



ANNUAL REPORT

2021/22



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



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“ WHO WE ARE

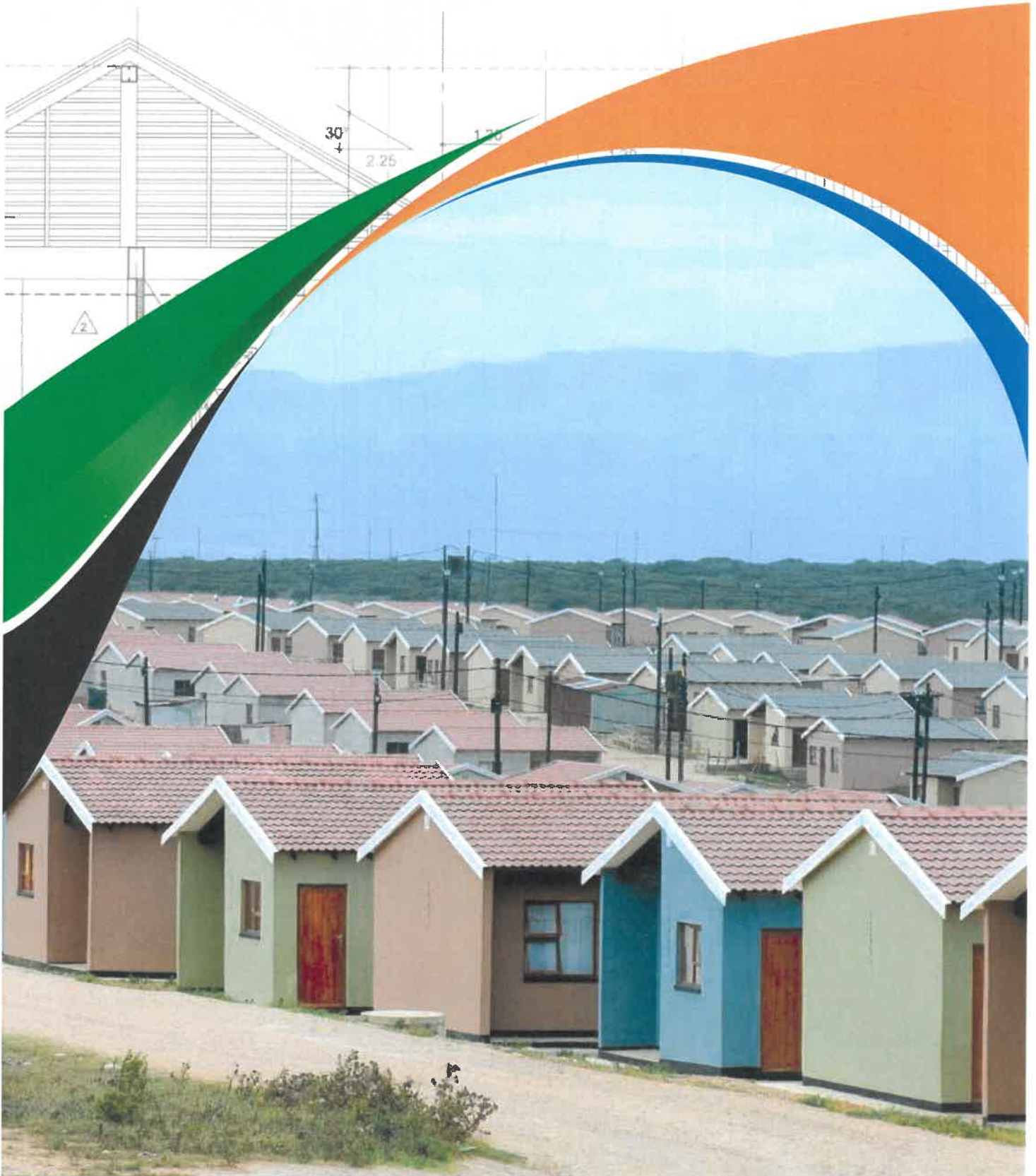
THE HOUSING DEVELOPMENT AGENCY (HDA) IS A NATIONAL PUBLIC SECTOR DEVELOPMENT AGENCY THAT ACQUIRES, PREPARES AND DEVELOPS LAND FOR THE DELIVERY OF SUSTAINABLE HUMAN SETTLEMENTS. THE AGENCY ALSO PROVIDES PROJECT MANAGEMENT SERVICES FOR HUMAN SETTLEMENT DEVELOPMENTS.

We carry out our activities in partnership with a range of stakeholders including national, provincial and local government and municipalities, as well as with communities, developers, financiers and other affected parties. Established in 2009, the Agency is established by an Act of Parliament in 2008 and is accountable through its board to the Minister of Human Settlements.



SECTION A

GENERAL INFORMATION





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ABBREVIATIONS & ACRONYMS

APP	Annual Performance Plan
BCMM	Buffalo City Metropolitan Municipality
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CCMA	Commission for Conciliation, Mediation and Arbitration
CoCT	City of Cape Town
CoGHSTA	Department of Cooperative Governance, Human Settlements and Traditional Affairs
COVID-19	Corona Virus Disease
CPP	Catalytic Projects Programme
DHS	Department of Human Settlements
DLRDR	Department of Agriculture, Land Reform & Rural Development
DORA	Division of Revenue Act
Exco	Executive Committee
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
HDA	Housing Development Agency
HSDG	Human Settlements Development Grant
IP	Implementation Protocol
ISU	Informal Settlement Upgrading
IRDP	Integrated Residential Development Programme
LapSIS	Land and Property Spatial Information System
MEC	Member of the Executive Council
MINMEC	Ministers and Members of Executive Council
MoA	Memorandum of Agreement
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MSP	Master Spatial Plan
MTOP	Medium-Term Operational Plan
NaHSLI	National Human Settlements Land Inventory
nDoHS	national Department of Human Settlements
NDP	National Development Plan
NHFC	National Housing Finance Corporation
NHNR	The National Housing Needs Register
NMBM	Nelson Mandela Bay Municipality
NUSP	National Upgrading Support Programme
PFMA	Public Finance Management Act
PHDA	Priority Housing Development Area
PHSHDA	Priority Human Settlement and Housing Development Areas
PMO	Project Management Office
PPD	Programme Planning and Design
PHP	People's Housing Process
SCCD	Southern Cape Corridor Development
SCOPA	Standing Committee on Public Accounts
SCM	Supply Chain Management
SDF	Spatial Development Framework's
SIA	Spatial Information and Analysis
SIR	Stakeholder and Intergovernmental Relationships
STST	Spatial Transformation and Scoring Tool
UISP	Upgrading of Informal Settlements Programme

Following the appointment of the board towards the end of the financial year, the entity has attained a certain level of stability. This has also been bolstered by the board's successful conclusion of the recruitment processes for the Chief Executive and Chief Financial Officer positions within the period which resulted in the filing of the two critical positions in the 2022/23 financial year. In this way the entity is much better positioned to fulfill its mandate.

In each year that passes the housing backlog is increasing. This increase combined with the rising land hunger for human settlements is a ticking time bomb. Rapidly rising rates of urbanization in all our urban centres has become a disruptive factor for government planning cycles and resource allocation. All the human settlements entities, including HDA, have to be geared to operate optimally in the delivery of sustainable human settlements. It is very disappointing that during the 2021/22 Financial Year the HDA reached the lowest levels of performance since inception in 2009. This is reflective of the challenges in leadership the entity experience, I expect the performance of the entity to start turning the corner and embark on a path towards excellence and improved performance.

Central to the notion of sustainable human settlements are three fundamental issues, geographical location of the land identified for this purpose, the services necessary for the sustenance of human lives and proximity and access to economic opportunities. The exclusionary approach of the apartheid spatial development and the general policies of land deprivation for the majority still remain the major stumbling block for the creation of inclusive sustainable human settlements especially for the benefit of the poor. Government has a constitutional duty to ensure that where required and with available resources all citizens can enjoy their basic rights to access to land and housing.

During the year under review, the HDA was able to facilitate the release and/or acquisition of 1765,560 hectares of land located within the Priority Development Areas and 3243,447 hectares located outside of the Priority Development Areas (PDAs) for human settlements development. 36 land parcels measuring approximately 2 493 hectares were released for human settlements by the Department of Public Works and Infrastructure in accordance with the presidential state of the nation address pronouncements. Furthermore, a total of land parcels measuring 714,4847 hectares in extent, located in Ditsobotla and Naledi Local Municipalities within Northwest Province, were rezoned for human settlements development and services installation is complete. 40 area-based integrated multi-sectoral development plans for PDAs were completed.

In terms of transformation, the Department of Human Settlements has prioritized the empowerment of designated groups which include women, youth, military veterans and people living with disabilities. The entity has exceeded the target percentage of annual HDA procurement spend, targeted

at businesses owned by BBBEE Levels 1 – 4, however it did not meet the targets in terms of any of designated groups. Transformation is a critical element for not only creating an inclusive and sustainable economy but also a sustainable human settlement. Thus, attention will be paid in improving on this area of performance.

For improved performance going forward, leadership of the institution will need to immediately focus on improving on governance, sustainability, skilled resourcing and structure, processes and systems and risk management. Putting processes and systems in place will also help reduce audit findings such as high number of irregularities relate to the supply chain management function which were picked up by the auditors in the year 2021/22. The time has come for HDA to move beyond stabilization efforts and marshal all its resources towards improving the overall performance of the organisation.

Let me thank the HDA, the current board members who have been very instrumental in ensuring that the organization is stabilized and able to focus on achieving its mandate. Let also take this opportunity to welcome the CEO and CFO both whom recently joined the organization. A word of gratitude also goes to the executives and the staff who have been working to deliver housing services to our people.



Mmamoloko Kubayi, MP
Minister of Human Settlements
30 September 2022

The Housing Development Agency is mandated through the Housing Development Agency Act 23 of 2008 to address land acquisition and assembly, provide project management support and housing development services. The dissolution of the Board in February 2021 was followed by the placement of the Agency under administration by the Minister of Human Settlements for the second time since its establishment in 2009.

The Housing Development Agency's period of administration ended at the commencement of the reporting period, with the appointment of the Board in November 2021.

During the period of administration, the Chief executive and Chief financial officer positions were vacant, and the duties were fulfilled by acting incumbents. During the eight-month period of administration, the Agency also had two administrators who fulfilled the role of the accounting authority. Upon its appointment in November 2021, the Board was tasked with stabilizing the entity and ensuring that it was more focused on delivering on its primary mandate in the main, whilst still delivering on its secondary mandate as well.

- The Board expresses its gratitude to the Administrators, Mr DN Chainee and Dr A L Mahapa for their efforts in steering the Agency during this difficult period and ensuring that delivery objectives were met, and meaningful contributions were made to achieve the sectoral targets for which the Agency was responsible. The HDA continued to maintain relationships with partners in all spheres of government to fulfil its role as a project and programme manager and implementing agent. Various mandates were accepted that enabled it to provide support in areas of land assembly, the servicing of sites, delivery of top structures, support in the management and implementation of the informal settlements upgrading, mining towns programmes.

Planning and conceptual design work was also undertaken for the social and student housing programmes. There was also a realization at a strategic level that the HDA needed to place more focus on its primary mandate as it moves into the future. This necessitated the adjustment of its strategic plans to reflect this. We have made strides in the implementation of the primary mandate by identifying land parcels within our portfolio which are being packaged; acquired some buildings for student accommodation and social housing, engaged with potential partners and financiers to expedite delivery of integrated and sustainable human settlements. In addition, we concluded Implementation protocols with sister agencies for collaboration i.e., National Housing Finance Corporation (NHFC) and the Social Housing and Regulatory Authority (SHRA).

In the current period, the HDA received a qualified audit opinion. This necessitates greater precision and focus on improving internal controls and operations, consistency in the application of legislation and policies which will all serve to enhance performance and the repositioning of the HDA as a preferred implementation partner and developer in the human

settlements sector. The Board is committed to ensuring that consequence management is implemented to deal with all instances of non-compliance that has led to irregular expenditure and financial loss. The Committees of the Board will focus on the provision of oversight on the remedial actions that will be put in place to deal with the audit findings as raised for the period under review.

The Board stands ready to provide the support, guidance and leadership that will set the HDA on a journey towards a better audit outcome in the coming years.

On behalf of the Board, I take this opportunity to thank the acting Chief Executive Officers Mr SN Poya and Ms D Ngoasheng, the acting Chief Financial officers Ms M Tsehla and Mr S Mlotshwa, the executive management and staff of the HDA for their continued commitment in ensuring that the organization continues to deliver on its legislative mandate despite all the challenges that it faced. The period under review was characterized by many leadership and operational challenges that impacted negatively on delivery and staff morale hence we also take the opportunity to thank its clients, the National Department of Human Settlements, provincial departments of human settlements, metropolitan municipalities that stood with us and retained their confidence to continue to do business with the HDA nevertheless.

The Board successfully managed to commence the recruitment processes for the Chief Executive and Chief Financial Officer positions within the period which resulted in the filing of the two positions in the 2022/23 financial year. The Board is confident that the appointment of these senior and seasoned executives will stabilize the organization and herald an era of turnaround for the organization around as it prepares to improve on its performance with a sharper focus on its primary mandate.

The Board also expresses its appreciation to the Minister of Human Settlements, Honourable M Kubayi and the Director General as well as the entire Management of the National Department of Human Settlements for the guidance and support that continued to contribute to the functioning of the HDA



Dr Tshildzi Ratshitanga
Chairperson of the Board
31 August 2022



During the 2021/22 Financial Year the HDA reached the lowest levels of performance since inception in 2009. The poor performance is a cumulative effect of several years of instability at the highest levels of the organisation characterised by governance failures; disbandment of the board/s; the organisation placed under administration several times between 2018-2021; several acting CEO's and CFO's in the same period; and qualified audit opinions over three (3) consecutive years. In addition, several critical positions were left vacant and couldn't be filled due to the moratorium on appointments which was implemented. These failings permeated through various levels of the organisation and generated operational inefficiencies, poor service delivery and reputational damage for the Agency.

Several mechanisms were put in place to manage the operational inefficiencies and poor service delivery at project level. These include the following the development of the following applications: Projects Tracking Tool; Contracts Tracking Register and Beneficiary Experience Tracking Application. The Projects Tracking Tool enables the tracking, assessment and analyses of construction and planning projects. Performance and delivery are updated on a weekly basis, notifications are pushed through to project managers alerting them when projects are leaping off the tracks. The Contracts Tracking register (CTR) was developed in line with the legal and compliance requirements of the Contracts Management Framework by National Treasury. The CTR developed on the Power Business Intelligence (Power BI) platform is a collaboration between the Supply Chain Management unit and the Legal unit. The CTR ensures continuous procurement process that allow HDA units to adhere to their agreed contractual obligations with service providers. Managers can track their respective contracts throughout the contracts' lifecycle, enabling them to negotiate any future changes that need to take place and be proactive in case of a need for extension or termination.

The Beneficiary Experience Tracking Application on ArcGIS Enterprise provides a platform for beneficiaries to participate in decisions, and to take part in the management of the planning system. Responses by beneficiaries on their Quality of Place, Quality of Life and Quality of Growth provide insight as to how the infrastructure provided to them have changed their lives or not. The long-term goal is to undertake a longitudinal study with the same beneficiaries to evaluate how their livelihoods have improved or not.

Since my appointment as CEO on the 1st of June 2022, the Agency has focused on developing a realigned strategy built on the following pillars: mandate clarification, governance, sustainability, alignment between people and structure, processes and systems and perception management.

- **Mandate:** Clarification of the mandate and the HDA fully implementing its mandate and put in measures that will lead to a much bigger role as a fully-fledged property developer
- **Governance:** implementation of concerted initiatives to progressively enhance compliance with the applicable regulatory and governance frameworks for the HDA, which will lead to the Agency breaking from the current trend of qualified audit outcomes to unqualified audit outcomes.

- **Sustainability:** A business and funding model will be implemented that will support both the primary and secondary mandate and balances the need for the public mandate and the need for financial sustainability
- **People and Structure:** The strategic path chosen by the HDA requires a systematic and deliberate reorganisation to ensure that the HDA has the right fit in terms of people and structure. This entails acquiring the missing skills in the labour market and shedding those people that do not fit in with the values of the HDA.
- **Process and Systems:** The HDA strategic outlook requires that the organisation embraces processes and systems that fit the digital era. This will start with inculcating a culture of business process management that should be enabled by relevant technology and systems. This will further be supported by the implementation of records and document management processes.
- **Perception Management:** The HDA will need to implement change management programme that is both inward and outward looking. Such a change management programme will be aimed at instilling a culture that cuts across all levels of the organisation resulting in employees that behave in line with the HDA Way. The culture to be promoted will result in recovery of credibility in the eyes of both employees, partners, and stakeholders.

