage and monitor state, communal and private land thereby facilitating the acquisition, holding, development and release of this land for residential and community purposes. The system offers sophisticated query, graphic and alphanumeric display capabilities. The implementation of the system allows the Agency to detect all gaps in the land identification and acquisition process. LaPIS also handles the generation of reports thus establishing itself as an intelligent reference system supporting strategic planning and guiding decision-making processes at a national level.

NAHSLI (NATIONAL HUMAN SETTLEMENTS LAND INVENTORY)



NaHSLI is a comprehensive, multi-dimensional catalogue of habitable land (i.e. fit for human habitation). NaHSLI presents a national tool that is based on the geospatial analysis of the natural, regulatory, structural and social environment context within which a Habitable Land Profile for South Africa is being developed. Further, the tool facilitates the identification of suitable, available, accessible and livelihood land thereby demarcating non-habitable land and risk prone areas and informing potential users (i.e. planners and developers) where human settlements could be best located. NaHSLI also provides an insight into the development potential of the habitable land and lends itself to the functions of choice, governance and sustainability.

PROJECTS AND PROGRAMMES

The P&P unit is focused primarily on managing projects and programmes to create sustainable human settlements, providing capacity and project support services to provinces and municipalities and other organs of state.

The P&P unit deals with:

- Project support services
- Capacity support services
- Priority housing development areas (PHDAs)
- Section 29 projects (identified as National Priority Housing Projects)

One of the significant achievements of the P&P unit in the year under review has been the finalisation of the Draft Priority Housing Development Areas policy, regulations and implementation framework. The draft policy sets out processes and procedures to guide the location, identification and declaration of Priority Housing Development Areas (PHDAs). While a start was made on this in the HDA's first year of operation, the Agency has drawn on its operational experience and the practicalities encountered in the pilot PHDA project in Ekurhuleni, Gauteng; Cornubia in eThekweni; and the Northern Cape; as well as consulted with various sector role players to inform the draft policy and ensure the regulations are relevant and realistic. The draft policy has been submitted to NDHS for consideration and finalisation.

Substantial progress has also been achieved in formulating best practice guidelines for the upgrading of informal settlements. HDA took the lead in organising two workshops on informal settlements to share information on its work in this area and open up opportunities for collaboration and cooperation with other role players in the sector.

A guide for a Neighbourhood Spatial Development Framework for Informal Settlements Upgrading has been developed and collaboration agreements have been concluded with SHiFT (Social Housing Focus Trust) and DAG (Development Action Group) to work together on ways to assist organs of state to deal with informal settlement interventions. Further collaboration agreements are being discussed with Urban Landmark, Planact, the Council for Scientific and Industrial Research (CSIR) and Project Preparation Trust (PPT). Meetings have also been held with the National Upgrading Support Programme (NUSP) of the NDHS to align the work of the HDA with that of NUSP and to identify areas for collaboration and support.

The P&P unit is working with provinces and municipal authorities on various projects. It is active in Gauteng (on the pilot PHDA in Ekurhuleni and on Neighbourhood Development in the City of Johannesburg), Eastern Cape (on Zanemvula in Nelson Mandela Bay Municipality), Western Cape (on the N2 Gateway in the City of Cape Town), KwaZulu-Natal (on the Cornubia mixed housing project in eThekweni Municipality), Northern Cape (on the Informal Settlements Upgrading Programme, also a PHDA project), Limpopo (in Bela Bela), North West (on Employee Housing for Anglo Platinum in Rustenburg) and in the Free State (on numerous projects in eight municipalities). Feedback obtained from meetings with provinces and municipalities continues to inform the structure of services provided by the Agency.

In the Section 29 (National Priority Housing) projects which the Minister of Human Settlements assigned to the HDA in its start-up year to take over from Thubelisha Homes (N2 Gateway in Western Cape and Zanemvula in Eastern Cape), the main focus has been to stabilise the projects and set them back on track to deliver housing as originally envisaged. By recruiting required resources, designing and implementing appropriate governance and management structures, and implementing performance management and monitoring, the HDA has restored the projects to a sound footing and these structures have supported the achievement of delivery targets over the past year, although some delays have been encountered. Both projects are governed by Implementation Protocols signed between the HDA and the respective province and the projects have been managed and reported on accordingly.

PORT ELIZABETH



KNOWLEDGE SHARING



On 6 April 2011 eThekweni Metro Municipality councillors and officials visited the Zanemvula mega-housing development in the Nelson Mandela Bay Municipality.



A workshop entitled 'A proactive approach to address emergency housing situations based on case studies' was co-hosted by DAG and the HDA on 29 June 2011.

CAPE TOWN



N2 GATEWAY, WESTERN CAPE



TRA 5

In the N2 Gateway project, the HDA is working with the City of Cape Town and the Western Cape Provincial Government. The project encompasses five project areas – Delft Symphony, Delft 7-9, New Rest, Joe Slovo and Boys Town – where the HDA is managing the provision of serviced land and sites and the construction of top structures. The HDA is also responsible for overseeing the management and development of transitional housing areas (TRA 5 and 5.1) which form part of the N2 Gateway project.

While development is at different stages in each of the project areas, overall, considerable progress has been made in the provision of bulk infrastructure, construction of houses, and the installation of service connections to individual units, seeing the handover of 7 887 houses by the end of the year under review.



Joe Slovo 3



Delft 7-9



Delft Symphony



New Rest

ZANEMVULA, EASTERN CAPE



Chatty

In the Zanemvula project, the HDA is working with the Nelson Mandela Bay Municipality and the Eastern Cape Provincial Department of Human Settlements. The project entails the upgrading of informal and formal settlements in the Soweto-on-Sea and Veeplaas areas of the metro, as well as greenfields housing developments in the areas of Chatty and Joe Slovo West. In these developments HDA is responsible for managing the delivery of serviced land and sites, the construction of top structures and the development of community facilities such as a multi-purpose community centre in Soweto-on-Sea. The multi-purpose centre will be the first social facility built in the area.

While the resolution of legal issues and delays in the handover of the project and related contracts from Thubelisha Homes to the Provincial Government have hindered delivery in Zanemvula, these were handed over during the year under review.



Chatty



Soweto-on-Sea Multi-purpose Community Centre



Soweto-on-Sea (rectification)



Soweto-on-Sea (rectification)



Chatty

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GENERAL INFORMATION

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 and 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.

MEMBERS OF THE ACCOUNTING AUTHORITY

NL Sowazi (Chairperson)

K Gordhan

GG Leissner

NJO Lester

TE Nwedamutswu

C Platt

M Swartz

TM Adler (Executive)

APG Moola (Executive)

BUSINESS ADDRESS

Block A, Riviera Office Park

6-10 Riviera Road

Killarney

Johannesburg

POSTAL ADDRESS

P.O. Box 3209

Houghton

2041

BANKERS

First National Bank Ltd

AUDITORS

Ernst & Young Inc

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The accounting authority 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 accounting authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting authority acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's 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 accounting authority is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority has reviewed the entity's cash flow forecast for the year to 31 March 2012 and in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting authority is primarily responsible for the financial affairs of the entity, it is supported by the entity's external auditors.

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 on pages 23 and 24.

The annual financial statements set out on pages 20 to 46, which have been prepared on the going concern basis, were approved by the accounting authority on 21 July 2011 and were signed on its behalf by:



N L Sowazi
Chairman of the Board

REPORT OF THE AUDIT COMMITTEE

The Accounting Authority of Housing Development Agency (HDA) delegated certain responsibilities to the Audit Committee (Committee) and these are set out in the Terms of Reference of the Committee.

The Committee's responsibilities are in line with the Public Finance Management Act, Act 1 of 1999 and the Treasury Regulations and it has discharged all of its responsibilities set out in its Terms of Reference. *The Committee has amongst other things reviewed the following during the 2010/11 financial year:*

- the effectiveness of the internal control systems;
- the activities of the internal audit function, including its annual work program, co-ordination with the external auditors, the reports of significant findings and the responses of management to specific recommendations;
- the HDA's risk areas to be covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of financial information provided by management;
- any accounting or auditing concern identified as a result of an internal or external audit;
- compliance with legal and regulatory provisions; and
- where relevant, the independence of and objectivity of the external auditors.

The internal controls implemented by HDA focus on identified key risk areas. Management monitors all internal controls closely and ensures that action is taken to correct deficiencies as they are identified. In the opinion of the Committee, these controls and procedures of the HDA were, during the year under review, appropriate in safeguarding the HDA's assets, ensuring the maintenance of proper accounting records and that working capital and resources were efficiently utilised. Nothing has come to the attention of the Committee to indicate that a material breakdown in the functioning of the internal controls, procedures and systems has occurred during the year under review.

Following our review of the annual financial statements of the HDA for the year ended 31 March 2011, we are of the opinion that they comply in all material respects with the relevant provisions of the Public Finance Management Act and Generally Recognised Accounting Practice.

The Committee, at its meeting held on 14 July 2011, recommended these annual financial statements, which were prepared on a going concern basis, to the Accounting Authority for approval.



G Leissner
Chairman

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

We have audited the financial statements of The Housing Development Agency, which comprise the accounting authority's report, the statement of financial position as at 31 March 2011 the statement of financial performance, changes in net assets and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 44.

THE ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice and in the requirements of the Public Finance Management Act of South Africa, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2011, and of their financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act of South Africa

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, we include below our findings on, the annual performance report as set out on pages 47 to 52, and material non-compliance with laws and regulations applicable to the Agency .

PREDETERMINED OBJECTIVES

There were no other material findings on the annual performance report concerning the presentation, usefulness and reliability of the information, as defined by the Auditor General of South Africa's R3 Reporting Guide, issued March 2011, read in conjunction with the National Treasury Framework for Managing Programme Performance Information, issued May 2007 except for the below mention findings,

USEFULNESS OF INFORMATION

The reported performance information was inadequate in respect of the following criteria:

- **Measurability:** The indicators are not well defined and verifiable, and targets are not specific, and measurable.

The following audit findings relate to the above criteria:

Planned and reported targets are not specific

For the selected programmes, 51% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance.

Planned and reported indicators are not well defined

For the selected programmes, 55% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

Planned and reported indicators are not verifiable

For the selected programmes valid performance management processes and systems that produce actual performance against the planned indicators do not exist for 55% of the indicators.

Reliability of information

The reported performance information was inadequate in respect of the following criteria:

- **Accuracy:** The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately.
- **Completeness:** All actual results and events that should have been recorded have not been included in the reported performance information.

The following audit findings relate to the above criteria:

Sufficient appropriate evidence was not obtained to support reported performance information

Sufficient appropriate evidence in relation to any of the selected objectives could not be obtained. There were no satisfactory audit procedures that we could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.

COMPLIANCE WITH LAWS AND REGULATIONS

As part of our audit of the financial statements, we complied with the requirements of ISSAI 1250: Consideration of Laws and Regulations in an Audit of Financial Statements, which incorporates ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements and Practice Note 250 issued by the International Organisation of Supreme Audit Institutions. In applying the above standards to our audit of the financial statements, there were no findings concerning material non-compliance with applicable laws and regulations regarding financial matters, financial management and other related matters that came to our attention.

INTERNAL CONTROL

In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, we considered internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to significant deficiencies that resulted in the findings on the annual performance report. We did not identify significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements and /or material non-compliance with laws and regulations.

FINANCIAL AND PERFORMANCE MANAGEMENT

Management did not ensure compliance with the Framework for Managing Programme Performance Information issued by National Treasury in May 2007, when developing and setting key performance indicators and targets, which resulted in certain indicators and targets that could not be verified and validated.



Ernst & Young Inc.

Director - Hadley James Francis
Registered Auditor
Chartered Accountant (SA)
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg
21 July 2011

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

ACCOUNTING AUTHORITY'S REPORT

The members of the accounting authority present their report for the year ended 31 March 2011. This report forms part of the audited annual financial statements.

1. MAIN BUSINESS AND OPERATIONS

The Housing Development Agency (HDA) was enacted via an Act of Parliament, the Housing Development Act 3 of 2008. The HDA is listed as a schedule 3A entity in terms of the Public Finance Management Act 1, of 1999.

The Executive Authority of the HDA is the National Minister of Human Settlements. The HDA commenced operations on 1 April 2009.

The objectives of the Agency, as described in the HDA Act are to:

- identify, acquire, hold, develop and release state, communal and privately owned land for residential and community purposes and for the creation of sustainable human settlements;
- provide project management support and housing development services.

1.1 Corporate governance statement

The accounting authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practice.

The salient features of the entity's adoption of the principles of the King Code 2 on Corporate Governance are outlined below:

Accounting Authority (Board)

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive members, all of whom are independent directors as defined in the principles of King Code; and
 - executive members.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent member (as defined by the principles of King Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Human Resources and Remuneration Committee

The Chairperson of the Human Resources and Remuneration committee is Mr N. Sowazi, who is an independent non-executive member. The other members of the committee are also independent non-executive members and they are Ms N. Lester and Ms T. Nwedamutswu

The committee operates in accordance with its approved charter and has been constituted to oversee the formulation of a remuneration philosophy and human resources strategy to ensure that the HDA enjoys the best human capital relevant to its business needs and maximises the potential of its employees.

Audit Committee

The Chairperson of the Audit committee is Mr G. Leissner, who is an independent non-executive member.

The other members of the committee are also independent non-executive members and they are Mr K. Gordhan and Mrs C. Platt.

The Audit committee operates under an approved audit charter.

Properties and Development Committee

The Chairperson of the Properties and Development committee is Mrs N Lester, who is a non-executive member. The other members are Mrs C. Platt, Mrs T. Nwedamutswu and Mr M. Swartz (all non-executive members). The committee has an approved terms of reference.

1.2 Internal audit

The HDA's internal auditors are Outsourced Risk and Compliance Assessment (Pty) Ltd (ORCA), who were appointed on 28 May 2009 to perform the internal audit at the HDA in accordance with the requirements of the PFMA, Treasury Regulations and the Standards of the Institute of Internal Auditors.

1.3 Compliance with legislation

The Board complies with the mandatory legislation applicable to it such as the Public Finance Management Act 1 of 1999 and the HDA Act of 2008. It also has adhered to the principles of King Code 2 on Corporate Governance ("King II").

2. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes

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that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. EVENTS AFTER REPORTING DATE

The members would like to highlight the following:-

The HDA has concluded a sale agreement with Servcon (Pty) Ltd for the acquisition of 2 properties (Union Square and 27 Hoek Street, situated in Johannesburg) for the price of R20m and the balance of the Servcon property portfolio for the price of R1,8m.

The purchase price as per the agreement (R21.8m) was transferred into a trust account of Attorneys Cliffe Dekker Hofmeyer, pending registration of the properties in the name of the HDA.

4. MEMBERS OF THE ACCOUNTING AUTHORITY INTEREST IN CONTRACTS

To our knowledge none of the members had any interest in contracts entered into during the period under review.

5. FINANCIAL RESULTS

The HDA 's operating results and financial position are reflected in the attached annual financial statements.

Some of the salient points are:

- The HDA has a surplus R20,2m for the current financial year. This money has been committed to be used by the HDA to carry out its mandate.
- Capital Projects include the following projects for which there are signed agreements:
 - Bela Bela land transfer amounting to R65,4m, and
 - Joe Slovo rectification project in the Western Cape, amounting to R20m.