We have carefully reviewed the qualified audit opinion issued by the Auditor General for the 2021/22 Financial Year and determined a significant number of irregularities relate to the supply chain management function. To this end, we have established an Internal Condonation Committee to deal with all irregular expenditure dating back from 2016/2017 financial year. The committee is reinforced by SCM experts who have been appointed to assess and confirm the irregular expenditure and conduct determination tests.

The experts will also assist with investigations where there is possible of fraudulent, corrupt, or other criminal conduct emanating from the incurrence of irregular expenditure and facilitate recovery or condonation. An adjunct to this will be the implementation of consequence management. The internal control environment in respect of financial management, project funding remains an area of concern.



.We are augmenting our capacity in the Audit and Risk management functions to ensure that all audit findings are resolved, and the internal control environment is improved.

Along with the HDA Board, we have also moved swiftly by lifting the moratorium on positions to enable the filling of critical posts and ensuring the Agency is fully capacitated to deliver on its mandate. We believe we have taken the right actions and a step change approach to accelerate the process of institutional stabilisation and rebranding the Agency into a best performing organisation.

Mr Bheki Khenisa
Chief Executive Officer
31 August 2022

Statement of Responsibility and Confirmation of Accuracy of the Annual Report

This statement is a confirmation that the Annual Report is a fair and accurate presentation of the HDA's financial and non-financial performance information for the year ended 31 March 2022.

The Accounting Authority is responsible for the implementation of internal controls that will ensure the provision of reasonable assurance as to the integrity of the annual financial statements and performance information. The Accounting Authority has also ensured that the HDA complies with all the necessary prescripts that govern schedule 3A entities with the implementation of a performance management system which assists the agency in monitoring and improving its controls.

The External Auditors are engaged to express an independent opinion on the Annual Financial Statements and the Annual Performance Information. The Accounting Authority to the best of its knowledge and belief, confirm the following:

- The annual report is complete, accurate and free from any omissions, and fairly reflects the operations, performance information, governance, and human resources information of the Agency for the financial year ended 31 March 2022,
- The performance information reflects the service delivery of the Agency for the reporting period, as documented in the 2021/2022 APP,
- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the independent auditor,
- The report has been prepared in accordance with guidelines on the annual report issued by National Treasury,
- The HDA's financial statements are prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act, as amended by Act 1 of 1999 (PFMA).
- The Accounting Authority is responsible for preparing the annual financial statements and for judgments made on this information.
- The Accounting Authority is responsible for implementing a system of internal control designed to provide reasonable assurance on the integrity and reliability of the performance information, human resources information and annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements. The annual financial statement has been prepared on a going-concern basis. In our opinion, this annual report fairly reflects the operations, performance information, human resources information and financial affairs of the HDA for the year ended 31 March 2022

Figure 1: Vision, Mission and Values



MISSION

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



VISION

HDA is to be:
The public sector Developer of Choice providing integrated, sustainable human settlements and security of tenure.



VALUES

The Values of the HDA, which underpin its operations are:
Performance-oriented, Excellence, Accountability, Teamwork, Integrity.



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

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

The Act outlines the responsibilities of the various spheres of government in relation to housing delivery. The Act further provides for municipalities to be developers in the housing development process. However, this provision neither precludes the Department from being a developer nor engaging in public-private partnership ventures in housing development.

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

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

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

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

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

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

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

- I. The Agency must, in consultation with the relevant owner, identify, acquire, hold, develop, and release state, privately and communal owned land for residential and community purposes for the creation of sustainable human settlements (clause 5(1)).

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

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

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

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

Establishes and promotes a sustainable social housing environment, defines the functions of each of the three (3) spheres of government in respect of social housing; administers national social housing programmes including approvals and allocation of capital grants thereto; establishes the Social Housing Regulatory Authority (SHRA) which accredits and provides statutory recognition to social housing institutions and advises the Minister on social housing matters; and provides for other delivery agents to undertake approved projects utilising public money.

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

The Act identifies the applicability of legislation in terms of categories of persons, to prohibit certain actions in respect of unlawful occupation of land, and to commit offences thereon.

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

The Act regulates the conduct of parties within Community Schemes.



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

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

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

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

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

The Act regulates property practitioners and the continuation of the Estate Agency Affairs Board as the Property Practitioners Regulatory Authority.

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

The Act provides a framework for spatial planning and land use management. It specifies the relationship between spatial planning and land use management systems and other kinds of planning. It provides for inclusive, developmental, equitable and efficient spatial planning in the different spheres of government. It also provides a framework for the monitoring, coordination and review of the spatial planning and land use management system; provides a framework for policies, principles, norms and standards for spatial development planning and land use management; addresses part of spatial and regulatory imbalances, and promotes greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications. The Act further provides for the establishment, functions and operations of Municipal Planning Tribunals. It provides for facilitating and enforcing land use and development measures and matters connected herewith.

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

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

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

Regulates the alienation of land in certain circumstances.

IMMOVEABLE ASSETS MANAGEMENT ACT (NO. 19 OF 2007)

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

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

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

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

The Act provides for measures with State assistance to facilitate long-term security of land tenure and to regulate the conditions of residence on certain land; the conditions on and circumstances under which the right of persons to reside on land may be terminated; the conditions and circumstances under which persons, whose right of residence has been terminated, may be evicted from the land.

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

The Act provides for the upgrading and conversion into ownership of certain rights granted in respect of land.

CONVERSION OF CERTAIN LEASEHOLD RIGHT TO OWNERSHIP ACT, 1988 (NO. 81 OF 1988 AS AMENDED)

The Act provides a mechanisms for obtaining assistance to acquire registered title to public rental houses.

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

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

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

The Act provides the Minister with the power to expropriate property for public and certain other purposes and to use the property for public purposes.



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

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

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

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

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

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

DIVISION OF REVENUE ACT (AS AMENDED)

Provides for equitable division of national revenue among the three (3) spheres of government for each financial year and the responsibilities of each sphere pursuant to such division.

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

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

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

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

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

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

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

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

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

Establishes a framework for National, Provincial and Local Government to promote and facilitate intergovernmental relations, and to provide a mechanism and procedure to facilitate the settlement of intergovernmental disputes.





NATIONAL DEVELOPMENT PLAN 2030

Chapter 8 of the NDP deals with transforming human settlements and the national space economy.

The key points include:

Respond systematically to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency.

In addressing these patterns, we must take account of the unique needs and potentials of different rural and urban areas in the context of emerging development corridors in the southern African sub-region.

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

MEDIUM TERM STRATEGIC FRAMEWORK

The 2019-2024 MTSF is both a five-year implementation plan and an integrated monitoring framework. The plan focuses on the seven priorities and related interventions of the sixth administration of government, and the integrated monitoring framework focuses on monitoring and outcomes, indicators and targets towards the achievement of priorities. The MTSF promotes alignment, coordination and ultimately full integration of all development planning instruments into an integrated framework without duplication, role conflict and coordinated development in all spheres of government.

The MTSF is structured into priority outcomes which cover the focus areas identified in the NDP chapters. These outcomes represent the apex priorities and developmental impacts that the Government seeks to achieve over the five-year administration period.

HUMAN SETTLEMENT SECTOR MTSF PRIORITIES 2019-2024

The focus of the MTSF 2019-2024 for the Human Settlement Sector is to Implement a coherent programme to transform human settlement's and to ensure that the delivery of housing is used to restructure towns and cities and strengthen the livelihood prospects of households and overcome spatial apartheid patterns.





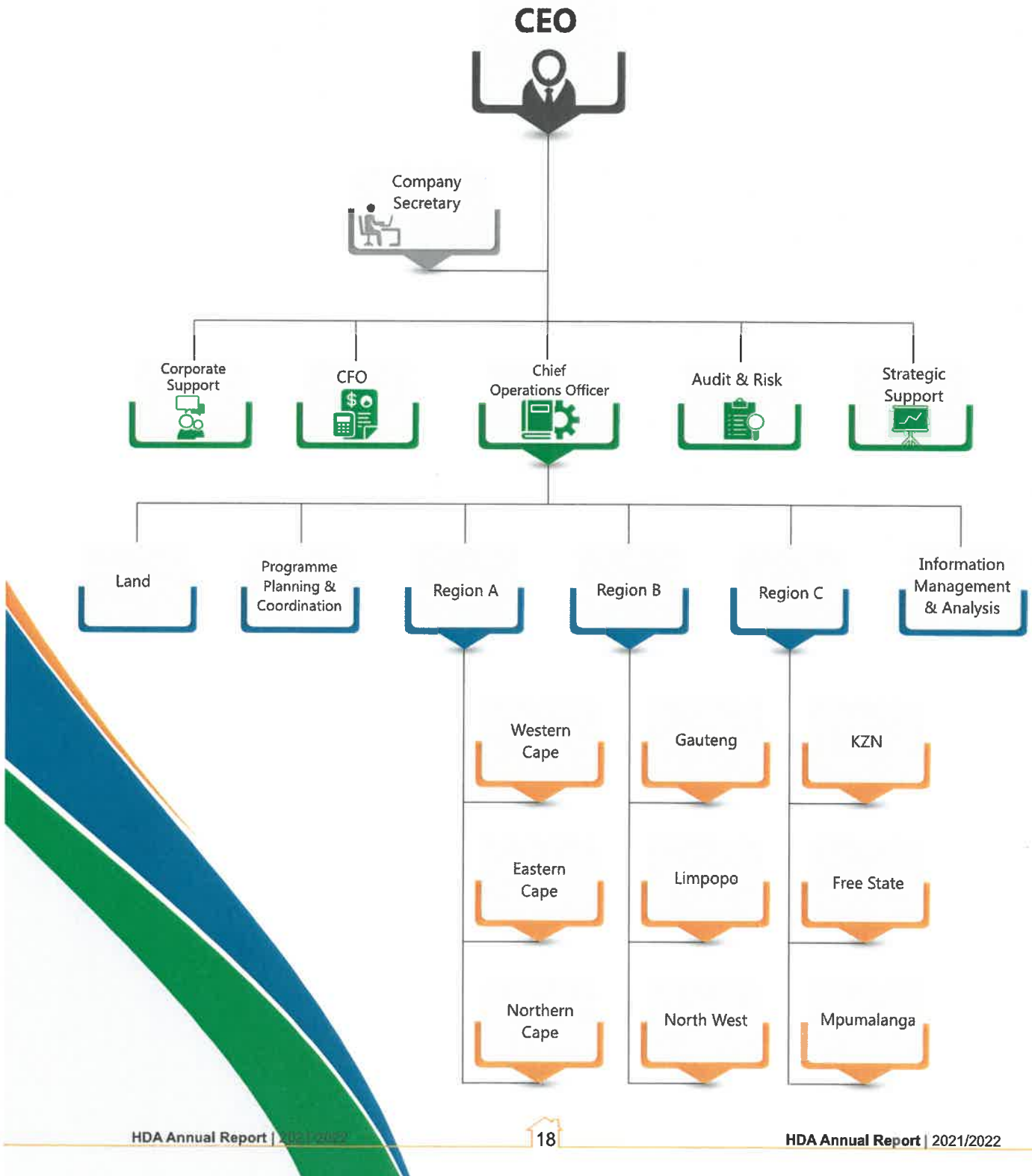
Section A

Organisational Structure

In August 2020, the Agency's Board approved an organisational structure to accommodate the following changes made during this transitional period: the introduction of the Chief Operating Officer (COO) position and the re-alignment of management positions into executive management and senior management positions.

The following diagram reflects the August 2020 Board Approved transitional structure.

Figure 2. HDA Board Approved Transitional Structure

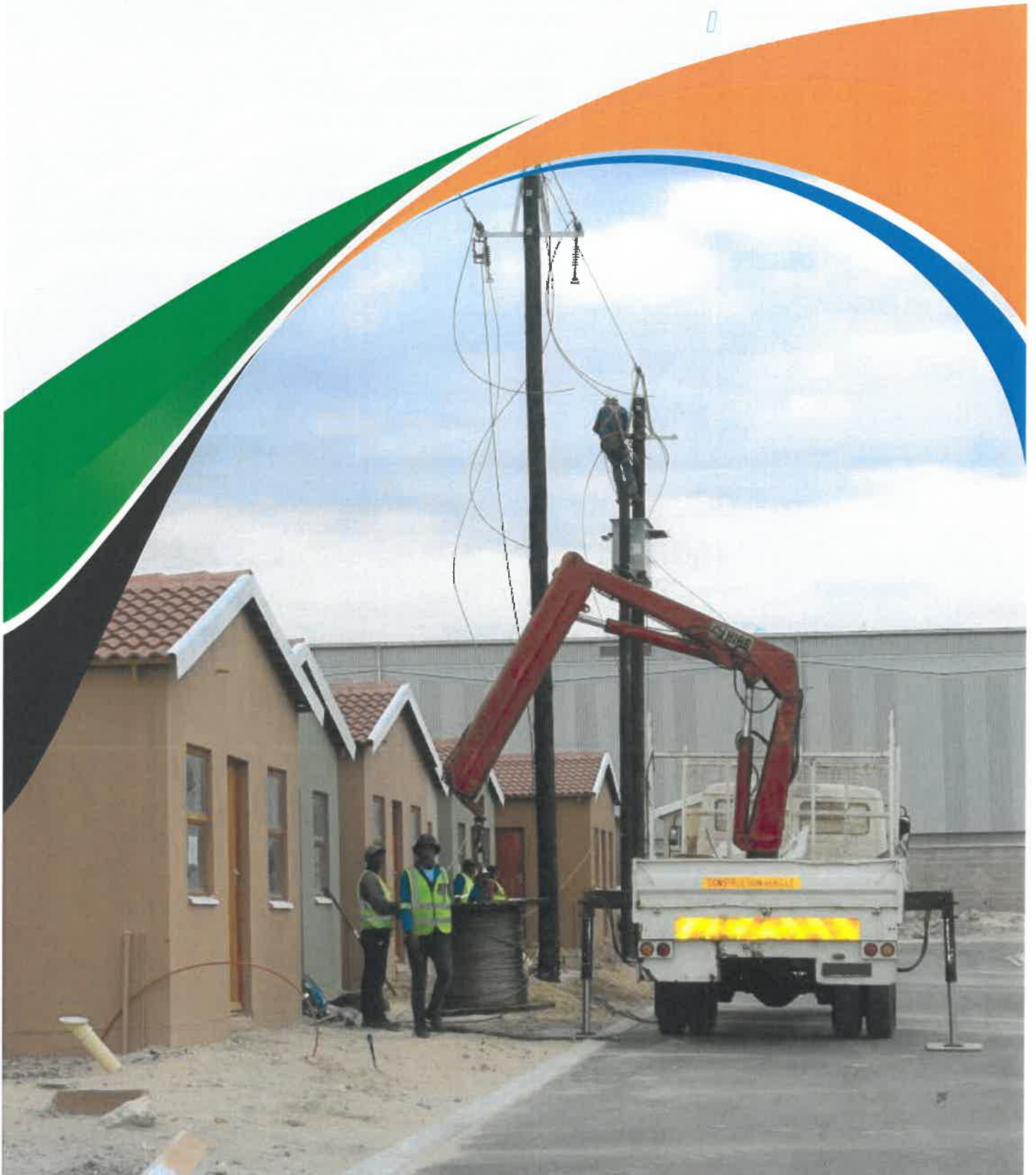


SECTION B

PERFORMANCE INFORMATION

B

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During the period under review, the Agency was under administration until the Board was appointed in November 2021. The Agency continued to experience turbulent times with a lot of negative media coverage. Be that as it may, the Agency continued to provide critical services to the sector as an implementing Agent and Programme Manager. **The HDA is mostly appointed as implementing agent, program manager, fund manager or project manager** on projects-related transfers from the provincial departments depending on the implementation protocol agreed upon by both parties.

During the year under review, the HDA was able to facilitate the release and/or acquisition of **1765,560** hectares of land located within the Priority Development Areas and **3243,447** hectares located outside of the Priority Development Areas (PDAs) for human settlements development. 36 land parcels measuring approximately **2493 hectares** were released for human settlements by the Department of Public Works and Infrastructure in accordance with the presidential state of the nation address pronouncements. Furthermore, a total of land parcels measuring **714,4847 hectares** in extent, located in Ditsobotla and Naledi Local Municipalities within Northwest Province, were rezoned for human settlements development and services installation is complete. 40 area-based integrated multi-sectoral development plans for PDAs were completed. These priority spaces are targeted to advance the spatial

transformation objectives and attract both public and private sector investments

The HDA also achieved 70,07% of annual HDA procurement spend, targeted at businesses owned by BBBEE Levels 1 – 4, exceeding the set target of 60%. The HDA recognises the critical role plays in housing development and land acquisition. Furthermore. The Agency understands the impact construction, land acquisition, and its procurement systems have on millions of people across the country, particularly the designated groups in relation to empowerment, job creation opportunities and increased asset wealth. To address this, the HDA has developed policies that contribute to the transformation of the Human Settlements Sector. In addition, an approach that inculcates business skills development, empowerment and creation of job opportunities in the delivery of human settlements.