Payables include amounts relating to money received from:

- Free State Province (R5m) for land maintenance costs.
- Eastern Cape Province (2.98m) for a contract not yet ceded from Thubelisha to the HDA.

6. MEMBERS OF THE ACCOUNTING AUTHORITY

The members of the accounting authority of the HDA during the accounting period and up to the date of this report were as follows:

Name	Date of appointment
NL Sowazi (Chairperson)	01.02.2009
K Gordhan	15.05.2009
GG Leissner	15.05.2009
NJO Lester	01.03.2009
TE Nwedamutswu	01.03.2009
C Platt	11.02.2009
M Swartz	01.03.2009
TM Adler (Executive)	01.02.2009
APG Moola (Executive)	01.03.2009

The Board has met 4 times during the financial year under review. The Board is scheduled to meet at least four times a year.

Non-executive members have access to all members of management of the HDA. Attendance at meetings of the Board and its sub-committees are as follows:

BOARD MEETINGS

NAME	MEETINGS	ATTENDED	APOLOGIES
N Sowazi	4	3	1
K Gordhan	4	2	2
G Leissner	4	4	–
N Lester	4	3	1
C Platt	4	3	1
M Swartz	4	1	3
T Nwedamutswu	4	1	3
T Adler	4	4	–
APG Moola	4	3	1

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FOR THE YEAR ENDED 31 MARCH 2011

AUDIT COMMITTEE

NAME	MEETINGS	ATTENDED	APOLOGIES
G Leissner	2	2	–
C Platt	2	1	1
K Gordhan	2	–	2
T Adler	2	2	–
APG Moola	2	2	–

HR & REMUNERATION COMMITTEE

NAME	MEETINGS	ATTENDED	APOLOGIES
N Sowazi	2	2	–
T Nwedamutswu	2	1	1
N Lester	2	1	1
T Adler	2	2	–
APG Moola	2	2	–

PROPERTIES AND DEVELOPMENT COMMITTEE

NAME	MEETINGS	ATTENDED	APOLOGIES
N Lester	1	1	–
C Platt	1	1	–
T Adler	1	1	–
APG Moola	1	1	–

7. AUDITORS

The Auditor-General has given HDA permission to appoint external auditors on their behalf. The HDA has appointed Ernst & Young Inc, for the financial year, on 23 February 2010.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF FINANCIAL POSITION

Figures in R `000	Note(s)	2011	2010
Assets			
Non-Current Assets			
Property, plant and equipment	1	3 143	2 484
Intangible assets	2	154	151
Land inventory	3	65 400	–
Total Non-Current Assets		68 697	2 635
Current Assets			
Receivables from exchange transactions	4	12 784	861
Deferred finance lease receivables	6	–	22
Cash and cash equivalents	5	69 454	22 575
Total Current Assets		82 238	23 458
Total Assets		150 935	26 093
Net Assets and Liabilities			
Accumulated surplus		39 932	19 649
Non-Current Liabilities			
Finance lease obligations	6	741	1 341
Current Liabilities			
Payables from exchange transactions	8	20 674	2 710
Provisions	9	3 722	2 393
Current portion of finance leases	6	466	–
Bela-Bela funding	10	65 400	–
Conditional grants	11	20 000	–
Total Current Liabilities		110 262	5 103
Total Net Assets and Liabilities		150 935	26 093

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FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF FINANCIAL PERFORMANCE

Figures in R `000	Note(s)	2011	2010
Operating revenue			
Operational grants	12	84 351	62 650
Sect.29 project management fee		7 842	–
Other operating revenue		138	36
Interest income		3 394	799
Total operating revenue		95 725	63 485
Expenditure			
Administrative costs	13	3 379	1 387
Other operating expenses	14	26 889	18 026
Finance costs	18	341	286
Employee costs	15	22 527	10 644
Feasibility studies		2 097	168
Deficit on disposal of property, plant and equipment		–	34
Grant costs - Section 29 projects	17	20 795	13 291
Total expenditure		76 028	43 836
Other income			
Surplus on disposal of property, plant and equipment		316	–
Sundry income		270	–
Total other income		586	–
Surplus for the year		20 283	19 649

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF CHANGES IN NET ASSETS

Figures in R `000	Accumulated surplus	Total
Balance at 1 April 2009	–	–
Surplus for the year	19 649	19 649
Balance at 31 March 2010	19 649	19 649
Balance at 1 April 2010	19 649	19 649
Surplus for the year	20 283	20 283
Balance at 31 March 2011	39 932	39 932

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF CASH FLOW

Figures in R `000	Note(s)	2011	2010
Cash flows from operating activities			
Cash receipts		92 601	62 686
Grants		92 193	62 650
Other receipts		408	36
Cash paid to suppliers and employees		(67 680)	(38 302)
Employee costs		(34 806)	(19 813)
Other payments		(32 874)	(18 489)
Cash generated from operations	19	24 921	24 384
Interest received		3 394	799
Net cash flows from operating activities		28 315	25 183
Cash flows from investing activities			
Property, plant and equipment acquired		(1 449)	(2 990)
Intangible assets acquired		(88)	(201)
Deposits paid		–	(736)
Land inventory acquired		(65 400)	–
Net cash flows from investing activities		(66 937)	(3 927)
Cash flows from financing activities			
Capital projects		85 613	–
(Decrease) / increase in lease liability		(112)	1 319
Cash flows from financing activities		85 501	1 319
Increase in cash and cash equivalents		46 879	22 575
Cash and cash equivalents at beginning of the year		22 575	–
Cash and cash equivalents at end of the year	5	69 454	22 575

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

ACCOUNTING POLICIES

1. GENERAL INFORMATION

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.

The following are the principal accounting policies of the HDA, adopted in preparation of the annual financial statements. The historical cost convention has been used, except where indicated otherwise.

Management has used assessments and estimates in preparing the annual financial statements - these are based on the best information available at the time of preparation. The annual financial statements

have been prepared on a going-concern basis. All amounts have been presented in the currency of South African Rand, which is the functional currency of the HDA.

2. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) for the accrual basis of accounting, including any interpretations, guidelines and directives issued by the Accounting Standards Board.

Standards and Pronouncements comprising the GRAP Financial Reporting Framework

The following standards have been approved but are not yet effective as at 31 March 2011. The impact that these standards will have on the entity is detailed below. A list of these standards is provided below:

GRAP	STANDARDS	IMPACT	EFFECTIVE DATE
GRAP 18	Segment reporting	Disclosure will be affected as the HDA has operations in different geographic regions. Geographic regions will qualify as segments and will need to be separately disclosed.	No effective date.
GRAP 21	Impairment of non-cash generating assets	The HDA does not have any non-cash generating assets, therefore the standard will have no impact on the HDA.	1 April 2012
GRAP 23	Revenue from non-exchange transactions (Taxes and transfers)	The HDA complies with the standard requirements.	1 April 2012
GRAP 24	Presentation of budget information	Additional disclosures to the financial statements will be required, as the entity receives resources from the Government.	1 April 2012
GRAP 25	Employee benefits	This standard will have a minimal impact on the entity, as the entity complies with IAS18.	No effective date.
GRAP 26	Impairment of cash-generating assets	No material impact, as the entity complies with IAS 36.	1 April 2012
GRAP 103	Heritage assets	The entity does not hold heritage assets, therefore the standard has no impact.	1 April 2012
GRAP 104	Financial instruments	No material impact, as the entity complies with IAS 39.	No effective date.