A combined total of 2451 housing units were delivered, and 2806 serviced sites were delivered. A total of 1566 title deeds were delivered, exceeding the set target of 1456 for the Financial Year.

As the agency focuses on fulfilling its role as a fully fledged property developer, the following properties and projects have been identified for implementation:



Section B

Progress Towards Achievement of Institutional Impacts and Outcomes

As the agency focuses on fulfilling its role as a fully fledged property developer, the following properties and projects have been identified for implementation:

Proposed Erf 1220 Sea Point West (SABC)
City of Cape Town

Possible release to a developer through a Joint Venture SPV

Erf 11839 Kimberley (Eskom Building)
Sol Plaatjie Local Municipality

Possible release to a developer through a Joint Venture SPV

Erf 4903 Braamfontein, (Eskom Building)
City of Johannesburg

Possible release to a developer through a Joint Venture SPV

Erf 14443 Strand
City of Cape Town

Possible development by the HDA as an ODA

Erf 2116 Bloemfontein
Mangaung Metropolitan Municipality

Possible release for a Social Housing Institution

Ellofsdal Project
City of Tshwane

Possible release for a developer through a Joint Venture SPV from HDA land portfolio

Haartebeesfontein
Project in Tshwane
from HDA land
portfolio

Savannah City in
Midvaal earmarked
for co-investment
and partnership

Enoch Mgijimi:
Queenstown Project
– HDA land portfolio

Shicelo Shiceka Project
in Midvaal earmarked
for for co-investment
and partnership

These parcels of land will be co-developed in partnership with private and public sector developers. The HDA will undertake different roles in these developments, i.e., developer, development partner and/or Implementing Agent. The projects

aim to address the Affordable Housing market through the FLISP programme; Mixed High-Density development prioritising Government Employees Scheme (GEHS) Beneficiaries and Student Housing.

External Environment Analysis

"Human settlements are defined as the totality of human community - whether a city, town or a village - with all social, material, organisational, spiritual, and cultural elements that sustain it." (National Department of Human Settlement's, Draft Housing White Paper 2015, p. 23).

The HDA is part of the total Human Settlement sector which is expected to address the entire scope of human settlement delivery (including land), infrastructure (including bulk services), social infrastructures (such as roads, education, health, and social services), as well as top structure (housing units and accommodation).

This is integrated into commercial infrastructure and access to employment activity. The integrated nature of human settlements is one of the primary focal points of the National Development Plan (Chapter 8) where the objective of human settlement's transformation to address the spatial dislocation of poorer people is a primary objective. The needs analysis and the challenges facing the sector include the entire scope of human settlement's delivery.

Act also provides for the responsibilities of persons entrusted with financial management and enables public sector managers to ensure effective, efficient and prudent use of public funds for socio-economic development programmes.

Service Delivery Environment

High Demand for Housing

According to the 2018 Stats SA's General Household Survey 2018 (the Survey), 13.1% of South African households continue to live in informal dwellings, despite the fact that government subsidies to access housing increased from 5.6% in 2002 to 13.6% in 2018. Furthermore, the Survey also indicated that 5% of households live in traditional dwellings, 81.1 % in formal dwellings and 0,8% in dwellings listed as Other.

As stated in the NDHS 21/22 APP:

- The demand for housing closer to economic opportunities remains a main challenge facing the country, despite the more than 4.8 million houses provided between 1994 and 2019. This demand is influenced by increased urbanisation, which has inadvertently resulted in an increase in informal dwellings, which puts a strain on the country's existing infrastructure.
- Statistics South Africa estimates that, by 2020, there will be 3.6 million new household formations in the country, with more than 2 million people falling into the income category of less than R3 500 per month. This will contribute to an increased demand for housing. Access to water and sanitation by households also requires improvement based on data provided in the Survey, namely that:
- Only 89% of dwellings have access to piped or tapped water in their dwellings, off-site or on-site, by Province as follows:

46.3% have access to their dwellings, 28.5% are on site, 12.3% rely on communal taps, and 1.9% rely on neighbours' taps. This means that 11% of households remain without access to pipe water. 83% of households have access to improved sanitation facilities, i.e. flush toilets connected to a public sewerage system or septic tank, or a pit toilet with a ventilation pipe. This means that 17% of households remain without access to improved sanitation facilities.

- 1.1% of households still use bucket toilets that are supplied and cleaned by their municipalities.
- Only 0.3% of households primarily use ecological toilets. Given the scarcity of water in South Africa percentage is expected to increase in the future.
- 2.8% of households have no toilet facilities or have been using bucket facilities. The provision of water and sanitation services are fundamental rights linked to health, well-being, safety, quality of life and living standards of the population of the country.

Organizational Environment

The role of the HDA can be summarized into three (3) key functions:

- Identification, acquisition of land for human settlement's development.
- Facilitation of housing delivery and packaging and design of Human Settlements Development. The HDA will provide support to the sector with activities related to the validation of project implementation readiness and the status of implementation of human settlement projects.
- The HDA will ensure that the delivery of projects is undertaken in line with the district development model.

Identify, Hold, Acquire, and Release Land

The HDA performs the following:

- I. Land planning: This requires spatial planning and establishing and defining housing needs
- II. Identification: Land study to identify land for housing development
- III. Feasibility assessment of land
- IV. Acquisition
- V. Landholding
- VI. Property management of acquired land whilst it is being packaged for development or in the case of land banking, and it will be held for future development when the planned investment has taken place
- VII. Land packaging: This includes bulk services provision; town planning: township establishment, zoning, subdivision or consolidation, EIA etc.



Facilitation of Housing Delivery

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

Underpinning these functions are processes of social facilitation and Inter-Governmental Relations.

Housing Delivery and Packaging and Design of Human Settlements Development

This function is implemented by designing, packaging, implementing, and project managing Human Settlement Developments aimed at fast-tracking delivery and achieving Human Settlement Sector Outcomes.

The diagram below provides further details of the three (3) core functions of the HDA:

Figure 3. Three core functions of the HDA





Description of Each Programme

During the period under review, the HDA implemented 4 Programmes i.e., Programme: 1 -Administration, Programme: 2 Land Assembly and PSHDA's, Programme 3: Programme Planning and Design and Regional Coordination and Human Settlement's Implementation Support Services and Programme 4: Planning, Monitoring, Evaluation and Inter-Governmental Relations.

Programme 1 : Administration

PURPOSE: The Administration programme provides effective leadership, strategic management, and administrative support to the HDA in line with applicable legislation and best practice. It does so by ensuring that there is effective and efficient administration and governance within the organisation.

The programme has the following sub-programmes: Audit and Risk, Corporate Support Services, Finance, Strategy, and Organisational Performance and Communication and Marketing, as indicated in the table below:

SUB-PROGRAMME	SERVICES PROVIDED
Audit and Risk	<ul style="list-style-type: none"> Manages the provision of organizational risks and integrity management, and anti-corruption services. Reports directly to the Chief Executive Officer. The Audit and Risk function reports to the Audit and Risk Committee of the Board. Facilitates the development and implementation of an internal control system to improve governance and compliance with applicable regulations, internal policies, processes, and procedures. Responsible for fraud prevention and loss management.
Corporate Support Services	<ul style="list-style-type: none"> Reports directly to the Chief Executive Officer. Provides administrative support to the entire organization. Consists of the following functions: Human Resource Management, Legal Services, Facilities Management, and Information Technology. HR human resource administration, labour relations, and employee wellness. Legal Services legal advice, and litigation support, ensure compliance with the national and international laws, drawing and monitoring of service level agreements. Facilities Management staff and other resources are protected and well maintained, and that the environment is conducive for productive performance. IT information communication technology and business enablement services.
Finance	<ul style="list-style-type: none"> Manages and provides financial management services. Reports to the Chief Executive Officer. Consists of the following functions: Financial Accounting and Administration, Budgeting and Management Accounting, Supply Chain, Project Finance Management. Financial Accounting and Administration = develops and oversees the implementation of financial administration and accounting policies, processes, and systems ensure that the financial resources allocated to the agency are optimally utilized. Budgeting and Management Accounting = provides guidance on the preparation of budgets and monitors the expenditure trends on an ongoing basis. Supply Chain = facilitates the development and monitors the implementation of supply chain management policies, processes, and systems. It also provides procurement management services within the organization. Project Finance Management = manages and reports on funds received by the HDA from various provinces and/or municipalities to finance projects as per signed funding agreements.
Strategy and Organizational Performance	<ul style="list-style-type: none"> Facilitates the formulation of the strategic plan and annual performance plan. Responsible for institutional performance assessment and reviews.
Communication and Marketing	<ul style="list-style-type: none"> Responsible for the provision of communication services. Provides both internal and external communication services, media liaison support, public liaison, and events management. Develops and maintains the organizational website.



Section B

Institutional Programme Performance Information

Programme 2 : Land Management and Priority Human Settlements Housing Development Areas

PURPOSE: This programme facilitates access to well-located land for human settlement development through land acquisition and rezoning within PSHDAs.

The Programme has the following sub-programmes: Land Management and Land Planning, as indicated in the table below: Organisational Performance and Communication and Marketing as indicated in the table below:

SUB-PROGRAMME	SERVICES PROVIDED
Land Management	<ul style="list-style-type: none"> Identifying, acquiring, holding, developing, and releasing state, privately and communal owned land Targeting and prioritizing areas for integrated housing and human settlement's development
Land Planning	<ul style="list-style-type: none"> Implementation of PSHDA programme: spatial targeting to achieve maximum spatial impact

Programme 3: Programme Planning and Design , Regional Co-ordination and Human Settlements Implementation Support Services .

PURPOSE: This programme plans, designs, manages, and implements priority programmes and provides access to adequate housing through a range of programmes.

The programme has the following sub-programmes: Programme Planning and Design and Regional Coordination and Human Settlements Implementation Support Services, as indicated in the table below:

SUB-PROGRAMME	SERVICES PROVIDED
Programme Planning and Design	<ul style="list-style-type: none"> Provides programme planning and design for priority programmes such as catalytic projects within PSHDA's, Informal Settlement Upgrading, Mining towns' revitalization Specific unblocking of projects Facilitates the implementation of transformation and empowerment in all HDA programmes (as per preferential procurement targets set in Programme 1)
Regional Co-ordination and HS Implementation Support Services	<ul style="list-style-type: none"> Enhances capacity and renders human settlement's projects implementation services to provinces and municipalities Collaborates with the respective spheres of government to optimize service delivery and facilitate access to adequate housing

Programme 4 : Planning , Monitoring and Evaluation and IGR

PURPOSE: These programmes monitors and evaluates the development of spatially just, efficient, equitable, sustainable neighbourhoods that contribute to the transformation of human settlements. Furthermore, the programme focuses on ensuring sound intergovernmental and stakeholder relations between the HDA and all its stakeholders.

The programme has the following sub-programmes: Monitoring and Evaluation, Spatial Information Management and (Geographic Information Systems), and Inter Governmental Relations (IGR) as indicated in the table below:

SUB-PROGRAMME	SERVICES PROVIDED
Monitoring and Evaluation	<ul style="list-style-type: none"> Monitor and evaluate the implementation of human settlements interventions
Spatial Information Management and (Geographic Information Systems)	<ul style="list-style-type: none"> Develop spatial and business information systems, spatial and trends analysis, and mapping and property profiling support services
IGR	<ul style="list-style-type: none"> Provide mechanisms, interventions, processes and procedures to ensure sound intergovernmental and stakeholder relations between the HDA and all its stakeholders

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 1: ADMINISTRATION									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
Functional, Efficient and Integrated Governance	Unqualified audits	1.1.1 Unqualified audit outcome with no material findings	Qualified audit opinion for the 2018/ 19 financial year	Unqualified audit report for 2019/20	Unqualified audit outcome with no material findings	Not Achieved Qualified audit opinion for the 2020/21 financial year	Unqualified audit outcome with no material findings	The HDA has received a qualified audit opinion for the 2020/21 FY. Management is implementing the Audit Action Plan.	External Audit Action Plan 2020/21 Management Report 2020/21 Audit Action Plan 2020/21
	Transformation and Empowerment of designated groups	1.1.2 Percentage of annual HDA procurement spend, targeted at businesses owned by BBBEE Levels 1 - 4	50% of annual HDA procurement spend, targeted at businesses owned by BBBEE Levels 1 - 4	50% of annual HDA procurement spend, targeted at businesses owned by BBBEE Levels 1 - 4	60% of annual HDA procurement spend, targeted at businesses owned by BBBEE Levels 1 - 4	Achieved 70,07% of annual HDA procurement spend, targeted at businesses owned by BBBEE Levels 1 - 4	+10,07% of annual HDA procurement spend, targeted at businesses owned by BBBEE Levels 1 - 4	Positive variance is due to the implementation of the pre-qualification in line with the approved T&E Policy	CSD Reports/ BEE Certificates
		1.1.3 Percentage of annual HDA procurement spend targeted at businesses owned by Women	33.5% of annual HDA procurement spend, targeted at businesses owned by Women	35% of annual HDA procurement spend, targeted at businesses owned by Women	35% of annual HDA procurement spend, targeted at businesses owned by Women	Not Achieved 8,12% of annual HDA procurement spend, targeted at businesses owned by Women	-26,88% of annual HDA procurement spend, targeted at businesses owned by Women	Negative variance - due to non-implementation of projects earmarked for designated groups. A policy has been approved to enable focus targeted focus on designated groups	CSD Reports/ BEE Certificates
		1.1.4 Percentage of annual HDA procurement spend, targeted at businesses owned by Youth	46% of annual HDA procurement spend, targeted at businesses owned by Youth	15% of annual HDA procurement spend, targeted at businesses owned by Youth	15% of annual HDA procurement spend, targeted at businesses owned by Youth	Not Achieved 2,92% of annual HDA procurement spend, targeted at businesses owned by Youth	-12,08% of annual HDA procurement spend, targeted at businesses owned by Youth	Negative variance - due to non-implementation of projects earmarked for designated groups	CSD Reports/ BEE Certificates

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 1: ADMINISTRATION									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
		1.1.5 Percentage of annual HDA procurement spend targeted at businesses owned by Persons with disabilities	0% of annual HDA procurement spend, targeted at businesses owned by Persons with disabilities	5% of annual HDA procurement spend, targeted at businesses owned by Persons with disabilities	5% of annual HDA procurement spend, targeted at businesses owned by Persons with disabilities	Not Achieved 0.53% of annual HDA procurement spend, targeted at businesses owned by Persons with disabilities	-4,47% of annual HDA procurement spend, targeted at businesses owned by Persons with disabilities	Negative variance - due to non-implementation of projects earmarked for designated groups. A policy has been approved to enable focus targeted focus on designated groups.	CSD Reports/ BEE Certificates
		1.1.6 Percentage of annual HDA procurement spend targeted at businesses owned by Military Veterans	0.56% of annual HDA procurement spend, targeted at businesses owned by Military Veterans	5% of annual HDA procurement spend, targeted at businesses owned by Military Veterans	5% of annual HDA procurement spend, targeted at businesses owned by Military Veterans	Not Achieved 0.27% of annual HDA procurement spend, targeted at businesses owned by Military Veterans	-4,73% of annual HDA procurement spend, targeted at businesses owned by Military Veterans	Negative variance - due to non-implementation of projects earmarked for designated groups. A policy has been approved to enable focus targeted focus on designated groups.	CSD Reports/ BEE Certificates
		1.1.7 Percentage implementation of the approved internal audit plan	New Indicator	100% implementation of Internal Audit plan against the annual coverage plan 2020/2021	100% implementation of the approved internal audit plan	Not Achieved 75% Implementation of the approved internal audit plan	-25% implementation of the approved internal audit plan	Partial Implementation of the approved internal audit	Signed off Report by the Audit & Risk Manager Internal Audit Plan
		1.1.8 Percentage implementation of anti-fraud and corruption plan	New Indicator	100% implementation of anti-fraud and corruption plan	100% implementation of anti-fraud and corruption plan	Not Achieved 0% implementation of anti-fraud and corruption plan	-100% implementation of anti-fraud and corruption plan	Anti-Fraud & Corruption Plan was approved and partially implemented as the plan specified as whistle blower report as evidence of implementation. However, in the period under review there was no whistleblower report	Minutes extract from ARC meeting Fraud Prevention Plan Whistleblowing Report



Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 1: ADMINISTRATION									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
		1.1.9 Percentage implementation of the approved risk management plan	New Indicator	100% Implementation of the approved Risk Implementation plan	100% Implementation of the approved risk management plan	Not Achieved 26,67% implementation of the approved risk management plan	-73,33 % Implementation of the approved risk management plan	The Risk Plan was approved; however, implementation is partially completed as a Risk manager was only appointed in February 2022	Risk Assessment Presentations Risk Management Plan Risk Registers



Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 2: LAND MANAGEMENT AND PRIORITY HUMAN SETTLEMENTS HOUSING DEVELOPMENT AREAS									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
	Integrated implementation programmes PDAs prepared	2.1.1. Number of integrated implementation programmes for PDAs prepared	New Indicator	New Indicator	47 Integrated implementation programmes for PDAs prepared	Not Achieved 40 integrated implementation programmes for PDAs prepared	-7 integrated implementation programmes for PDAs prepared	Procurement delays and Budget constraint (insufficient funds), and lack of joint planning with the municipalities where PDA's are located	Implementation Programmes
	Well-located land acquired within PSHSDAs	2.1.2 Number of hectares of well-located land acquired within PSHSDAs	New Indicator	1500 hectares of well-located acquired within PSHSDAs	1500 hectares of well-located acquired within PSHSDAs	Achieved 1765,5591 ha of well-located land acquired within PSHSDAs	+265,5591 ha of well-located land	Land has been released by the Department of Public Works through the rapid release programme which has assisted in the achievement of the target	Agreements of Sale Power of Attorney
	Land rezoned, townships established, and all related development approvals acquired	2.1.3 Percentage of the 1884,6870ha of land acquired during 2014 – 2019 falling within PSHSDAs rezoned	New Indicator	10% of the land acquired during 2014 – 2019 falling within PSHSDAs rezoned	30% of the 1884,6870ha of land acquired during 2014 – 2019 falling within PSHSDAs rezoned	Not Achieved 0% of the 1884,6870ha of land acquired during 2014 – 2019 falling within PSHSDAs rezoned	-30% of the 1884,6870ha of land acquired during 2014 – 2019 falling	Delays in the approval of land rezoning applications by Municipal planning tribunals.	Not Applicable



Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 2: LAND MANAGEMENT AND PRIORITY HUMAN SETTLEMENTS HOUSING DEVELOPMENT AREAS									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
		2.1.4 Number of hectares of land rezoned for Human Settlements development	5 parcels of land facilitated for rezoning	1000 hectares of land rezoned for Human Settlements development	1000 hectares of land rezoned for Human Settlements development	Not Achieved 607,1939 hectares of land rezoned for Human Settlements development	-392,8061 ha hectares of land rezoned for Human Settlements development	Delays in the approval of the applications for rezoning due to relevant Municipal Tribunals not convening.	Letters of approval from the relevant municipalities
	Well-located land acquired or released for human settlement development	2.1.5 Number of hectares of well-located land acquired or released for human settlements development	3514, 5428 hectares of Land acquired or released for Human Settlements	1500 of hectares of well-located land acquired or released for human settlements development	750 of hectares of well-located land acquired or released for human settlements development	Achieved 3243,447 ha of well-located land acquired or released for human settlements development	+2493.447 ha of well-located land acquired or released for human settlements development	The target was exceeded due to the acquisition of properties above the targets for all the quarters	Agreements of Sale

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME: 3.1 PROGRAMME PLANNING AND DESIGN									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
Integrated and sustainable human settlements and Security of Tenure	Adequate housing and improved living conditions in informal settlements	3.1.1 Number of Informal settlements supported for upgrading to phase 3	369 Informal settlements assessed and categorized	143 of Informal settlements supported for upgrading to phase 3	375 of Informal settlements supported for upgrading to phase 3	Not Achieved 204 informal Settlements supported for upgrading to phase 3	-171 informal Settlements supported for upgrading to phase 3	The Agency is still in discussions with GDHS to be appointed as an implementing agent to undertake assessment of bulk infrastructure for the informal settlements Programme. This has caused the delay in the implantation of the programme.	Progress Reports Funding Agreements Project Implementation Plans Inception Reports Service Level Agreements
		3.1.2 Number of Informal Settlements upgraded to phase 3 (end to end)	New Indicator	New Indicator	4 of Informal Settlements upgraded to phase 3 (end to end)	Achieved 5 Informal Settlements upgraded to phase 3 (end to end)	+ 1 Informal Settlements upgraded to phase 3 (end to end)	HDA has entered into a tripartite agreement with GDHS and GPF, which has assisted the HDA in exceeding the set target	Progress Reports Service Level Agreements
	Adequate housing and improved living conditions in Emergency housing areas Selected Inner cities Selected catalytic/mega projects	3.1.3 Number of Informal settlements assisted with the relocation and emergency interventions	New Indicator	New Indicator	2 of Informal settlements assisted with relocation and emergency interventions	Achieved 4 Relocation commences in settlements	+2Relocation assistance provided in 3 informal settlements	Relocation and /or emergency interventions were planned for Khutsong and Makhuduthamaga. Support was provided to Khutsong Intervention (relocation due to sinkholes). In addition, the HDA provided relocation assistance work in Western Cape for relocation services for a property held by PRASA and leading to the overachievement on this target	Implementation Protocol Execution Plan

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 3.2 : SUB PROGRAMME: REGIONAL COORDINATION AND HUMAN SETTLEMENTS IMPLEMENTATION SUPPORT SERVICES									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
Integrated and sustainable human settlements and Security of Tenure	Adequate housing and improved living conditions in selected catalytic/mega projects	3.2.1 Number of catalytic projects provided with implementation support	50 Catalytic Projects provided with Implementation support	50 Catalytic Projects provided with Implementation support	50 Catalytic Projects provided with Implementation support	Achieved 50 Catalytic Projects provided with Implementation support	None	Not Applicable	Reports on the 50 projects
		3.2.2 Number of Catalytic projects assisted in raising capital for the infrastructure required for the projects	New Indicator	New Indicator	6 of Catalytic projects assisted to raise capital for the infrastructure required for the projects	Not Achieved Business cases and business plans, including financials for the projects and sub-projects not completed	6 of Catalytic projects assisted to raise capital for the infrastructure required for the projects	Insufficient human resources due to moratorium on recruitment	Not Applicable
	Adequate housing and improved living conditions in distressed mining communities	3.2.3 Number of municipalities provided with technical and implementation support ⁶ for distressed mining communities	22 of municipalities provided with technical and implementation support for distressed mining communities	23 of municipalities provided with technical and implementation support for distressed mining communities	23 of municipalities provided with technical and implementation support for distressed mining communities	Achieved 23 municipalities were provided with technical and implementation support. The target was thus achieved	None	None	Project Pipelines Development Plans Technical implementation Support

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 3.3 : PROGRAMME PLANNING AND DESIGN AND REGIONAL COORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
Integrated and sustainable human settlements and Security of Tenure	Housing Units delivered by HDA	3.3.1 HDA Strategic Projects: Number of units completed 15	New Indicator	New Indicator	780 of units completed	Not Achieved 0 wall plates completed	780 of units completed	The service provider has been appointed, the inception report has been initiated, engineering reports, designs etc. are being prepared by the relevant authorities.	Not Applicable
		3.3.2 Region A: Number of IBT housing units delivered i.r.o. projects implemented by the HDA 16	4356 of IBT housing units delivered i.r.o. projects implemented by the HDA	2283 of IBT housing units delivered i.r.o. projects implemented by the HDA	2787 of IBT housing units delivered i.r.o. projects implemented by the HDA	Not Achieved 1685 IBT housing units delivered i.r.o. projects implemented by the HDA	-1102 IBT housing units not delivered i.r.o. projects implemented by the HDA	During the year under review there has been the withdrawal of mandates i.e., WC (Masiphumelelo) and other projects in the EC.	Signed Practical completion certificates Happy Letters
		3.3.3 Region B: Number of Housing Units Delivered i.r.o. projects implemented by HDA	1191 of Housing Units Delivered i.r.o. projects implemented by HDA	1138 of Housing Units Delivered i.r.o. projects implemented by HDA	1463 of Housing Units Delivered i.r.o. projects implemented by HDA	Not Achieved 766 of Housing Units Delivered i.r.o. projects implemented by HDA	-697 of Housing Units Delivered i.r.o. projects not implemented by HDA	Limpopo Poor performance of contractors due to poor cash flow and planning (2) Contractors withdrawing units allocated to them due to several reasons beyond HDA's control on Military veterans. Gauteng - Financial capacity of Kwazenzele & Munsieville contractors has contributed to not achieving set target.	Quality assurance certificates Happy letters

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 3.3 : PROGRAMME PLANNING AND DESIGN AND REGIONAL COORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
	Serviced sites delivered	3.3.4 Region A: Number of serviced sites delivered i.r.o. projects implemented by HDA	2440 of serviced sites delivered i.r.o. projects implemented by HDA	3872 of serviced sites delivered i.r.o. projects implemented by HDA	2513 of serviced sites delivered i.r.o. projects implemented by HDA	Achieved 2596 of serviced sites delivered i.r.o. projects implemented by HDA	+83 of serviced sites not delivered i.r.o. projects implemented by HDA	Serviced sites were implemented in EC, NC and WC. In the WC the Masiphulelele project was withdrawn therefore serviced sites were not delivered in Masiphumelele. However, the HDA team ensured that other projects such as the Boystown project are implemented to achieve the set target	Engineer completion certificate
		3.3.5 Region B: Number of serviced sites delivered i.r.o. projects implemented by HDA	1400 of serviced sites delivered i.r.o. projects implemented by HDA	884 of serviced sites delivered i.r.o. projects implemented by HDA	1389 of serviced sites delivered i.r.o. projects implemented by HDA	Not Achieved 210 of serviced sites delivered i.r.o. projects implemented by HDA	-1179 serviced sites delivered i.r.o. projects implemented by HDA	Gauteng - The delay in the approval of designs for Alexandra X52 has had effect target not being met. Furthermore, the consolidation of the stand to 1 erf where the 144 units had impact on the achievement of the target Limpopo – (1) Disruptive community protests affecting construction on sites North West - Project frustrations through the lack of sufficient bulk infrastructure and poor public support	Engineering certificate
		3.3.6 Region C: Number of serviced sites delivered i.r.o. projects implemented by HDA	New Indicator	New Indicator	500 serviced sites delivered i.r.o. projects implemented by HDA	Not Achieved 0 of serviced sites delivered i.r.o. projects implemented by HDA	-500 serviced sites delivered i.r.o. projects implemented by HDA	Kwa-Zulu Natal- Delay in SPLUMA applications approvals for the service sites programmes	Not Applicable

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 3.3 : PROGRAMME PLANNING AND DESIGN AND REGIONAL COORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
	TRUs delivered as requested	3.3.7 Region B: Number of temporary residential units delivered	New Indicator	New Indicator	1554 of temporary residential units delivered	Not Achieved 0 serviced sites delivered i.r.o projects implemented by HDA	-1554 serviced sites delivered i.r.o projects implemented by HDA	The HDA continues to encounter non-response of correspondences by relevant Municipality.	Not Applicable
	Projects managed by HDA delivered against all milestones, as per signed IPs and MTOPs	3.3.8 Region A: Number of HS Projects managed by the HDA	New Indicator	New Indicator	40 HS Projects managed by the HDA	Achieved 53 HS Projects managed by the HDA	+13 HS Projects managed by the HDA	The HDA established and maintained good relationships with Provinces that make up Region A, which has resulted to further work being allocated to the HDA.	Funding Agreements Implementation Protocol Memorandum of Agreement
		3.3.9 Region A: Percentage completion of milestones of all projects managed by the HDA	New Indicator	New Indicator	100% completion of milestones of all projects managed by the HDA	Not Achieved 0% completion of milestones of all projects managed by the HDA	0% completion of milestones of all projects managed by the HDA	The milestones were not completed to achieve 100% completion	Not Applicable

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

PROGRAMME 3.3 : PROGRAMME PLANNING AND DESIGN AND REGIONAL COORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
		3.3.10 Region C: Number of HS Projects managed by the HDA	New Indicator	New Indicator	62 HS Projects managed by the HDA	Not Achieved 32 HS Projects managed by the HDA	-31 HS Projects managed by the HDA	Kwa-Zulu Natal – (1) Delay in SPLUMA applications approvals for the Serviced Sites Programme. (2) Programme delays on the finalisation of the implementation protocol with Alfred Duma LM,	Memorandum of Agreement Instructions to Perform Work MTOF Service level agreement
		3.3.11 Region C: Percentage completion of bucket eradication project implemented by the HDA	New Indicator	New Indicator	100% completion of bucket eradication projects implemented by the HDA	Not Achieved 0% (Clocolan) 0% (Ficksburg) completion of bucket eradication projects implemented by the HDA	-100% completion of bucket eradication projects implemented by the HDA	Project has been withdrawn due to the separation of the Department of Human Settlements And Water and Sanitation. The project has been handed back to the Department of Water and Sanitation.	
	HDA Projects packaged for implementation	3.3.12 Number of HDA strategic Projects packaged for development	New Indicator	New Indicator	3 projects (Ellofspark, Queenstown and Hartebeesfontein) strategic Projects packaged for development	Not Achieved 0 Finalise submissions of WULA, Development Planning and related studies applications	-3 Finalise submissions of WULA, Development Planning and related studies applications	Hartebeespoort and Queenstown project approved by BAC, SCM finalising appointments and Contracts. Partial funding allocated to commence with the projects.	
		3.3.13 Number of Title deeds registered	403 Title Deeds Registered	7058 Title Deeds Registered	1456 Title Deeds Registered	Achieved 1566 Title Deeds Registered	+110 Title Deeds Registered	The targeted has been exceeded due to the responsiveness of the deed's office in timeously processing documents lodged by conveyancers	Conveyancer Certificates/letters

Section B

Institutional Programme Performance Information

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

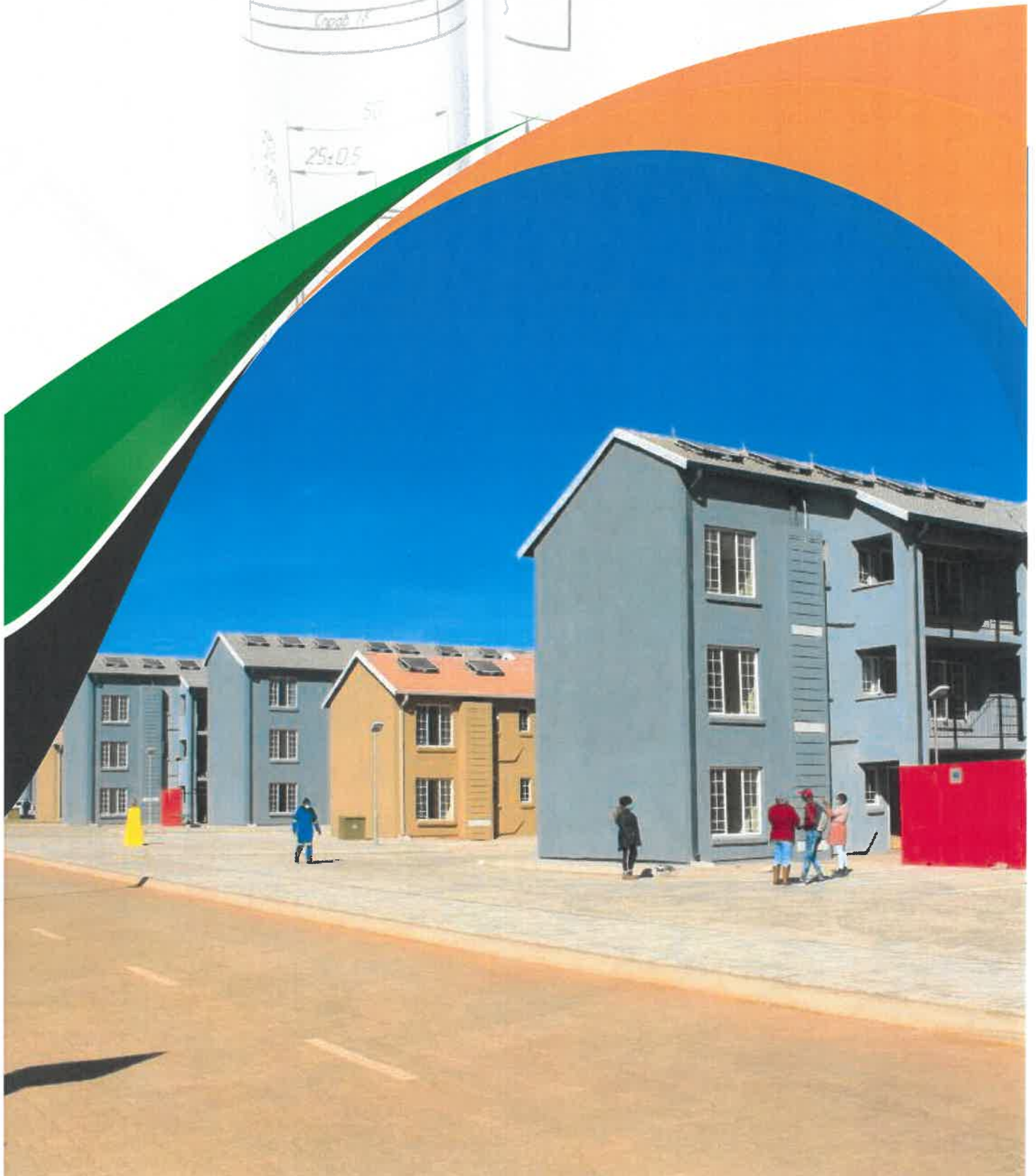
PROGRAMME 4: PLANNING, MONITORING AND EVALUATION AND IGR									
Outcome	Output	Output Indicators	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	**Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Reasons for Deviation	POE Submitted
Integrated and sustainable human settlements and Security of Tenure	HS Projects managed or developed by HDA reflects spatial transformation principles	4.1.1 Percentage of spatial transformation planning, analysis and implementation support provided on projects / programs within 10 working days	New Indicator	New Indicator	100% of spatial transformation planning, analysis, and implementation support provided on projects / programs within 10 working days	Not Achieved 93% of spatial transformation planning, analysis and implementation support provided on projects / programs within 10 working days	-7% of spatial transformation planning, analysis, and implementation support provided on projects / programs within 10 working days	In the first quarter of the financial year only 2 of the 6 logged requests have not been achieved	Desktop analysis, Meeting minutes.