The following are interpretations issued but not yet effective:

	INTERPRETATIONS	EFFECTIVE DATE
IGRAP 3	Determining Whether an Arrangement Contains a Lease	01 April 2011
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	15 April 2011
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions	01 April 2011
IGRAP 9	Distributions of Non-cash Assets to Owners	01 April 2011
IGRAP 10	Assets Received from Customers	01 April 2011
IGRAP 13	Operating Leases – Incentives	01 April 2011
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	01 April 2011

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2.1 REVENUE RECOGNITION

The HDA is financed from money appropriated by Parliament.

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.

Interest income is recognised as it accrues on a time apportionment basis taking into account its effective yield. Other income comprises tender fees and insurance claims and is recognised when consideration is received.

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 when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Grants relating to projects approved for funding but not yet transferred are accrued for.

The service rendered is recognised as revenue by reference to the stage of completion of the transaction at the balance sheet date.

2.2 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.

2.3 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.

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.

Depreciation is provided on straight-line basis which, it is estimated, will reduce the carrying value of the assets to their residual values at the end of their useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the cost of the item shall be 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:

Leased assets	2.5 years
Computer equipment	3 years
Office equipment	4 years
Furniture & fittings	10 years
Electronic hardware	4 years

The residual value, and 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 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.

2.4 INTANGIBLE ASSETS

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.

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of three years using the straight-line method.

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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 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 will be recognised in the statement of financial performance.

2.5 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.

Finance leases – lessee

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.

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. The liability is not discounted.

2.6 PROVISIONS

A provision is recognised in the annual financial statements when the entity has a present legal or constructive obligation as a result of a past event and 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. All the provisions of the entity are short-term in nature.

2.7 LEAVE PAY PROVISION

Employee entitlements to annual leave are recognised when it accrues to employees. A provision, based on total employment cost, is raised for the estimated liabilities as a result of services rendered by employees up to date of the statement of financial position.

Long-service payment

In determining the liability for other long-term benefits, management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation and the number of employees expected to leave before they receive the benefits.

2.8 LAND INVENTORY

Initial recognition and measurement

Land inventory is a tangible assets that is held for sale or distribution in the ordinary course of operations.

Land inventory shall be recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the inventory can be measured reliably.

Inventories that qualify for recognition as assets shall initially be measured at cost. Inventories are measured at the lower of cost and current replacement cost. Where inventories are acquired at no cost, or for nominal consideration, their costs shall be fair value as at the date of acquisition.

Subsequent measurement

Inventories shall be measured at the lower of cost or current replacement cost where they are held for distribution at no charge or for a nominal charge.

2.9 FINANCIAL INSTRUMENTS

Initial recognition and measurement

All financial instruments are initially recognised at fair value including transaction costs, with the exception of financial instruments measured at fair value through profit or loss, which are valued at fair value excluding transaction costs.

- **Receivables**

Receivables are classified as loans and receivables and are initially

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measured at fair 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 impairments 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.

- **Payables**

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

- **Cash and cash equivalents**

Cash and cash equivalents are subsequently measured at amortised cost. For the purpose of the cash flow statement, 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.

- **Offsetting**

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

- **Impairment of financial assets**

At each end of the reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. As the indicators are subject to uncertainty and as such may change in future financial periods. Such changes in estimates may have the effect of decreasing impairment losses recognised. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Impairment losses are recognised in surplus or deficit.

- **Derecognition**

A financial asset (or, where applicable, a part of a financial asset) is derecognised when:

- The rights to receive cash flow from the asset have expired;
- The entity retains the right to receive cash flow from the asset, but has assumed the obligation to pay them in full without material

- delay to a third party under a "passthrough" arrangement; or
- The entity has transferred its right to receive cash flows from the asset and either
 - Has transferred substantially all the risks and rewards of the assets, or
 - Has neither transferred nor retained substantially all the risks and rewards of the assets, has transferred control of the asset,

A financial liability is derecognised when an obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial assets and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets, is included in the surplus or deficit for the period.

2.10 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 HDA does not have any retirement benefit costs for its employees as all annual salary packages are calculated inclusive of all benefits including medical aid, provident fund and annual bonus.

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

2.11 ACCRUALS AND CONTINGENCIES

Accruals are recognised as liabilities when the entity has taken receipt of the related goods or services without a corresponding invoice having been issued.

The amount of accruals is the present value of the expenditure 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 shall not exceed the amount of the accruals. Accruals are not recognised for future operating deficits.

2.12 GRANTS ACCRUED

Grants accrued represents funds committed and allocated to specific projects for which contracts have been entered into and which await cash payments in terms of payment agreed contracts.

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2.13 PROJECTS IN PROGRESS (CONDITIONAL GRANTS)

Projects in progress represent grants received from the Department of Human Settlements for funding programme production projects, 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.

2.14 SIGNIFICANT ESTIMATES AND JUDGEMENTS MADE BY MANAGEMENT IN APPLYING ACCOUNTING POLICIES

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. Significant judgement has been exercised in determining the following:

Fair value estimation

The amortised cost (using the effective interest method), less impairment provision of receivables and payables approximate their fair values. The present value of future cash flows (using the effective interest method) approximate the fair value of revenue and expenditure transactions.

Provisions

Management used available information to determine estimations for provisions. These are measured at management's best estimate of the expenditure required to settle the obligation at reporting date.

Budgets

The budget is prepared as part of the 3 year strategic plan, on an accrual basis. The budget for the year of operation is monitored against actual figures incurred. Provisions and accruals are reviewed monthly. Variances must be explained.

A quarterly review is also conducted whereby each department explains variances against budget. This is included in the HDA quarterly report.

2.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is

classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

2.16 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 -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the CEO or accounting authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Property, plant and equipment

	Cost	Accumulated depreciation	2011 Carrying value	Cost	Accumulated depreciation	2010 Carrying value
Owned assets						
Furniture and fittings	857	175	682	318	72	246
Electronic hardware	925	292	633	549	86	463
Office equipment	83	21	62	32	3	29
Computer equipment	1 172	476	696	776	147	629
	3 037	964	2 073	1 675	308	1 367

	Cost	Accumulated depreciation	2011 Carrying value	Cost	Accumulated depreciation	2010 Carrying value
Capitalised leased assets						
Leased assets	1 378	308	1 070	1 280	163	1 117
	1 378	308	1 070	1 280	163	1 117
	4 415	1 272	3 143	2 955	471	2 484

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2011 Carrying value at end of year
Owned assets					
Furniture and fittings	246	539	–	(103)	682
Electronic hardware	463	375	–	(205)	633
Office equipment	29	50	–	(17)	62
Computer equipment	629	485	(60)	(358)	696
	1 367	1 449	(60)	(683)	2 073

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2011 Carrying value at end of year
Capitalised leased assets					
Leased assets	1 117	1 378	(1 011)	(414)	1 070
	1 117	1 378	(1 011)	(414)	1 070
	2 484	2 827	(1 071)	(1 097)	3 143

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Intangible assets

	Cost	Accumulated amortisation	2011 Carrying value	Cost	Accumulated amortisation	2010 Carrying value
Computer software	289	(135)	154	201	(50)	151
	289	(135)	154	201	(50)	151

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Amortisation	Disposals	2011 Carrying value at end of year
Computer software	151	88	(85)	–	154
	151	88	(85)	–	154