Linking Performance With Budgets

2021/22 Expenditure & Budget per Programme		
	Actuals R0'000	Budget R0'000
Programme 1 : Administration	125 140	139 542
Chief Financial Officer (CFO)	37 157	48 072
Corporate Support (CS)	57 629	48 393
Strategy , Communication & Organisational Performance	18 851	22 666
Chief Executive Officer (CEO)	5 131	12 662
Audit & Risk	734	1 045
Board	5 638	6 704
Programme 2- Land Management & PHDA's	26 949	31 741
Land Management	26 949	31 741
Programme 3- Programme Planning and Design Management & Regional Coordination	198 447	341 780
Programme Planning & Design (PPD)	25 107	22 758
Chief Operating Officer(COO)	17 625	21 725
Regions	155 715	297 297
Programme 4- Planning Monitoring & Evaluation and Inter governmental Relation	19 036	26 686
Inter Governmental Relation (IGR)	2 718	4 390
Spatial Information & Analysis(SIA)	16 318	22 296
Total	369 572	539 749

SECTION C

GOVERNANCE



Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Portfolio Committees

Parliament exercises its role through evaluating the performance of the public entity by interrogating their annual financial statements and other relevant documents which have to be tabled as well as any other documents tabled from time to time.

During the 2021/22 Financial Year, the HDA presented to the Portfolio Committee of Human Settlements on the following dates:

- a. 17 August 2021 – briefing to the Committee on the implementation of the findings by Ngubane Auditors,
- b. 08 October 2021: Briefing by the HDA on its 2020/21 Annual Report,
- c. 30 March 2022: Briefing by the Department of Human Settlements on the interventions undertaken to stabilize the Housing Development Agency and Property Practitioners Regulator Authority.

Executive Authority

Oversight by the Executive Authority rests by and large on the prescripts of the PFMA. The PFMA governs/gives authority to the Executive Authority for oversight powers.

During the 2021/22 financial year quarterly reports were submitted to the Executive authority within the periods as stipulated by National Treasury. The Agency did not meet the submission date for the Annual Report 2019/20 due to delays that were encountered in the annual audit process. An extension was requested from the Executive Authority for November 2021 and this was granted.

There was delayed submission of the 2021/22 Budget since the process of determining the budget at unit level was commenced later than expected. The Budget was submitted to the Executive Authority in May 2021.

The Accounting Authority/The Board

The Board of Directors is the accounting authority of the HDA. The Board constitutes a fundamental base for the application of corporate governance principles in the HDA.

Among other things the role of the Board is as follows:

- It holds absolute responsibility for the performance of the public entity
- It retains full and effective control over the public entity
- It has to ensure that the public entity complies with applicable laws, regulations and government policy

- It has unrestricted access to information of the public entity
- It formulates, monitors, reviews corporate strategy, major plans of action, risk policy, annual budgets and business plans
- It ensures that the shareholders' performance objectives are achieved
- It manages potential conflicts of interest;
- It develops a clear definition of levels of materiality
- The Board must attend annual meetings;
- It ensures financial statements are prepared
- The Board must appraise the performance of the Chairperson;
- It must ensure effective Board induction;
- Must maintain integrity, responsibility and accountability in the annual report provide the roles and responsibilities of the board.

Board Charter

As recommended by the King Code, the Board has a charter setting out its responsibilities, which should be disclosed in its annual report. At a minimum, the charter should confirm:

- The board's responsibility for the adoption of strategic plans,
- Monitoring of operational performance and management,
- Determination of policy processes to ensure the integrity of the public entity risk management and internal controls,
- Communication policy, and director selection, orientation and evaluation

The Board Charter was approved by the Board in December 2019. In giving effect to the responsibilities of the Board as they are set out in the Charter, Board Committees were established and constituted in line with the approved terms of reference. The Committee meetings were held in order to deliberate on matters that were for the consideration and approval of the Board. The directors also fulfilled their fiduciary duties to the entity, in line with the requirements of the Charter.

Composition of the Board

Section 9 of the Housing Development Agency 23 of 2008 outlines the composition of the Board. The Agency was under Administration between February – November 2021. A Board consisting of 6 (six) non-executive members was appointed by the Minister of Human Settlements on 26 November 2021. The Acting Chief Executive and Chief Financial Officers were the executive members of the Board. The Board was supposed to have a total of 9 (nine) directors, but the nominee from the Minister of Cooperative Governance was not appointed during the year under review. The Board did not have any alternate members. Ms Tshabalala tendered her resignation from the Board in February 2022.

Section C

Governance

Composition of the Board

The table below provides a brief description of board members, their areas of expertise and designations:

Board Member	Race	Gender	Qualifications	Previous Boards	Current Boards	Number of Board Meetings Attended
Dr T Ratshitanga	Black	Male	PhD, MPhil in SA Politics and Political Economy, BA Hons in Development Studies Certificates: Public Information and Communications Policy, Managing Change in the Public service, Shopping Centre leadership	Bokamoso Barona Trust, Mapungubwe Institute for Strategic Reflection, Gauteng Growth and Development Agency, The Innovation Hub, Simeka Group, Gauteng Enterprise Propeller	State information technology Agency (SITA), UNISA Enterprise, New Cities	7
Ms M Dumakude	Black	Female	Master of Engineering (MEng) in Civil Engineering; Management Advancement Program (MAP); Bachelor of Technology (BTech) in Industrial Engineering; National Diploma (NDip) in Industrial Engineering; Diploma in Computer Science	MBC Engineering; South African Women in Construction (SAWIC)	Kelvion Services; South African Forum of Civil Engineering Contactors (SAFCEC) Kelvion Thermal Solutions.	7
Dr M M Soni	Black	Male	PhD in Construction Management, MBA, MSc Built Environment: Project Management, BSc Hons: Construction management, BSc Engineering (Civil), BTech: Construction management, National Diploma: Financial Management	N/A	Lepelle Northern Water	7
Ms N Maharaj	Black (Indian)	Female	LL.B, B.Proc Certificates: Corporate Governance, Financial Accounting for public entities	North West Gambling Board, North West Parks Board, BANKSETA, Road Traffic Management Corporation, SASSETA, Downtown Music Hub, Council for the Built Environment, Agricultural Research Council, South Rand Hospital, Market Theatre Foundation	Independent Regulatory Board for Auditors (IRBA), Technical Vocational Education Training (TVET) College Welkom, Allied Health Professionals Council SA, Ekurhuleni Mental Health Review Board, Agricultural Research Council, Kwazulu Natal Gaming and Betting Board	7

Section C

Governance

The table below provides a brief description of board members, their areas of expertise and designations:

Board Member	Race	Gender	Qualifications	Previous Boards	Current Boards	Number of Board Meetings Attended
Mr R Makan	Black (Indian)	Male	Masters in Town and regional planning, Diploma in Town Planning	N/A	Housing Development Agency (21 May 2020 – 23 February 2021). Mr Makan was appointed to the HDA Board again on 26 November 2021	3
Ms M Tshabalala	Black	Female	Post Graduate Diploma in Business Administration, Post Graduate Diploma in Property Development and Management, and Bachelor of Commerce	N/A	Housing Development Agency	2
Ms D Ngoasheng	Black	Female	Qualifications: BA Social Work Short Courses: Project Management, Housing Finance, Construction Contracting, Occupation Directed Education and Training Development Practice, Assessing Workplace Learning, Development Management and Facilitation Current Studies: MBA in Entrepreneurship and Innovation	N/A	N/A	7
Ms M Tsehla	Black	Female	Master of Business Leadership – UNISA SBL, Postgraduate Diploma in Accounting Science - UNISA, Bcompt – UNISA Profession registration Associate General Accountant South Africa – AGA (SA)	N/A	N/A	1

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

Remuneration of board members

Name	Remuneration	Other allowances (cell phone)	Other re-imbursements	Total
Dr T Ratshitanga	209 985.00	7 371.00	0	217 356.00
Ms M Dumakude	188 804.00	7 371.00	0	196 175.00
Dr MM Soni	112 968.00	7 371.00	0	120 339.00
Ms N Maharaj	104 599.60	7 371.00	0	111 970.60
Mr R Makan[^]	0	0	0	0
Ms M Tshabalala[^]	0	0	0	0
Dr A L Mahapa[*]	1 035 257.49	7 371.00	0	1 042 728.49
Ms SY Boulton^{**}	158 555.00	0	0	158 555.00
Mr S Faku^{**}	66 256.70	0	0	66 256.70
Ms W Dukuza^{**}	39 285.00	0	0	39 285.00

* - Administrator 05 July 2021 – November 2021

** - Audit and Risk Committee members were remunerated during the period

[^] - Members nominated from the Departments of Public Works & Agriculture, Land Reform and Rural Development. Because they are government employees, they cannot be remunerated

Risk Management

The HDA has an approved risk management policy and framework in place.

Risk assessments are conducted at both strategic and operational levels. The risk registers are reviewed on a continuous basis to review the risk profile and update the implementation of identified action plans to reduce the risk to acceptable risk tolerance level in line with the approved risk management framework. In addition, new and emerging risks are identified during the regular risk assessments and recorded in the risk registers.

The HDA has an independent Audit and Risk Committee that provides oversight and monitors the effectiveness of regarding the implementation of risk management policy, framework, plan and programmes.

The basis for the strategic and operational risks assessments is the 5-year strategic plan, annual performance plan, and operational plans for the regions and business units. This approach positions risk management as one of the key drivers of organisational performance through proactive management possible risks and opportunities.

Internal control unit

The Internal Audit Function of the HDA provides reasonable, independent and objective assurance and consulting services to Management, the Audit and Risk Committee and the Board on the adequacy and effectiveness of internal controls, risk management and governance processes.

The work performed by the Internal Audit Unit comprised of the following:

- General management functions such as developing the strategic three (3) year rolling and operational plan, review of the Internal Audit and Audit Committee Charter.
- The execution of planned audits for key business areas such as performance information, information and communication technology, project funding, supply chain and expenditure management, human capital management, financial discipline, and follow-up on external audit findings.
- Ad hoc audit work involving the review of the HDA's policies and frameworks

HDA Board Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Audit & Risk	18	3 (April 2021 – 30 September 2021) 2 (01 October 2021 – November 2021) 4 (December 2021 – 31 March 2022)	Ms S Y Boulton (Chairperson) Ms W Dukuza (Member, April 2021 – 30 September 2021) Mr S Faku (Member, April 2021 – 31 March 2022) Ms N Maharaj (member, December 2021 to date) Ms M Dumakude (member, December 2021 to date)
Corporate Support & Remuneration	5	4	Dr MM Soni (Chairperson) Dr T Ratshitanga Ms M Dumakude Mr R Makan
Land, Properties and Project Development Committee	2	4	Ms M Dumakude (Chairperson) Ms M Tshabalala (December 2021 – 28 February 2022) Dr M Soni Dr T Ratshitanga
Social & Ethics	0	4	Ms N Maharaj (Chairperson) Mr R Makan Ms M Tshabalala (December 2021 – 28 February 2022) Dr MM Soni

Risk is acknowledged as uncertainty in the achievement of business strategic objectives. The fundamental objective of risk management in the business is to ensure that management is adequately advised of existing gaps within the operations of the Agency and to explore the possible measures that can be employed to mitigate the highlighted gaps. As a second line of defense function, the risk management function is mandated to ensure availability, capability, and capacity of the entity's key business resources.

Management's focus during the year was directed at ensuring that there were assessments of the attendant risks. Rigorous risk workshops were conducted with individual business to identify the risks relevant to the Agency. As an outcome of these risk registers were compiled.



Medium Term Strategic Framework 2019 - 2024

During the period under review, the Housing Development Agency complied with the following legislation, regulations, and Codes:

ACT 50 OF 1999

PUBLIC FINANCE MANAGEMENT

Submission of quarterly reports, compilation of the strategic and annual performance plans for approval by the Executive authority, preparation of a procurement plan, preparation and approval of an annual budget, submission of the organizational structure, creation of an Audit and Risk Committee.

ACT 55 OF 2002

ELECTRONIC COMMUNICATION AND TRANSACTION

CODE

KING CODE ON CORPORATE GOVERNANCE

Ethical leadership by the Board, management of ethics, adequate delegation of authority.

ACT 36 OF 2005

HOUSING DEVELOPMENT AGENCY

The Act has been updated with Regulations Notice No R93 in Government Gazette No 34010 dated February 2011: Electronic Communications

ACT 75 OF 1997

AS AMENDED

Basic Conditions of Employment

ACT 53 OF 2003

AS AMENDED

Broad Based Black Economic Empowerment



Medium Term Strategic Framework 2019 - 2024

During the period under review, the Housing Development Agency complied with the following legislation, regulations, and Codes:

ACT, OF 2013

AS AMENDED

BBBEE Codes on Construction, issued under section 9 (1) of the Broad-Based Black Economic Empowerment

ACT 13 OF 2005

Intergovernmental Relations Framework King IV Code on Corporate governance

ACT 25 OF 2004

Public Audit Public Finance Management Act 1 of 1999 and Treasury Regulations

ACT 108 OF 1996

Constitution of the Republic of South Africa

ACT 19 OF 2007

Government Immovable Asset Management

ACT 3 OF 2011

Companies Act 71 of 2008 as amended by

ACT OF 1937

Deeds Registries

ACT 23 OF 2008

Housing Development Agency

ACT 16 OF 2013

Spatial Planning and Land Use Management

ACT 38 OF 2000

Construction Industry Development Board

ACT 113 of 1991

Less Formal Township Establishment

ACT 1997

Intergovernmental Fiscal Relations

Act 55 of 1998

Employment Equity Act

Fraud and Corruption

An approved Fraud & Prevention Policy and Plan is being implemented in the current financial year. The policy outlines the process that should be followed in terms of reporting fraud and corruption cases. The policy incorporates the Whistleblowing Protection Clause, which encourages officials to make confidential disclosure about suspected fraud and corruption within the Entity. In addition to our policy, we have a Whistle Blowing hotline which is managed by an external service provider. Reports received are followed up and investigated accordingly. We aim to introduce and implement other preventative and detective control strategies within the HDA.

Minimizing Conflict of interest

Directors are required to declare their interests annually. At each Board and sub-committee meeting, directors declare their interests regarding any matter on the agenda, and where there is interest, the director must recuse themselves from the meeting. For the period under review, no interests were declared in any of the matters that were tabled to the Board and its sub-committees.

Code of conduct

In the quest to promote exemplary conduct and regulate the behaviour of the Board and Employees, the Code of Conduct is incorporated under Chapter 31 of the HDA Human Resources Manual, which is available on the shared drive and is an integral element in the onboarding of new hires. The code of conduct seeks to clarify employees' relationships with external and internal stakeholders and explains expectations with regard to the expected performance of duties whilst fostering commitment to the HDA - approved values, all with the view of promoting a healthy and conducive working environment.

Health, Safety and Environmental Issues

The HDA has a Health and Safety Policy in place and thus follow the COVID-19 regulations in line with its health and safety guidelines.

Company Secretary

The company secretary provides support and guidance to the Board to enable the proper discharge of the Board's fiduciary duties. The roles of the company secretary include:

- I. The preparation of the annual meeting schedule for the Board and its committees as well as the agendas for the meeting in consultation with the chairpersons.
- II. Maintenance of the committee terms of reference.
- III. Providing advice to the Board on matters of corporate governance, policy and legislation.
- IV. Ensuring compliance with the Shareholder Compact as concluded between the Minister of Human Settlements, Water and Sanitation and the Board.

Ms Z Mbanjwa was appointed as the Company Secretary in April 2020.

Social Responsibility

The HDA associates itself with the growing corporate awareness of the need to invest in sustainable social development. As a national public sector Agency, we recognise the pressure and increasing burden placed on the government to provide comprehensive social services, and we are dedicated to supporting communities in areas in which it operates as well as encouraging the role of employees who are committed to particular social causes.

During the year under review, the HDA implemented its Corporate Social Investment programme in support of various highlighted projects as follows:

- Sponsored a jungle gym for an early childhood development centre in Alexandra, Johannesburg.
- At the advent of COVID-19, personal protective equipment was purchased to protect HDA employees and other deserving communities where the HDA received requests for assistance.
- Mashitsho child headed household in Winterveld, Tshwane – Public-Private Partnership in building a business centre (Internet Café) and an ABT house – at no construction cost to the HDA.
- Nkabinde-Mabaso family TRUs and later a Permanent Residential Unit (PRU) – Public-Private Partnership in building two ABT houses for a family of 7 in Winterveldt.
- Wilgespruit Plot 323 Profile (Roodepoort) – Public- Private Partnership in building 72 TRUs for families that lived in dilapidated tents for four years after they got evicted from nearby farms. This project received international recognition.
- Mami Roseline Radebe in Orange Farm – Public-Private Partnership in building a TRU for a household of five.





B-BBEE Compliance Performance Information

HAS THE PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARDS TO THE FOLLOWING:

CRITERIA	RESPONSE YES / NO	DISCUSSION (INCLUDE A DISCUSSION ON YOUR RESPONSE AND INDICATE WHAT MEASURES HAVE BEEN TAKEN TO COMPLY
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	HDA has only started with its enterprise development programme in the current financial year.
Developing and implementing a preferential procurement policy?	Yes	The Transformation and Empowerment policy was approved which makes provision for the application of the preferential procurement policy as guided by the PPPFA Act 2017.
Determining qualification criteria for the sale of state-owned enterprises?	No	
Developing criteria for entering partnerships with the private sector?	Yes	The criteria implemented is entering into MOUs with structured organisations such NPO, CSO which represent the designated groups Woman, Youth, people with disability and Military Veterans
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The enterprise development programme implemented in the current financial year will support B-BBEE



SECTION D

HUMAN RESOURCE MANAGEMENT



Introduction**Overview of Human Resources (HR) Matters at the Public Entity**

The HDA is committed to creating an environment that promotes continuous learning and development. During the 2021/2022 financial year, the focus of the Human Resources Unit was to support the HDA in its strategic shift to incorporate its expanded mandate as a fully-fledged property developer of choice. The development of employees' skills and competencies, to fully capacitate them to reach their fullest potential and contribute towards the achievement of the HDA's strategic goals remains a priority for the HR Unit.

The following are the broad objectives of the HR unit:

- Ensures the on-going monitoring and review of all HR Statutory Compliance and Governance. Amends policies and procedures aligned to changes prescribed in legislation.
- HR ensures the on-going management of HR governance and compliance (Employment Equity, leave management, benefit administration, personnel file management, HR information management, COVID & COIDA management, payroll support,).

- Provides continuous guidance and support on HR policy and procedures, performance management procedures, training, monitoring, and reporting on Human Resources related matters.
- Ensures the optimal maintenance of the Performance Management Automation on Employee Self Service (ESS) which was initiated in April 2021.
- Facilitates the implementation of skills development and training initiatives including Leadership development programmes.
- Coordinates the implementation and support on all recruitment and selection requirements based on the prioritised recruitment plan approved by Exco.
- Facilitates employee wellness initiatives such as the knowledge sharing webinars presented by Careways (two in quarter four).

Workplace Statistics:

The HDA is committed to:

- Creating an organisational culture that is built on the foundation of diversity, equality and the organisations values for all in the workplace.
- Promoting the equitable representation of persons from designated groups and disadvantaged persons at every organisational level.

The HDA staff complement as at the 31 March 2021 was 232 inclusive of the interns.

CATEGORIES	AF	AM	CF	CM	IF	IM	WF	WM	**D	TOTAL
Top management No. of employees (F-EU)	2	4	2	0	0	0	0	1	0	9
Senior management No of employees (EL)	2	5	0	1	1	0	1	0	0	10
Professionals, specialists & mid-management No of employees (DU-DL)	29	41	2	4	2	4	0	1	0	83
Skilled, qualified workers, Supervisors No of employees (CU-CL)	56	22	5	3	0	2	4	0	0	92
Semi-skilled workers No of employees (B-BL)	3	1	0	0	0	0	0	0	1	4
Unskilled workers No of employees (A-AU)	1	0	0	0	0	0	0	0	0	1
Interns 2021/2022	20	12	0	1	0	0	0	0	0	33
Total Percentage	48.71%	36.64%	3.88%	3.88%	1.29%	2.59%	2.16%	0.86%	0.43%	100%
Total Staff	113	85	9	9	3	6	5	2	1	232
Total Staff Percentage	85.34%		7.76%		3.88%		3.02%		0.43%	
National Target percentage	78.90%		9.70%		2.70%		8.70%		2%	
	✓		✓		✓		✓		✓	

Set HR Priorities for the Year Under Review and the Impact of these Priorities

This section of the report provides information on the current projects that the Human Resources Department is currently engaged in.

- i. Ongoing monitoring and review of all HR Statutory Compliance and Governance
- ii. Ongoing implementation and support of all recruitment and selection requirements based on the prioritized recruitment plan approved by Exco.
- iii. Ongoing support, training, tracking, and reporting on Performance Management (including preparation for the 2020/2021 performance management proceedings and preparation for the 2019/2020 final performance assessment processes)
- iv. Assisting with the implementation of the organization design project aligned with the approved revised organogram and supporting with changing management processes where and if required
- v. CSI and employee wellness initiatives.

Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

The HDA recognises its staff as being fundamental to its success. As such, the HDA is committed to ensuring that the recruitment and selection of the right staff for the right positions is conducted in a manner that is systematic, effective, efficient, and promotes equality of opportunity. A total of 53 positions were filled within this financial year.

Employee Performance Management Framework

The implementation of the automated Human Resources System (Sage People 300) and the training of all users on the new system was undertaken and concluded. On 1 March 2021, the HDA introduced the automated process of the Performance Management system. The automated system includes the performance contract and assessment processes and is implemented on the Employee Self Service (ESS) on the Sage People system.

Training was provided to staff on the new system and a user training manual and a video demonstration of the process was developed and distributed to support staff with the new system. In addition, the implementation of the ISO 9004 quality performance management system is in progress. Although some of the planned training and development interventions were placed on hold due to COVID-19, HR implemented various online programmes to support the ongoing development of skills within the organisation.

Employee Wellness Programmes

The HDA had presented a COVID-19 awareness programme at the start of the pandemic that, after information on preventative measures was shared to minimise the risk of

infection, was distributed to staff. A facilitated trauma counselling programme was also provided to the Eastern Cape Provincial office.

Policy Development

The revised HR Policy and Procedures Manual was approved on 23 May 2020 and distributed to Management and employees for implementation. The policies introduced to the revised HR Policy Manual was on Workplace Bullying and Harassment Policy, Long Service Awards, and Leave Encashment. The development of an HR strategic plan for 2021/22 is in progress and the review of the HDA's remuneration strategy is in progress.

A review of the organization's skills audit took place and the project on competency and skills assessment of core skills is underway. The development of the HDA Security Clearance Practice Note is underway.



Highlight Achievements

South Africa is faced with the challenge of growing unemployment, most notably amongst women and the youth. Therefore, the government has committed to creating internship opportunities in the next three years, which would give unemployed youth work experience. To address some of the challenges, the HDA established an internship programme to provide graduates with opportunities to gain practical work experience. The focus was to alleviate some of the high levels of unemployment amongst young graduates.

1 596 Training Interventions

A total of 1 596 training interventions were undertaken in the 2021/22 financial year, which includes internal and external training initiatives.



A

Employee Self Service

Implemented an automated Performance Management system on the Employee Self Service (ESS).



C

Performance Management

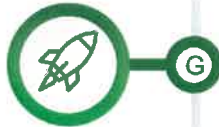
Training was conducted on the performance management policy, together with a demonstration of how to navigate the automated process. Five training interventions were conducted in the financial year, of which two were conducted in quarter four.



E

Competency Assessment

Initiated a Competency Assessment Programme.



G

HDA's fifth cohort of Interns

The HDA successfully implemented the HDA's fifth cohort of interns, which consisted of forty-one interns for the 2021/22 Internship Programme. The programme will terminate in July 2022.



B

Performance Information

Employees were provided with a comprehensive user manual and a video demonstrating how to navigate the system for capturing performance information.



D

Wellness Initiatives

Two employee wellness initiatives were completed for management by means of the knowledge-sharing webinars presented by Careways in January and March, respectively.



F

Support Good Governance

Amended four practice notes were approved in this financial year, outside the HR Policy and Procedure manual to improve and support good governance and compliance.



H

Challenges Faced by the Public Entity

This section of the report outlines information on the challenges faced by the Human Resource Department.

1. The organisational structure of the HDA aligned to the mandate was not approved by the HDA Board and the Minister.
2. A moratorium was placed on recruitment and resulted in capacity constraints.
3. Low levels of staff morale due to many factors that may include limited staff resources non-performance, resulting in no performance incentives.
4. Escalation in employee relations matters.
5. The organisation's staff turnover is high with forty-seven (47) terminations for this financial year. (It is, however, important to note that fourteen (14) of the terminations was as a result of the end of the internship programme which concluded in July 2021.)
6. The performance management policies and systems are implemented poorly.

Measures to mitigate the above challenges:

Challenge	Mitigating Plan
Organisational structure not approved	We reverted to the structure approved by Exco in 2020
Moratorium on recruitment	Whilst we await approval of the organisational structure, the HDA implemented acting appointments and temporary resource capacity
Low staff morale	Review the implementation of a climate surveys to ascertain the root cause of poor staff morale and address issues raised. Offer suitable interventions based on the recommendations
High staff turnover	Apply retention strategies and implement succession planning programmes for key and skilled employees
Poor implementation of performance management	Ongoing training and communication on the policy requirements. Required commitment from all staff on Performance Management and included in generic compliance indicators

Future human resources Plans /goals

This section of the report provides information on the current and future projects that the Human Resources Department is currently engaged in and in progress.

- a. Focused project on staff wellness, which will include HDA Code of Conduct, Values and Ethics and Staff Wellness.
- b. Implementation of Change Management programme.
- c. Review and implementation of Organisational Structure.
- d. On-going support on the implementation of employee Performance Management.
- e. Review of organisational skills and the completion of competency and skills assessments of management and core skills staff.
- f. Development of Workplace skills plan (WSP)
- g. Review all Job Profiles (specific to core business and technical positions) and complete job evaluations procedures.
- h. On-going monitoring and review on all HR Statutory Compliance and Governance.
- i. On-going implementation and support on all recruitment and selection requirements based on the prioritised recruitment plan approved by Exco.

Personnel Cost by Programme/ activity/ objective

Programme/ activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Administration	141,373	52,380	37	57	919
Land Management	26,949	15,341	57	19	807
Programme Planning and Design Management & Regional Coordination	184,932	92,381	33	144	642
Planning Monitoring & Evaluation and Inter Governmental Relation	16,318	12,814	79	12	1,067

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	19,348	12.33	9	2,149
Senior Management	14,455	9.21	10	1,445
Professional qualified	78,148	49.80	84	930
Skilled	41,335	26.35	91	454
Semi-Skilled	918	0.58	4	229
Unskilled	145	0.09	1	145
Interns	2,574	1.64	33	78
TOTAL	156,924	100	232	5,430

For the financial year under review, there were no performance rewards paid to HDA employees.

Training Costs

Programme/ activity / objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Administration	52,380	197	0,4%	18	0,1
Land Management	15,341	21	0,1%	6	0,3
Programme Planning & Regional coordination	92,381	385	0,4%	86	0,2
Planning & Monitoring	12,814	14	0,1%	3	0,2
Total	172,916	617	1,0%	113	0,81

Employment and Vacancies

	2021/2022 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Top Management	9	11	9	2	18.18%
Senior Management	10	16	10	6	37.5%
Professional qualified	83	127	83	44	34.64%
Skilled	92	111	92	19	17.12%
Semi-Skilled	4	5	4	1	20.00%
Unskilled	1	2	1	1	50.00%
Interns	33	41	33	0	0.00%

- HDA recruitment includes an internal recruitment process, and some of the various vacant positions were filled through the internal recruitment process.
- In June and in August 2021, a moratorium was placed on all recruitment by the Administrator, and this prevented the replacement of staff.

Staff are further encouraged to apply for positions when advertised internally before the positions are advertised in the print media for public application responses.

The HDA's remuneration policy further strives to offer market-related and competitive remuneration packages to attract and retain staff from the designated groups.

Measures taken to successfully attract and retain staff

The HDA endeavours to advertise vacancies in multiple sources of media to attract suitable candidates from designated groups for positions and include headhunting for top management positions in alignment with HDA policies and procedures, where applicable.

The staff development strategy supports ongoing training and development opportunities aligned with enhancing job-related skills criteria as well as for career progression. The study assistance programme in the form of bursary agreements to support continuous professional development and career growth is available to staff when approved.



Human Resources

Employment Changes

Provide information on changes in employment over the financial year. Turnover rates provide an indication of trends in employment profile of the public entity.

Salary Band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top Management	10	0	1	9
Senior Management	12	0	2	10
Professional qualified	75	33	15	83
Skilled	93	13	6	92
Semi-Skilled	5	0	0	4
Unskilled	2	0	0	1
Interns	16	41	23	33
TOTAL	213	87	47	232

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	0.43%
Resignation	27	11.64%
Dismissal	0	0.00%
Retirement	0	0.00%
Ill Health	0	0.00%
Expiry of contract	19	8.18%
Other	0	0.00%
TOTAL	47	20.25%

Explanations for staff leaving and what attempts are made to replace these staff

The HDA had a total of 47 resignations

- 27 resignations for better work opportunities and career progression
- 19 contracts were terminated
- 16 were interns exiting due to the Internship programme closing as at 31 July 2021

Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Suspensions	3
Dismissal	0

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	4	0	0	0	0	0	1	0
Senior Management	5	0	1	0	0	0	0	0
Professional qualified	41	0	4	0	4	0	1	0
Skilled	22	0	3	0	2	0	0	0
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Interns	12	0	1	0	0	0	0	0
TOTAL	85	0	9	0	6	0	2	0

Equity Target and Employment Equity Status

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	1	2	1	0	0	0	0
Senior Management	2	4	0	1	1	0	1	0
Professional qualified	29	22	2	11	2	11	0	0
Skilled	56	10	5	4	0	5	4	0
Semi-skilled	3	1	0	0	0	0	0	0
Unskilled	1	1	0	0	0	0	0	0
Interns	20	0	0	0	0	0	0	0
TOTAL	113	39	9	17	3	16	5	0

Levels	Persons with Disabilities			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	1
Skilled	0	1	0	1
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
TOTAL	0	2	1	3

As a moratorium was placed on recruitment, the HDA was unable to address variances between the target and current staff.

SECTION E

FINANCIAL INFORMATION



THE HOUSING DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2022



General Information

Country of Incorporation	South Africa
Legal Form of Entity	Schedule 3A entity listed in terms of the PFMA
Nature of Business and Principal Activities	Accelerating the development of sustainable human settlements through land assembly, building and property acquisitions, and project management support services
The Following is Included in the Scope of Operation	Identify, acquire, hold, develop, and release well-located land and buildings, provide project management support and housing development services.
Controlling Entity	National Department of Human Settlements
Members of the Accounting Authority	Dr Tshilidzi Ratshitanga Ms Marina Dumakude Dr Manqoba Soni Ms Nalini Maharaj Mr Rajesh Makan Mr Ntandazo Vimba Mr Bheki Khenisa - Chief Executive Officer Ms Joy Masemola - Chief Financial Officer
Registered Office	1 Maxwell Drive Block B Megawatt Park Sunninghill 2191
Physical Address	1 Maxwell Drive Block B Megawatt Park Sunninghill 2191
Bankers	First National Bank Ltd
Auditors	Rakoma & Associates
Company Secretary	Ms Zinhle Mbanjwa
Business Address	P.O. Box 3209 Houghton 2041
Annual Financial Statements Prepared By	HDA Management



Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 31 March 2022.