Figures in R '000	2011	2010
3. Land Inventory		
Land inventory at cost	65 400	–
	65 400	–
The HDA acquired portion 170 portion and portion of the current portion 5 of Farm Roodeport 467 KR- Limpopo Province (Bela Bela) in extent of 72, 5875 hectares. (Refer also to Note 10)		
4. Receivables from exchange transactions		
Receivables	4 158	88
Sundry receivables	47	37
Zanenvula management fee receivable	7 842	–
Deposits	737	736
	12 784	861
The carrying amount of receivables approximates fair value.		
5. Cash and cash equivalents		
Petty cash	3	3
Bank balances	69 451	22 572
	69 454	22 575
6. Finance lease obligations		
Lease of photocopiers and faxes with Nashua	741	1 341
	741	1 341
Repayable within one year, transferred to current liabilities	466	(22)
	1 207	1 319
Reconciliation between the total of the minimum lease payments and the present value:		
Minimum lease payments	1 656	3 655
- No later than 1 year	782	660
- Later than 1 year and no later than 5 years	874	2 995
Future finance charges on finance leases	(449)	(2,336)
	1 207	1 319

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R `000	2011	2010
7. Obligations under operating leases		
The future minimum office lease payments, which escalate at 9% p.a are as follows:		
Johannesburg	11 552	4 869
- Not later than one year	2 732	2 656
- Greater than one year, less than five	8 820	2 213
Port Elizabeth	512	896
- Not later than one year	384	384
- Greater than one year, less than five	128	512
Cape Town	359	1 221
- Not later than one year	359	862
- Greater than one year, less than five	-	359
	12 423	6 986

Figures in R `000	2011	2010
8. Payables from exchange transactions		
Payables	12 464	2 710
Zanemvula project	2 981	-
Free State Provincial Government	5 000	-
Board fees donated	16	-
	20 461	2 710

Trade and other payables include retentions amounting to R2m, which relate to amounts withheld from contractors in respect of construction projects completed. The amounts are withheld for the duration of the period agreed upon with the contractors.

Zanemvula Project

Zanemvula project payables relates to an amount received from the Eastern Cape Province for a project not yet ceded to the HDA from Thubelisha.

Free State Provincial Government

Free State Provincial Government payables relates to an amount received from the Free State Province for land maintenance.

Board fees donated

Some members of the accounting authority have donated their fees to a development fund for the benefit of the HDA employees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Provisions				
The following provisions are included in accounts payable:				
	Leave	Bonus	Total	Total
Carrying amount at the beginning of the year	698	1 695	2 393	–
Increase in provision	994	2 197	3 191	(513)
Amounts incurred and charged against the provision	(167)	(1 695)	(1 862)	2 906
Carrying amount at end of the year	1 525	2 197	3 722	2 393

The provision for leave is expected to realise during the 2012 financial year. The provision for leave was not discounted as the provision is already reflected at its present value at the reporting date. When the provision for leave is calculated it is based on the employees' salary scales as at the reporting date, but when the provision realises during the 2012 financial year, it may realise at the employees new salary scales as per the HDA Human Resources policy. The provision for bonus is based on the HDA and employee's performance. This is payable in September of each year, based on the employees scale as at the reporting date.

Figures in R `000	2011	2010
10. Bela-Bela funding		
Funding for land acquisition	65 400	–
	65 400	–

The HDA acquired land on behalf of the Limpopo Provincial Government(LPG). LPG initiated the request to purchase a particular parcel of land, fixed the purchase price and the terms and supplied the funding. The HDA is obliged to release and render such land available to the Department and/or the Municipality for human settlement development.

11. Conditional grants

Cape Town Joe Slovo Rectification	20 000	–
	20 000	–

An amount of R20m was received from the Western Cape Provincial Government relating to the N2 Gateway, Joe Slovo project. Any surplus funds not utilised should be returned to the Municipality. No amounts have been spent in the current year.

12. Revenue from non-exchange transactions

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

Operational grant - Department of Human Settlements	69 300	49 650
Operational grant - Section 29 projects	15 051	13 000
	84 351	62 650

13. Administrative costs

Advertising and marketing	879	205
Auditors remuneration	676	–
Bank charges	114	9
Board costs	120	297
Legal fees	805	540
Stationery	451	287
Printing and publications	98	8
Training and staff development	236	41
	3 379	1 387

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R `000	2011	2010
14. Other operating expenses		
Agency support - outsourcing	2 125	857
Bad debts	7	–
Assets below R5 000 expenses	69	57
Amortisation	85	50
Catering	189	96
Consultants	5 129	4 611
Contractors - cleaning and security	249	136
Communications	279	220
Computer expenses	1 509	996
Depreciation	1 097	472
Insurance	138	61
Land acquisition cost	27	–
Leasing charges	–	14
Office rentals	3 507	2 466
Policy and research	763	–
Sundry office expenses	85	93
Project services	6 352	–
Staff recruitment	1 727	2 323
Staff welfare	57	–
Refurbishment - offices	321	328
Repairs and maintenance	52	54
Travel and accommodation - local	2 842	2 583
Travel and accommodation - overseas	58	–
Workshop stakeholders	222	–
VAT reversal	–	2 609
	26 889	18 026
15. Employee costs		
Basic salaries	14 018	2 949
Performance awards	555	916
Temporary staff	130	194
Leave payment	404	350
Executive directors	3 939	3 012
Senior management team	3 116	2 362
Other payroll expenses - COID	28	57
Employer's contributions	337	804
	22 527	10 644

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R `000	2011	2010
16. Executive and non- executive members remuneration (including Senior Management)		
Executive members	3 939	3 012
TM Adler - Chief Executive Officer	2 285	1 650
APG Moola- Chief Financial Officer	1 654	1 362
Senior management team (SMT)	3 116	2 362
ND Chaine - GM: Intergovernmental relations	-	879
JM Leshabane - GM: Land acquisition and management and intergovernmental relations	1 586	598
OJ Crofton - GM: Projects and programmes	1 339	885
SL Rakgoale - Acting GM: Land and acquisition management	191	-
Total executive and SMT remuneration	7 055	5 374
This represents the total cost to company, the choice of salary structure is that of the employee.		
Non- executive members of accounting authority	95	243
NL Sowazi (Chairperson)	35	58
K Gordhan	6	12
N. Dube	-	-
NJO Lester	-	34
GGL Leissner	28	37
TE Nwedamutswu	-	15
CF Platt	26	47
ME Swartz	-	25
Total Executive Remuneration	7 150	5 617
17. Grant cost - Section 29 projects expenditure		
Advertising and marketing	-	22
Agency support - outsourcing	306	95
Assets below R5 000 expenses	46	-
Catering	100	120
Consultants	991	1 092
Contractors - operational	141	125
Communications	603	460
Computer expenses	20	52
Finance costs	260	155
Leasing charges	56	8
Legal fees	29	-
Loss on disposal of property, plant and equipment	8	-
Office rentals	1 868	1 078
Sundry office expenses	90	20
Refurbishment offices	-	7
Repairs and maintenance	65	47
Staff costs	14 796	9 169
Staff recruitment	327	376
Staff welfare	38	-
Stationery	301	95
Training and staff development	187	118
Travel and accommodation	563	252
	20 795	13 291

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R `000	2011	2010
18. Finance costs		
Finance leases	271	286
Other	70	–
	341	286
19. Cash generated from operations		
Net surplus before taxation:	20 283	19 649
Adjustment for:		
Depreciation	1,097	472
Amortisation	85	50
Interest received	(3,394)	(799)
Loss on disposal of property, plant and equipment	8	34
Surplus on disposal of property, plant and equipment	(316)	–
	17 763	19 406
Movements in working capital	7 158	4 978
Increase in payables	17 752	2 710
Increase in provisions	1 329	2 393
Increase in receivables	(11 923)	(125)
Cash generated from operations	24 921	24 384

20. Related party transactions

During the year, the company entered into the following transactions:

	Operational grant received		Amounts owed by the related party at year-end	
	2011	2010	2011	2010
National Department of Human Settlements	69 300	49 650	–	–

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 IPSAS

20: Related Party Disclosures.

21. Non-financial disclosures

Irregular expenditure

Opening balance	–	–
Irregular expenditure - current year	1 079	–
Less amounts condoned	(1 079)	–
Irregular expenditure awaiting condonation	–	–

Details of irregular expenditure - current year

Incident

Non-compliance with the supply chain management policy.

Disciplinary steps taken/criminal proceedings

The irregular expenditure was condoned by the CEO who has authority in accordance with the HDA Act, section 21.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. 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. The payables are all due within a short time. The HDA manages its liquidity risk by holding sufficient cash in its bank account, 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 maturity analysis of payables at reporting date were as follows:

Payables	2011	2010
Not past due	9 267	1 480
Past due 0-30 days	9	–
Past due 31-120 days	–	1
	9 276	1 481

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.

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 National Department of Human Settlements, therefore, its exposure to credit risk is minimal. The HDA manages credit risk by continually engaging with high credit-related financial instruments.

Receivables

The receivables are exposed to a low risk and amounts overdue are owing by other government institutions and are recoverable.

Cash and Cash equivalents

Cash and deposits are regarded as having insignificant credit risk.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

DETAILED BUDGET STATEMENT

	YTD: 31 MARCH 2011						ANNUAL	% BUD
	HDA CORE	SECT 29 PROJ	TOTAL	Budget	Variance	% Var	BUDGET	ACHIEVED
Grants Received	(69,300,000)	(22,894,459)	(92,194,459)	(93,876,423)	(1,681,964)	1.79%	(93,876,423)	98.21%
Operational Grant	(69,300,000)	–	(69,300,000)	(69,300,000)	–	0.00%	(69,300,000)	100.00%
Sect. 29 Projects Grant	–	(22,894,459)	(22,894,459)	(24,576,423)	(1,681,964)	6.84%	(24,576,423)	93.15%
Other Income JHB	(3,802,289)	–	(3,802,289)	(1,566,130)	2,236,159	(142.78%)	(1,566,130)	242.78%
Tender Documents Fees	(138,100)	–	(138,100)	–	138,100	0.0%	–	0.0%
Other Income	(270,435)	–	(270,435)	(266,130)	4,305	(1.62%)	(266,130)	101.62%
Interest received	(3,393,754)	–	(3,393,754)	(1,300,000)	2,093,754	(161.06%)	(1,300,000)	261.06%
Gain on disposal of assets	(312,175)	(4,317)	(316,492)	–	316,492	0.0%	–	0.0%
TOTAL REVENUE	(73,414,465)	(22,898,776)	(96,313,241)	(95,442,553)	870,688		(95,442,553)	
EXPENDITURE	54,828,123	21,201,347	76,029,470	95,396,536	19,367,067	20.30%	95,296,536	79.78%
Advertising & Marketing	878,704	–	878,704	815,500	(63,204)	(7.75%)	815,500	107.75%
Agency sup./Outsourced Services	2,125,149	305,620	2,430,770	2,372,960	(57,810)	(2.44%)	2,372,960	102.44%
Assets less than R5000	68,810	46,461	115,270	714,853	599,583	83.87%	774,853	14.88%
Audit Fees	675,976	–	675,976	760,000	84,024	11.06%	600,000	112.66%
Bad Debt	8,645	–	8,645	–	(8,645)	0.0%	–	0.0%
Bank Charges	113,945	–	113,945	80,000	(33,945)	(42.43%)	80,000	142.43%
Board Costs	120,125	–	120,125	399,417	279,292	69.92%	399,417	30.08%
Catering	186,809	100,214	287,023	453,045	166,022	36.65%	453,045	63.35%
Communications	278,893	603,391	882,285	817,000	(65,285)	(7.99%)	817,000	107.99%
Computer expenses	1,508,815	20,064	1,528,879	2,304,912	776,033	33.67%	2,304,912	66.33%
Consultants (incl internal audit)	2,082,579	–	2,082,579	3,275,350	1,192,771	36.42%	3,275,350	63.58%
Consultants- Project Management	–	990,753	990,753	2,400,000	1,409,247	58.72%	2,400,000	41.28%
Consultants- Technical Support	3,047,436	–	3,047,436	6,100,000	3,052,564	50.04%	6,100,000	49.96%
Contractors - Operational	248,816	140,854	389,670	556,400	166,730	29.97%	556,400	70.03%
Depreciation	777,601	406,313	1,183,913	967,759	(216,154)	(22.34%)	967,759	122.34%
Feasibility Studies	2,096,793	–	2,096,793	2,453,800	357,007	14.55%	2,453,800	85.45%
Insurance	137,600	–	137,600	200,000	62,400	31.20%	200,000	68.80%
Land & related costs	27,600	–	27,600	2,502,750	2,475,150	98.90%	2,502,750	1.10%
Financial costs	341,229	317,244	658,473	533,180	(125,293)	(23.50%)	533,180	123.50%
Legal Fees	804,695	29,330	834,025	866,250	32,225	3.72%	866,250	96.28%
Loss on disposal of asset	–	7,787	7,787	40,000	32,213	80.53%	40,000	19.47%
Office Rentals & Overheads	3,507,048	1,867,705	5,374,753	5,462,400	87,647	1.60%	5,462,400	98.40%
Policy & Research	763,896	–	763,896	500,000	(263,896)	(52.78%)	500,000	152.78%
Printing & Publications	98,560	2,333	100,894	352,650	251,756	71.39%	352,650	28.61%
Project services	6,351,844	–	6,351,844	6,900,000	548,156	7.94%	6,900,000	92.06%
Refurbishment - Offices	321,304	–	321,304	512,000	190,696	37.25%	512,000	62.75%
Repairs & Maintenance	51,963	64,762	116,725	177,000	60,275	34.05%	177,000	65.95%
Salaries and wages	22,526,856	14,795,814	37,322,670	44,522,524	7,199,854	16.17%	44,522,524	83.83%
Staff Recruitment	1,726,507	326,527	2,053,034	2,242,520	189,486	8.45%	2,242,520	91.55%
Staff Welfare	56,640	37,512	94,151	100,000	5,849	5.85%	100,000	94.15%
Stationery	450,753	298,991	749,743	549,375	(200,368)	(36.47%)	549,375	136.47%
Sundry Office expenses	84,423	89,319	173,743	454,175	280,432	61.75%	454,175	38.25%
Training & Staff Development	236,257	186,862	423,118	526,000	102,882	19.56%	526,000	80.44%
Travel & Accommodation	2,900,021	563,492	3,463,513	3,658,716	195,204	5.34%	3,658,716	94.66%
Workshops (stakeholders)	221,833	–	221,833	826,000	604,167	73.14%	826,000	26.86%
NET SURPLUS FOR THE YEAR	(18,586,341)	(1,697,429)	(20,283,771)	(46,017)	20,237,754		(146,017)	

UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

Figures in R `000	2011	2010
Revenue		
Grants received	84 351	62 650
Section 29 - project management fee	7 842	–
Gross surplus	92 193	62 650
Other Income		
Investment income	3 394	799
Profit on sale of fixed assets	316	–
Sundry income	408	36
	4 118	835
	96 311	63 485
Expenditure		
Advertising and marketing	879	205
Agency Support- Outsourcing	2 125	857
Amortisation - Intangible assets	85	50
Assets under R5 000	69	57
Auditors remuneration	676	–
Bad debts	8	–
Bank charges	114	9
Board costs	120	297
Catering	189	96
Communications	279	220
Computer expenses	1 509	996
Consultants	5 129	4 611
Contractors- Operational	249	136
Depreciation - Tangible assets	1 097	472
Feasibility studies	2 097	–
Finance costs	341	286
Grant costs - Section 29 subsidy	20 795	13 291
Insurance	138	61
Land & related costs	27	168
Leasing Charges	–	14
Legal expense	805	540
Loss on disposal of fixed assets	–	34
Office rentals	3 507	2 466
Policy and research	763	–
Printing and publications	98	8
Project services	6 352	–
Refurbishment - offices	321	328
Repairs and Maintenance	52	54
Salaries	22 527	10 644
Staff recruitment	1 727	2 323
Staff welfare	57	–
Stationery	451	287
Sundry office expenses	84	93
Training and staff development	236	41
Travel and accommodation	2 842	2 463
Travel overseas	58	120
VAT reversal	–	2 609
Workshop stakeholders	222	–
	76 028	43 836
Surplus for the year	20 283	19 649