Background

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

Membership and Attendance

- The Committee comprised three independent non-executive members with extensive experience to serve in the Committee.
- During the year the Committee saw a resignation of one of the members on 30 September 2021 and operated as a two member Committee till 30 November 2021. When the new board was appointed in December 2021, the Committee was augmented, and two board members were assigned to the Committee and this resulted into a four members Committee till the year ended 31 March 2022.
- The Committee met 18 times during the year. There were 14 Special meetings and four Ordinary meetings. During the period when the entity was placed under administration (February – November 2021), the Committee was the only one that was functional and provided oversight and this resulted in the higher than usual number of special meetings convened.
- The Special meetings dealt with the approval of financial statements, the review and approval of all minutes outstanding and new policies, the appointment of new internal auditors and risk management related matters.
- The names and attendance of the members serving on the Committee are detailed on page 44 under the Governance section of the Annual Report.

Audit and Risk Committee Responsibility

The Committee is satisfied that it discharged its responsibilities in assisting the Accounting Authority with the following activities:

- The safeguarding of assets, the operation of adequate systems, control and reporting processes, and the review of financial statements in compliance with the applicable legal requirements and accounting standards,
- Overseeing the activities of, and ensuring coordination between, the activities of internal and external audit,

- Providing a forum for discussing enterprise-wide risks relating to financial, performance and regulatory exposures, and monitoring controls designed to minimise these risks,
- Reviewing the Agency's quarterly performance information, annual report, including annual performance information and annual financial statements, and any other public reports or announcements containing financial and non-financial information,
- Receiving and dealing with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements and performance reports, or related matters, and
- Annually reviewing the Committee's work and charter; and making recommendations to the Accounting Authority to ensure the Committee's effectiveness.

Effectiveness of Internal Control

- The Committee considered all the reports issued by both the internal and external auditors and has noted the work performed by the assurance providers.
- The reports were noted with concern by the Committee regarding the number of both significant and material weaknesses in the system of internal control.
- The Committee has noted a very high level of management override on systems of internal controls which is reflected in the number of irregular, fruitless and wasteful expenditure incurred over the years as well as the material financial misstatements detected by the auditors during their review of annual financial statements.
- The Committee also reports that management did not endeavour to adhere to internal controls nor put in place a plan to mitigate all the previously reported material weaknesses, neither did management demonstrate the commitment to execute consequence management.

The Effectiveness of Internal Audit

During this financial year the Committee appointed the services of O.M.A Chartered Accountants Inc. to provide ongoing Internal Audit activities since the Agency resolved to outsource the internal audit function. O.M.A Chartered Accountant Inc. were appointed on a three-year contract, effective 1 June 2021 to 31 May 2024.

The Committee approved a three-year risk based Strategic Internal Audit Plan and an Annual Audit Coverage Plan for the period 1 August 2021 to 31 March 2022.



Report of the Audit and Risk Committee

The following reviews were completed during the year under review:

Auditable Area	Opinion
Performance Information (All 4 Quarter Reviews)	Inadequate
Information Technology and Communication	Inadequate
Project Funding	Needs Improvement
Supply Chain Management & Expenditure Management	Inadequate
Human Capital Management	Needs Improvement
Financial Discipline Review	Inadequate
Unaudited Financial Statements Compliance Review	Not Applicable/ Not Rated

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

The Internal Audit identified and reported that management should continuously revisit its control environment and ensure that controls implemented are adequate to address weaknesses identified through Internal audit reviews.

The Committee raised concerns regarding the superficial responses management provided to the majority of findings raised showing lack of commitment, responsibility and accountability but nonetheless taking note of the areas that require improvement as raised by the Internal audit.

The Committee also acknowledges the Internal Auditors ability to complete the audit coverage for 2021/22 financial period as planned. On an overall basis, the Internal Audit rated the Agencies control environment as "Inadequate" which is consistent with the prior year.

Based on the above assessment by the Internal Auditor, it has come to our attention that there are significant and material breakdowns in the functioning of controls, procedures and systems within the Agency.

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

obtaining assurance that risks are being managed effectively.

Risk Management

- Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and detection of fraud and internal controls.
- The entity's Risk Management function continued to be dysfunctional since there was no incumbent responsible.
- There annual risk management annual assessment of strategic and operational risk had not been performed in the most professional way. No monthly risk management meetings held and there was no quarterly reporting to the Committee.
- However, only in the last quarter of the year some improvement observed due to the appointment of a Risk Manager. A Risk Management Policy and Framework were prepared and presented to the Committee for approval.

In light of the above observations, the Committee reports that the entity risks remain pervasive and will continue to monitor the developments within the function and provide the necessary support to expedite progress.

A toll-free whistle-blowing hotline operated by Advance Call is operational, service providers and employees are encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices. Cases previously reported are now under the management of Risk Manager who will continue with any investigations in progress. The Risk Manager will report the progress thereof to the Committee on a quarterly basis.



Report of the Audit and Risk Committee

In Year Management of Quarterly Financial and Performance Information

The Committee noted the content of the financial and performance information reports that were prepared and issued during the year. The quality of reports still require improvement.

Also of concern is the lack of timely submission of information by management for review by the Committee and other assurance providers. This late submissions for review are an impediment to the Committee to can execute their duties effectively and efficiently without having to hold too many meeting sessions to accommodate management inefficiencies.

The entity's quarterly performance information saw no improvement but a regression from the previous year's performance as presented at 29% (2021:57%) The entity had 34 (2021:21) targets to achieve across 4 programmes but only 10 (2021:12) targets could be realized.

Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the annual financial statements to be included in the annual report with the External Auditor, the Executive management and the Board,
- Reviewed the External Auditors final management report as well as the audit report including the management responses thereto,
- Reviewed the application of the accounting policies and practices,
- Reviewed the HDA's compliance with legal and regulatory provisions,
- Reviewed the information on predetermined objectives to be included in the annual report, and
- Reviewed the material and significant adjustment resulting from the external audit review,

The Agency's audit outcome has regressed from the previous financial year as result of the significant material misstatements and the weakened control environment that has seen an increased number of deficiencies identified during the external audit review, particularly the Project Obligations and management.

The Committee is concerned with the lack of implementation of internal controls that are adequately designed for the appropriate monitoring of compliance and adherence to the applicable legislation.

The inadequate controls that fail to identify the significant irregular expenditure that indicate significant control

weaknesses in the environment.

The lack of controls over the safeguard of the agency asset during the move to new premises proves gross negligence for agency assets.

External Audit

- The Committee has reviewed the independence and objectivity of the External Auditor.
- The External Auditor attended nine statutory meetings of the Committee and held one in-committee session with the Chairman of the Committee.
- The 2021/22 independent audit is the second audit conducted by Rakoma & Associates Inc. The current audit has been marred by a concurrence letter issued by the AGSA resulting in the change of an audit partner.
- The Committee welcomed the change in the audit partner although indifferent with the fact that other costs inherent to the concurrence letter were to be borne by the Agency unfairly so.

The Committee reviewed the Auditors' Management and Audit reports, and concurs with their conclusion. The Committee therefore accepts the audit opinion and conclusion arrived at.

Governance

The year under review continued to experience instability in leadership although only at the fourth quarter was the Board appointed leaving the gaps at senior management level to be addressed by the new board. The Committee will continue to work hand in glove with the board and share the enormous concerns already raised with management to keep the board abreast.

Conclusion

The committee extends its appreciation to the Board of the HDA, Acting Chief Executive Officer, Acting Chief Financial Officer and the Executive management and staff for their effort and support.

Ms SY Boulton
Chairperson of the Audit and Risk Committee
Housing Development Agency
31 August 2022



Report on the audit of the financial statements

Qualified opinion

1. We have audited the annual financial statements of the Housing Development Agency set out on pages 73 to 112 which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, and statement of cash flow and the statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion the financial statements present fairly, in all material respects, the financial position of the Housing Development Agency as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practices (SA GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999)(PFMA).

Basis for qualified opinion

Project obligations

3. We were unable to obtain sufficient appropriate audit evidence that project obligations have been appropriately accounted for due to the status of the accounting records and some confirmations that were not received. The public entity recognises commitments for projects from departments and municipalities as receivables and obligations. Consequently, we were unable to determine whether any adjustments to Project obligation stated at R1 294 979 000 (2021: R671 149 000) and project receivables stated at R190 195 000 (2021: R292 457 000) was necessary.
4. During the 2020/21 audit, the public entity did not have adequate systems to maintain records of project obligations and reconcile the balances monthly. This resulted in project obligations being misstated by (2021: R2 431 647).

Project receivables

5. The public entity's project receivables is recorded in the statement of financial position at R190 195 000. Management did not recognise project receivables in accordance with GRAP 1, Presentation of Financial Statements. Management recognises project receivables when they conclude a project agreement as an implementing agent with a municipality or province. The

public entity has no asset or right to receive an asset as a result of past events as the entity has not done any activity. Consequently, project receivables and project obligations were overstated by R165 849 955.

Land Inventory

6. The public entity's land inventory is carried in the statement of financial position at R388 198 000. Management did not state the land inventory at the lower of cost and current replacement cost as required by GRAP 12, Inventories, but stated them solely at cost. Consequently, land inventory was overstated and the total expenditure was understated by R53 797 000. Additionally, there was an impact on the surplus for the period and the accumulated surplus.

Property, plant and equipment

7. We were unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the assets being dismantled during the office relocation and placed in a storeroom at the new premises. We were unable to confirm these physical assets by alternative means. Consequently, we were unable to determine whether any adjustments were necessary to property, plant and equipment stated at R7 141 000 in the financial statements. Additionally, we were unable to assess the condition of the assets for impairment and was unable to determine the impact on the net carrying amount of the property, plant and equipment as it was impracticable to do so.

Irregular, fruitless and wasteful expenditure

8. Section 55 (2) (b)(i) of PFMA requires the public entity to disclose in a note to the financial statements particulars of all irregular expenditure and fruitless and wasteful expenditure that has occurred during the year, the public entity did not have adequate systems for identifying and recording all irregular expenditure and fruitless and wasteful expenditure and there were no satisfactory alternative procedures that could be performed to obtain reasonable assurance that all irregular expenditure and fruitless and wasteful expenditure is disclosed in note 36 in the financial statements for R153 551 000 (2021: R147 332 000).
9. The public entity did not include the required information on irregular expenditure in the notes to the financial statements, as required by 55(2)(b)(i) of the PFMA. The public entity made payments in contravention of the supply chain management requirements, resulting in irregular expenditure of R61 069 385.



Report on the audit of the financial statements

Statement of budget versus actual

10. The public entity did not use the approved budget for reporting in the Statement of Comparison between budget information and actual information in compliance with GRAP 24, Presentation of Budget Information in Financial Statements. This resulted in material misstatements in the amounts disclosed and the differences between budget versus actual.

Context for the opinion

11. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the separate financial statements section of our report.
12. We are independent of the public entity in accordance with Independent Regulatory Board for Auditors' Code of Professional Conduct for Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards).
13. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

14. We draw attention to the matter below. Our opinion is not modified in respect of this matter.

Material impairment

15. As disclosed in note 8 to the financial statements, material losses of R14,5 million was incurred as a result of an impairment of the receivables owing from a project now considered irrecoverable.

Other matters

16. We draw attention to the matters below. Our opinion is not modified in respect of these matters.

Unaudited Supplementary schedules

17. The supplementary information set out on pages 106 to

107 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion on them.

Board of the Housing Development Agency was dissolved, and an Administrator appointed for most part of the year

18. The interim Board was dissolved by the Minister of Human Settlement Water and Sanitation on the 22nd of February 2021 and the public entity was placed under administration on the 23rd of February 2021. The minister only appointed the board on the 26th of November 2021.

Responsibilities of the accounting authority for the financial statements

The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

19. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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



Report on the audit of the financial statements

21. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Introduction and scope

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

23. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the public entity enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

24. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022

Programmes	Pages in the annual performance report
Programme 3: Regional coordination and Human Settlements Implementation Support Service	26 – 37

25. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

26. We did not identify any material findings on the usefulness and reliability of the performance information of the selected programme as follows:

- Programme 3: Regional coordination and Human Settlements Implementation Support Service.

Other matter

27. We draw attention to the matter below.

Achievement of planned targets

28. Refer to the annual performance report on pages 27 to 38 for information on the achievement of planned targets for the year and management explanations provided for the under / over achievement of targets. This information should be considered in the context of the findings on the usefulness and reliability of the reported performance information in paragraph 26 of this report

Introduction and scope

29. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

30. The material findings on compliance with specific matters in key legislation are as follows:

29. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

30. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance, and annual report

31. The financial statements submitted for auditing were not supported by full and proper records, as required by sections 55(1) (a) and (b) of the PFMA. Material misstatements of non-current assets, current assets current liabilities, expenditure, and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a modified opinion.



Report on the audit of the financial statements

Revenue management

32. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Expenditure Management

33. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the disclaimer of opinion the value disclosed in note 37 of the financial statements does not reflect the full extent of the irregular expenditure incurred. Non-adherence to the PFMA and Treasury regulations has resulted in the majority of the irregular expenditure disclosed in the financial statements.

Procurement and contract management

34. Some of the contracts were awarded to bidders based on pre-qualification criteria that were not stipulated in the original invitation for bidding, in contravention of the 2017 Preferential Procurement Regulation 4(1) and 4(2).
35. Some of the major capital projects were not evaluated through a system of project evaluation prior to a final decision on the project in accordance with section 38(1)(a)(iv) of the PFMA and section 5.5.5 (vi) of the Framework for Infrastructure Procurement and Delivery Management.
36. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulation 2017. Similar non-compliance was also reported in the prior year.
37. Some tenders which achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with 2017 Preferential Procurement Regulation 5(7). Similar non-compliance was also reported in the prior year.
38. Tender requirements for two contracts above R30 million did not include a condition for mandatory subcontracting to advance designated groups, as required by the 2017 Preferential Procurement Regulation 9(1).
39. Fourteen major capital projects were not evaluated through a system of project evaluation prior to a final decision on the project in accordance with section 38(1)(a)(iv) of the PFMA and section 5.5.5 (vi) of the Framework for Infrastructure Procurement and Delivery Management. This non-compliance was identified in the procurement processes for all the fourteen construction projects that were tested.

40. Some of the contracts were extended or modified without the approval of a duly delegated authority as required by NTSCM Instruction No 3 of 2016/17 par 8.5.

41. Some of the persons in service of other state institutions who had a private or business interest in contracts awarded by the schedule 3A participated in the process relating to that contract in contravention of Treasury Regulation 16A8.4. Similar non-compliance was reported in the previous year and disciplinary action was not taken against the officials involved.

Consequence management

42. We were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
43. We were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Other information

44. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the other information does not include the financial statements, the auditor's report and those selected programme objectives presented in the annual performance report that have been specifically reported in this auditor's report.
45. Our opinion on the financial statements and my findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
46. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected [programme presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



Report on the audit of the financial statements

47. We did not receive the other information prior to the date of this report. When we do receive and read the information, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance and request that the information be corrected. If the other information is not corrected, we may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

48. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance report and the findings on compliance with legislation included in this report.
49. The accounting authority and management did not adequately perform oversight responsibility over the preparation of the annual financial statements and compliance with laws and regulations and internal controls. This is evidenced by the material misstatements identified in the annual financial statements and findings on non-compliance with laws and regulations and internal control deficiencies identified throughout the audit. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.
50. Management did not adequately monitor compliance with laws and regulations to prevent instances of non-compliance. This is evidenced by the irregular expenditure incurred by the entity during the period under review.

Other reports

51. We draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

Investigations

52. 51. An investigation was instituted by the Special Investigative Unit into allegations of fraud and corruption in awarding the tender relating the establishment and construction of the Temporary Residential Units in Limpopo. Several HDA officials have been arrested and are out on bail, no recommendations or appropriate action was taken by the Accounting Authority on the employees that were implicated. The case is still ongoing.

Auditor tenure

53. 52. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Rakoma and Associate Inc has been the auditor of the Housing Development Agency for 2 years.

Rakoma and Associates Inc.

Rakoma and Associates Inc.