ANNEXURE: PERFORMANCE IMPLEMENTATION SCHEDULE 2010/11

PROGRAMME 1: FINANCE AND ADMINISTRATION

SUB- PROGRAMME: FINANCIAL MANAGEMENT

PROGRAMME STRATEGIC GOAL: ORGANISATIONAL CREDIBILITY

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Develop a responsive organisation that applies effective and compliant systems to the delivery process	Obtain a clean audit report	Unqualified audit report	Achieved 100% compliance
	Develop, maintain and implement appropriate financial policies and procedures	Approved financial management policies and operating systems	Achieved 100% compliance Board / Exco minutes
	Develop, implement and manage institutional risk management strategy	Approved fraud prevention plan and risk management policy	Policy developed. To be approved in the new financial year
	Ensure effective financial management and reporting	Monitor monthly management accounts and analyse variances	Achieved 100% compliance Approved monthly management accounts
	Develop, implement and manage a compliance procurement process	Supply Chain Management Policy developed and implemented in line with PFMA requirements	Achieved 100% compliance Board / Exco minutes
	Develop, implement and maintain appropriate corporate governance structures and processes	Compliance with regulatory requirements (PFMA, Board Charter, and King Codes)	100 % compliance
	Ensure effective and accurate budgeting	Actual and budget expenditure balanced	Achieved 100% compliance Expenditure within 10% of target

SUB- PROGRAMME: CORPORATE SERVICES

PROGRAMME STRATEGIC GOAL: ORGANISATIONAL CREDIBILITY

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Develop a responsive organisation that applies effective and compliant systems to the delivery process	Develop and cost an appropriate organisational structure to facilitate delivery	Approved staff establishment	Achieved 100% compliance Staff recruited as per establishment
	Ensure employment based compliance requirements met	Compliance with Regulatory requirements: <ul style="list-style-type: none"> • EE plan developed and submitted to DOL • WSP developed and submitted to relevant SETA 	100% compliance
	Review of Staff Establishment and HR Operations	Monthly HR reports	Achieved 100% compliance Submit Report to Exco monthly
	Recruit for approved and funded positions	Filled posts	Achieved 100% compliance Planned posts are filled
	Develop and implement a marketing and communications strategy for the HDA	Marketing and communication strategy developed and implemented	100% compliance
	Develop, maintain and implement appropriate ICT policies and procedures	Meeting minutes	Policy developed. To be approved in the new financial year
	Monitor implementation of IT and effective maintenance	IT reports	Achieved 100% compliance Monthly report
	Develop and implement an IT strategy to ensure effective business operation and support	Approved IT strategy / framework	Draft strategy submitted
Enterprise information management	Manage structured and unstructured information	Establish a research agenda	Achieved 100% compliance
		Ensure a knowledge management zone and library service	Achieved 50% compliance. To be finalised in the new financial year
		Support decision-making processes with information	Achieved 100% compliance
		Document, records management and workflow centre	Achieved 50% compliance. To be finalised in the new financial year
		Business intelligence portal	Achieved 50% compliance. To be finalised in the new financial year

ANNEXURE: PERFORMANCE IMPLEMENTATION SCHEDULE 2010/11

PROGRAMME 1: FINANCE AND ADMINISTRATION

SUB- PROGRAMME: CORPORATE SERVICES (Stakeholder Management incorporating Legal Facilitation and Coordination)

PROGRAMME STRATEGIC GOAL: ORGANISATIONAL CREDIBILITY

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Secure key IGR partnerships by establishing agreements with identified public sector stakeholders	Develop policy for approval on IGR policy and programme for stakeholder engagement	Approved IGR policy and stakeholder engagement programme	IGR policy and stakeholder engagement programme in development
	Develop a national prioritisation framework for stakeholder engagement	Approved national prioritisation framework for stakeholder engagement	Policies not identifiable
	Prepare and develop draft implementation protocol agreements for consultation and conclusion with prioritised public stakeholders	Approved draft implementation protocol agreements for consultation and conclusion with prioritised public stakeholders	Achieved 100% compliance
	Facilitate and conclude agreements with prioritised stakeholders	Signed agreements with prioritised stakeholders	Achieved 100% compliance
Finalise Regulatory Framework as per the HDA Act	Develop Regulations for PHDAs (S7 (3)(a-c) in order to facilitate the proclamation of such areas	Regulations published	Draft circulated for comment
	Develop HDA mandate in terms of S 8 of the HDA Act for approval by the Minister for Human Settlements	HDA mandate approved by the Minister	Achieved 100% compliance
	Develop Regulations for good governance in terms of S32 of the HDA Act	Draft Regulations approved and published	Part 1 achieved NDHS awaiting part 2 of regulations (PHDA) for submission to Portfolio Committee

ANNEXURE: PERFORMANCE IMPLEMENTATION SCHEDULE 2010/11

PROGRAMME 2: LAND ACQUISITIONS AND MANAGEMENT

SUB- PROGRAMME: LAND IDENTIFICATION AND PLANNING

PROGRAMME STRATEGIC GOAL: LAND AND PROPERTY AVAILABILITY AND RELEASE

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Facilitate the speedy release of public land to the HDA	Plan and prioritise public land and properties to be acquired	Register of public land and properties identified for acquisition	Achieved 100% compliance 15,630.901 hectares of state-owned land identified for acquisition Achieved 100% compliance 1,245 properties of 5,154 submitted
	Develop and manage the land and property identification and acquisition criteria	Approved land and property prioritisation criteria	Achieved 100% compliance
	Undertake feasibility assessments for land and properties to be acquired	Number of completed pre-acquisition feasibility assessments	Achieved 100% compliance
To identify and plan for realisation of land opportunities	Plan and prioritise land and properties opportunities for human settlements	Number of land opportunities identified	Achieved 100% compliance
	Analysis of supply and demand of land for housing delivery	Categories and quantities of land available for human settlements	Dependent on other areas of work and collaboration with other parties being considered
	Manage an Early warning/ referral/ alert capability to identify land and property opportunities for HS	Record of advance notices and detection of opportunities	Not achieved due to absence of capital to transact. To be further addressed through the operating process definition
Advocate/ facilitate the effective release of public sector land for human settlements development	Compile and quantify human settlement land and property requirements of municipalities and provinces	Selected municipal and provincial land and property requirements for human settlements	Achieved 100% compliance

SUB- PROGRAMME: LAND GEOSPATIAL SERVICES

PROGRAMME STRATEGIC GOAL: LAND AND PROPERTY AVAILABILITY AND RELEASE

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Introduce and manage a land inventory and information system	Establish and manage a land and property inventory for human settlements	Operating land inventory and information system for human settlements	Achieved 100% compliance
Facilitate the speedy identification, planning and release of land	Establish and Manage an integrated national land and cadastral based information processing system and portal with access to multiple data sets and warehouses	Live integrated spatial information portal	Achieved 100% compliance
	Spatial and cadastral analysis of supply and demand of land for housing delivery (<i>Gather pertinent information across public & private sectors</i>)	Appropriately classified reports on quantified information	Achieved 100% compliance
	Undertake ongoing research into spatial and property trends relating to HS	Report on spatial and property trends analysis	Achieved 100% compliance

ANNEXURE: PERFORMANCE IMPLEMENTATION SCHEDULE 2010/11

PROGRAMME 2: LAND ACQUISITIONS AND MANAGEMENT

SUB- PROGRAMME: LAND AND PROPERTY ACQUISITIONS

PROGRAMME STRATEGIC GOAL: LAND AND PROPERTY AVAILABILITY AND RELEASE

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
To facilitate speedy release of public land (to the HDA for human settlements)	Manage and coordinate processing of HDA requests for release of public sector land for human settlement development	Quantity of public land released to the HDA	Achieved 100% compliance
To advocate/ facilitate the effective release of public sector land for human settlements development	Manage and coordinate the favourable processing of public land release for human settlements	<ul style="list-style-type: none"> Quantity of public land released for human settlements Public sector policy shifts in favour of HDA outlook, role and functions 	Achieved 100% compliance
To acquire (targeted) land and properties	Manage the acquisition and transfer processing (transactions) of identified land and properties	Number of rights/ interests in land and properties registered/ secured in favour of the HDA	Achieved 100% compliance
	Establish and operate a policy and procedures for acquisition of land and properties	Approved policy and procedures	Partially achieved

SUB- PROGRAMME: LAND AND PROPERTY ASSETS HOLDING

PROGRAMME STRATEGIC GOAL: LAND AND PROPERTY HOLDING

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Secure and manage acquired land and properties	Develop and manage the land and property holding strategy	Approved land and property holding strategy	Achieved 50% compliance. To be finalised in the new financial year
	Develop and operate a comprehensive property management system	Report on condition profiles of land and properties	Achieved 100% compliance
	Maintain all properties held by the HDA	Annual portfolio management and maintenance plan	Achieved 100% compliance
	Develop strategies for the optimisation of revenues/ benefits from properties held by HDA	Approved revenue and benefit optimisation policy Report on revenue/benefits accruing from assets	Achieved 100% compliance
	Emergency and risk management plan for all land and properties held	Approved emergency and risk management plan	Achieved 50% compliance. To be finalised in the new financial year
Manage the release of HDA held land and properties	Develop and implement land and property release policy and procedures	Approved land and property release policy Quantity of land properties released	Not achieved
	Harmonise the HDA land release priorities with overall human settlements policy	Active Implementation protocols for land release	Not achieved
	Manage the fulfilment obligations/ conditions attached to HDA land from original source	Record of third party interests confirmed	Not achieved

ANNEXURE: PERFORMANCE IMPLEMENTATION SCHEDULE 2010/11

PROGRAMME 2: LAND ACQUISITIONS AND MANAGEMENT

SUB-PROGRAMME: INTER-GOVERNMENTAL RELATIONS

PROGRAMME STRATEGIC GOAL: FACILITATE EFFECTIVE INTERGOVERNMENTAL RELATIONS WITHIN THE LAM DEPARTMENT

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Manage and coordinate engagements at national, provincial and local government level	Secretariat to Joint Coordinating Task Committee on State Land Release Team Sustained and structured participation in key IGR fora	Programmes and/operational Agreements with National Sector departments supported Facilitate activities of the Joint Task Team Number of fora where HDA has representation and participation (Technical MINMEC, Provincial IGR planning fora)	Achieved 100% compliance
Structured road shows engaging municipalities and other public bodies	Structured operational arrangements with provinces	Programmes and/or operational agreements with provincial departments of human settlements	Achieved 100% compliance
	Structured operational arrangements with municipalities	Programmes and/or operational agreements with municipalities	Achieved 100% compliance
	Coordinate the implementation of the Municipal Support Programme Structured outreach programme with provinces, municipalities and other public bodies	Number of provinces, municipalities, public bodies engaged and assisted	Achieved 100% compliance

ANNEXURE: PERFORMANCE IMPLEMENTATION SCHEDULE 2010/11

PROGRAMME 3: PROJECTS AND PROGRAMMES

SUB- PROGRAMME: TECHNICAL SUPPORT

PROGRAMME STRATEGIC GOAL: HUMAN SETTLEMENTS PLANNING AND PREPARATION

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Facilitate, coordinate and implement the transformation of targeted urban neighbourhoods	Provide support services to 3 targeted neighbourhood transformation initiatives.	Provide specific support services to 3 targeted neighbourhood transformation initiatives	Achieved 50% compliance. To be finalised in the new financial year
Provide project planning and structuring support services to targeted provinces and municipalities	Provide project structuring services to 2 targeted projects in provinces and municipalities.	Technical support, fund mobilisation and/or advice / guidance provided to 2 targeted projects in provinces and municipalities	Achieved 100% compliance

SUB- PROGRAMME: PROGRAMME MANAGEMENT OFFICE

PROGRAMME STRATEGIC GOAL: LAND AND PROPERTY AVAILABILITY AND RELEASE

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Provide project management support services to targeted provinces and municipalities to assist with implementation	Provide project management implementation support to human settlement projects	Develop HDA planning, approval, funding, implementation framework for large scale human settlements projects based on existing projects	Achieved 100% compliance
		Implementation support to the N2 Gateway project to reach conclusion on existing phases of work	Achieved 100% compliance
		Implementation support to the Zanemvula project to reach conclusion of the project in terms of its objectives	Achieved 100% compliance
Provide project management support services to targeted provinces and municipalities to assist with implementation	Provide project management support to 2 large scale human settlements demonstration projects	Develop HDA planning, approval, funding, implementation framework for large scale human settlements projects based on existing projects	Achieved 100% compliance

SUB-PROGRAMME: IGR – INTERGOVERNMENTAL LIAISON

PROGRAMME STRATEGIC GOAL: HUMAN SETTLEMENT PLANNING AND PREPARATION

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Prepare and develop priority housing development area frameworks for implementation of projects	Develop a PHDA planning, funding, implementation and regulatory framework	Approved PHDA planning, funding, implementation and regulatory framework	Achieved 50% compliance. To be finalised in the new financial year
	Coordinate, facilitate and assist in the approval of PHDA planning, funding, implementation and regulatory frameworks in provinces and municipalities	Coordinate and facilitate the approval of four PHDA areas for implementation of projects	Achieved 50% compliance. To be finalised in the new financial year

SUB- PROGRAMME: BEST PRACTICE

PROGRAMME STRATEGIC GOAL: ORGANISATIONAL CREDIBILITY

Strategic Objective	Measurable Objective	Performance Measure / Indicator	Actual achievements
Develop a responsive organisation that applies effective and compliant systems to the delivery process	Capture, develop, disseminate, preserve and apply good practice products and tools in the built environment	Best practice strategy	Achieved 100% compliance

ABBREVIATIONS

CFO	Chief Financial Officer	MEC	Member of the Executive Council
CSIR	Council for Scientific and Industrial Research	MTEF	Medium-term Expenditure Framework
GM	General Manager	NaHSLI	National Human Settlements Land Inventory
GRAP	Generally Recognised Accounting Practice	NDHS	National Department of Human Settlements
HDA	Housing Development Agency	NUSP	National Upgrading Support Programme
HR	Human Resources	P&P	Projects and Programmes
IGR	Intergovernmental Relations	PAA	Productive Asset Allowance
IP	Implementation Protocol	PFMA	Public Finance Management Act
ISA	International Standard on Auditing	PHDA	Priority Housing Development Areas
ISSAI	International Standards of Supreme Audit Institutions	PPT	Project Preparation Trust
IT	Information Technology	S29	Section 29
LAM	Land and Acquisitions Management	TRA	Transitional Residential Areas
LaPSIS	Land and Property Spatial Information System	VAT	Value-added Tax

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