Per: Patience Moyo CA(SA)
Engagement Partner
Registered Auditor

31 August 2022

Block D, Willow Wood Office Park
Cnr 3rd Ave & Cedar Road
Johannesburg, 2021



Annexure – Auditor's responsibility for the audit

54. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on the reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

55. In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.

- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Housing Development Agency to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

56. We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

THE HOUSING DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2022



Statement of Financial Position

Figures in R'000

Note(s)

2022

2021

Assets

Non-Current Assets

		35,205	35,577
Property, plant and equipment	3	7,141	7,578
Intangible assets	4	159	94
Long-term land inventory	5	27,905	27,905

Current Assets

		2,602,692	1,964,001
Land inventory	6	388,198	422,398
Receivables from non-exchange transactions	7	57,473	10,457
Projects receivables	8	190,195	292,457
Rental deposit	9	1,454	1,382
Cash and cash equivalents	10	1,965,372	1,237,307
Total Assets		2,637,897	1,999,578

Net Assets and Liabilities

Net Assets

		153,140	140,748
Accumulated surplus		153,140	140,748

Non-Current Liabilities

		-	246
Finance lease obligations	11	-	246

Current Liabilities

		2,484,757	1,858,584
Payables from exchange transactions	15	50,777	103,374
Payable to National Treasury	19	195,834	195,826
Current portion of finance leases	11	246	312
Projects Payables	16	554,723	465,525
Projects obligations	17	1,294,979	671,149
Land inventory obligation	18	388,198	422,398

Total Liabilities

		2,484,757	1,858,830
Total Net Assets and Liabilities		2,637,897	1,999,578

THE HOUSING DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2022



Statement of Financial Performance

Figures in R'000

	Note(s)	2022	2021
Revenue		380,917	359,727
Revenue from non-exchange transactions		235,379	233,604
Transfer from controlling entity	20	235,379	233,604
Revenue from exchange transactions		145,538	126,123
Provinces support conditional grant	20	99,631	107,190
Project management fees	21	37,771	13,529
Interest income	22	4,374	1,560
Other income	23	3,762	3,844
Expenditure		369,458	294,297
Operating expenses	24	126,678	78,720
Land and related costs	25	11,651	11,912
Technical and project services	26	58,644	38,873
Finance costs	27	88	143
Employee costs	28	172,397	164,649
Other expenditure			
Deficit on disposal of property, plant and equipment		114	(19)
Total other expenditure		114	(19)
Surplus from grant funding		11,345	65,449
Refund from Municipality		-	44,270
Surplus for the year		11,345	109,719



Statement of Changes in Net Assets

Figures in R'000

	Accumulated surplus	Total
Balance at 1 April 2020	31,777	31,777
Consolidation adjustment	(748)	(748)
Surplus for the year	109,719	109,719
Balance at 31 March 2021	140,748	140,748
Balance at 1 April 2021	140,748	140,748
Surplus for the year	11,345	11,345
Prior period adjustment	1,047	1,047
Balance at 31 March 2022	153,140	153,140

THE HOUSING DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2022



Statement of Cash Flow

Figures in R'000

Note(s)

2022

2021

Cash flows from operating activities

Receipts		372,461	357,583
Grants		335,010	340,794
Management fees		37,771	13,529
Other receipts movements		(320)	3,260
		(458,769)	(182,085)
Payments		(172,397)	(164,649)
Employee costs		(286,372)	(17,436)
Other payments			

Cash (utilised) /generated in operations

32

		(86,308)	175,498
Interest received		4,374	1,560
Interest paid-finance charges on finance leases		(88)	(143)
Interest accrued		-	(524)

Net cash out-flows from operating activities

(82,022)

176,391

Cash flows from investing activities

Property, plant and equipment acquired		(2,438)	(2,754)
Intangible assets acquired		(159)	(69)
Proceeds on disposal of property, plant and equipment		20	-

Net cash flows from investing activities

(2,577)

(2,823)

Cash flows from financing activities

Increase/(decrease) in funding receivables for projects		102,262	(174,044)
Increase in projects payables		89,198	399,545
Increase in project obligations		620,892	3,775
Increase in lease liability		312	244
Payable to National Treasury		-	195,826
Cash flows from financing activities		812,664	425,346

Increase in cash and cash equivalents		728,065	598,914
Cash and cash equivalents at beginning of the year		1,237,307	638,393
Cash and cash equivalents at end of the year	10	1,965,372	1,237,307

THE HOUSING DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2022



Statement of Comparison of Budget Information with Actual Information

Figures in R`000

Note(s) 2022

		Actuals	Budget	Variance	% Variance	Adjust ment	Approved annualbudget
Operating revenue							
Operational grant-NDHS		235,379	235,379	-	0%	-	235,379
Provinces support conditional grant	37.1	99,631	231,824	132,193	57%	-	231,824
Project management fees	37.2	37,771	69,546	31,775	46%	-	69,546
Other income							
Interest income		4,374	2,000	(2,374)	-119%	-	2,000
Other income		3,762	1,000	(2,762)	-276%	-	1,000
Total revenue		380,917	539,749	158,832		-	539,749
Expenditure							
Land and related costs	37.3	11,651	18,388	6,737	37%	-	18,388
Operating expenses	37.4	126,678	132,316	5,638	4%	-	132,316
Technical and project services	37.5	58,644	140,152	81,508	58%	-	140,152
Finance costs		88	142	54	38%	-	142
Employee costs	37.6	172,397	248,613	76,216	31%	-	248,613
Deficit on disposal of property, plant and equipment		114	138	24	0%	-	138
Total expenditure		369,572	539,749	170,177		-	539,749
Surplus for the year		11,345	-	(11,345)		-	-

Variances explanations

Please refer to Note 37 of the Notes to the Annual Financial Statements



Accounting Policies

1. Presentation of Annual Financial Statements

Reporting entity

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

Basis of preparation

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

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.

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

Presentation Currency

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

Standards and pronouncements comprising the GRAP Financial Reporting Framework

No new GRAP standards have been approved but not yet effective as at 31 March 2022.

GRAP 25	Employee benefits (revised)	Disclosure will be affected.	To be determined
GRAP 104	Financial instruments (revised)	Disclosure may be affected.	1-Apr-25

Use of estimates and judgements

The preparation of financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the HDA's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. An area where assumptions and estimates have been made to the annual financial statements is Provisions.

Provisions were raised based on management's determined estimate using the information available. These are measured at management's best estimates of the expenditure required to settle the obligation at reporting date. The accounting policy for provisions is disclosed under note 2.6 and additional disclosure of these estimates of provisions are included in the notes to the financial statements.

The HDA assumes the current replacement value of land inventory to be the value of the initially recognised corresponding land inventory obligation, which equate to the cost actually incurred when the land was bought. The accounting policy for Land inventory is disclosed under note 2.10.

Going concern assumptions

These financial statements are prepared in concurrence with the going-concern principle and, on an accrual basis, in line with the measurement base applied, being the historical cost unless stated otherwise. Refer to notes to the financial statements.

The following IGRAP standards have been approved but not yet effective as at 31 March 2022

IGRAP	Standards	Impact	Effective Date
IGRAP 7	The limit on a defined benefit assets, minimum funding requirements and their interaction (revised)	Disclosure may be affected.	To be determined
IGRAP 21	The effects of past decisions on materiality	Disclosure will be affected.	1-Apr-23
	Guideline on the accounting for landfill sites	Disclosure may be affected.	1-Apr-23



Accounting Policies

2. Policies

2.1 Revenue recognition

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

2.1.1 Revenue from exchange transactions

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

Revenue arising from the use by others of entity interest-yielding assets is recognised when:

- it is probable that the economic benefits or service potential with the transaction will flow to the entity; and
- the amount of revenue can be measured reliably.

Revenue from exchange transactions comprises provinces support conditional grant, management fees, interest income, rental income and other incomes.

Provincial support conditional grant

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

Management fees

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

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

Interest income

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

Other income

Other income comprises tender fees and insurance claims and is recognised when consideration is received.

Rental income

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

2.1.2 Revenue from non-exchange transactions

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

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

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.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.



Accounting Policies

Trade discounts and rebates are deducted in arriving at the cost. Where an asset is acquired at no or nominal cost, its cost is its fair value as at the date of acquisition.

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

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

Recognition of costs in the carrying amounts of an item of property, plant and equipment ceases when an item is in location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Item	Average useful life
Computer equipment	3 - 4 years
Office equipment	4 - 5 years
Furniture & fittings	10 - 12 years
Electronic hardware	4 - 5 years
Leasehold improvements	> lease term or 10 years

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

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

The Agency conducts asset audits bi-annually and assess property plant and equipment for impairment. If there are any indications of impairment the Agency estimates the recoverable service amount of the asset. If the asset's carrying value exceeds its recoverable amount, the asset is impaired.

In the assessing whether there is any indication that an asset may be impaired, the Agency considers all sources of information. The impairment loss is charged as an expense in the Statement of Financial Performance.

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

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

Paintings

Paintings are subsequently carried at revaluation amount and are not depreciated. The revaluation method is used.

Revaluations are made regularly, every three (3) years by an independent valuator.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

2.4 Intangible assets

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

An intangible asset is recognised when:

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

An asset is identifiable if it is either:

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



Accounting Policies

A binding arrangement describes an arrangement that confers similar rights and obligation on the parties to it as if it were in the form of a contract.

Intangible assets are initially recognised at cost.

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

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

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

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the assets; and
- Residual value can be determined by reference to that market; and
- It is probable that such a market will exist at the end of the asset's useful life.

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

An intangible asset shall be derecognised:

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

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

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

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

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

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

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

Item	Average useful life
Office equipment	2-3 years

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. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability.

Operating leases - lessor

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



Accounting Policies

2.6 Provisions

Provisions are recognised when:

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

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

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

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

Provisions are not recognised for future losses.

2.7 Leave payable

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

2.8 Commitments and Contingencies

Items are classified as commitments when an entity has committed itself to future transaction that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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

Contingent liabilities are not recognised in the financial statements.

2.9 Contingent liabilities

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

Contingent liabilities are not recognised in the financial statements.

2.10 Land inventory

The HDA acquires and holds land inventory in terms of signed agreements on behalf of provinces and municipalities in order to release it for future human settlement development. On recognition of the land inventory, the HDA recognises a corresponding land inventory obligation.

Initial recognition and measurement

Land inventory is a tangible asset 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, which includes costs directly attributable to the acquisition of land. 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 are measured at the lower of cost and current replacement cost where they are held for distribution through a non-exchange transaction. The HDA assumes the current replacement value of land inventory to be the value of the initially recognised corresponding land inventory obligation, which equate to the cost actually incurred when the land was bought. The entity believes that the subsequent measurement of valuing land in variance to the obligation will not represent truthfully the financial position and cashflow of the Agency, as it will create unfunded project obligations or receivables.

Derecognition

The carrying amount of inventories is derecognised when transfer of ownership has been passed back to the provinces or transferred for the purpose of human settlement development.



Accounting Policies

Long-term land inventory

Land purchased by the HDA for the purpose of future residential development and where there is uncertainty regarding date of release is classified as long-term land inventory.

Short-term inventory

Land acquired on behalf of Provinces and where there are conditions attached is classified under current assets as short-term land inventory.

2.11 Related parties

The HDA operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties. Only transactions with such parties which are not arm's length and not on normal commercial terms are disclosed.

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

2.12 Finance costs

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

2.13 Financial instruments

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

Initial recognition

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

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both

liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

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

2.13.1 Receivables

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

2.13.2 Payables

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

2.13.3 Cash and cash equivalents

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

2.13.4 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.



Accounting Policies

2.14 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 is a member of the Government Employees Pension Fund.

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.

2.15 Events After Reporting date

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

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

2.16 Project Obligations

Project Obligation is raised on receipt of a signed MTOP or funding agreement, cash and Implementation protocol, with clear deliverables. These funding agreements and receipt of related funds are basis of recognition of project obligation. The obligation will be performed in the normal operating cycle of the Agency.

Initial recognition and measurement

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

Project Obligation is net of cash plus project receivable.

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

Subsequent measurement

Project Obligation is subsequently measured at cost plus interest earned.

2.17 Financial Risk Management

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

2.18 Budget information

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

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

The annual financial statements and the budget are prepared on the same basis of accounting. Therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

2.19 Fruitless and wasteful expenditure

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

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

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

2.20 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) the PFMA;
- (b) the Treasury Regulations;
- (c) a National Treasury Instruction, issued in terms of section 76 of the PFMA; and



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(d) a Provincial Treasury Instruction issued in terms of section 18(2)(a) of PFMA.

The amount reflected as Irregular expenditure was incurred and identified during the current financial year, and which will be investigated to ensure any required consequence management and applications for condonation. The management of the process will be undertaken consistent with required prescripts. There is no immediate action required with the exception of updating the note to the financial statements.

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

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

2.21 Comparative Information

Prior year comparatives

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

The presentation and classification of items in the current year is consistent with prior periods except where stated.

2.21 COVID-19

Items affected by the COVID-19 crisis will warrant separate presentation or disclosure in the financial statements if they are considered material, either quantitatively or qualitatively.

Where there is a significant risk that they will be a material adjustment to the carrying value of assets and liabilities in the next reporting the Agency will provide information about:

- The assets and liabilities that are affected.
- The carrying amount of those assets and liabilities at the reporting date.

Where specific assessments regarding the effects of COVID-19 and going concern had to be made. The Agency shall disclose information about those assumptions applied and uncertainties that exists.

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3. Property, plant and equipment

	2022		2021			
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Assets						
Furniture and fittings	5,418	2,393	3,025	5,158	1,904	3,254
Electronic hardware	2,594	2,455	139	2,447	2,358	89
Office equipment	1,864	1,167	697	1,595	917	678
Computer equipment	4,919	2,444	2,475	8,578	6,520	2,058
Lease hold improvements	3,531	3,101	430	3,531	2,703	828
Capitalised leased assets	3,032	2,718	314	3,032	2,422	610
Paintings	61	-	61	61	-	61
	21,419	14,278	7,141	24,402	16,824	-

The carrying amounts of property, plant and equipment can be reconciled as follows for 2022:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Adjustments	2022 Carrying value at end of year
Assets						
Furniture and fittings	3,254	261	(5)	(485)		3,025
Electronic hardware	89	147	-	(97)		139
Office equipment	678	271	-	(252)		697
Computer equipment	2,058	1,759	(115)	(1,227)		2,475
Lease hold improvements	828	-	-	(398)		430
Capitalised leased assets	610	-	(1)	(295)	-	314
Paintings	61	-	-	-		61
	7,578	2,438	(121)	(2,754)	-	7,141

The carrying amounts of property, plant and equipment can be reconciled as follows for 2021:

	Carrying value at beginning of year	Additions	Disposals	Depreciation		2021 Carrying value at end of year
Assets						
Furniture and fittings	3,350	392	(10)	(478)		3,254
Electronic hardware	159	23	-	(93)		89
Office equipment	457	444	(8)	(215)		678
Computer equipment	1,747	1,895	(165)	(1,419)		2,058
Lease hold improvements	1,226	-	-	(398)		828
Capitalised leased assets	789	-	-	(179)	-	610
Paintings	61	-	-	-		61
	7,789	2,754	(183)	(2,782)	-	7,578

Pledged as security

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

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4. Intangible assets-licences

	Cost	Accumulated amortisation	2022 Carrying value	Cost	Accumulated amortisation	2021 Carrying value
Computer software and licences	2,054	(1,895)	159	1,895	(1,801)	94
	<u>2,054</u>	<u>(1,895)</u>	<u>159</u>	<u>1,895</u>	<u>(1,801)</u>	<u>94</u>

The carrying amounts of intangible assets can be reconciled as follows for 2022:

	Carrying value at beginning of year	Additions	Amortisation	Disposals	2022 Carrying value at end of year
Computer software and licences	94	159	(94)	-	159
	<u>94</u>	<u>159</u>	<u>(94)</u>	<u>-</u>	<u>159</u>

The carrying amounts of intangible assets can be reconciled as follows for 2021:

	Carrying value at beginning of year	Additions	Amortisation	Disposals	2021 Carrying value at end of year"
Computer software	436	69	(411)	-	94
	<u>436</u>	<u>69</u>	<u>(411)</u>	<u>-</u>	<u>94</u>

5. Long-term land inventory

Land inventory-various		27,905	27,905
		<u>27,905</u>	<u>27,905</u>
Land purchased comprises, at acquisition value:			
Description			
Erf 13120 Queenstown		3,540	3,540
Portion 237 of 78 farm Hartbeestpoort No. 328JR		9,914	9,914
Portions 78, 89, 90, 151 Daspoort 319JR		7,158	7,158
Erf 10509 Cape Town		2,257	2,257
Farm755/2 & Erf 8093 Michael Heyns-Swartland Cape Town		5,036	5,036
		<u>27,905</u>	<u>27,905</u>

The land and properties are held for purposes of future Human Settlements developments. There is no immediate plans to develop on these properties.

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6. Land inventory various

Inventory purchased	388,198	422,398
	<u>388,198</u>	<u>422,398</u>
Description		
Portion 170 and portion 5 of Farm Roodeport 467 KR - Bela-Bela	65,400	65,400
Erf 1816 Bethlehem township	4,400	4,400
Erf 4919 Kroonstad Ext 30 township	3,300	3,300
Erf 5246 Kroonstad Ptn 5.6.7 &8	1,733	1,733
Erf 4049 Portion 20 Bethlehem	2,100	2,100
Erf 229 Kroonstad	2,338	2,338
Ptn of farm Welkom 41	4,366	4,366
Farm 654 Portion 1 Bloemfontein	10,200	10,200
Erf 2116 Portion 3 Bloemfontein	2,500	2,500
Erf 3726 De Aar Township Northern Cape	10,000	10,000
Erf 635 De Aar Emthanjeni Municipality	7,700	7,700
Erf 3994 - 4225 Modelkloof KZN	7,000	7,000
Portion 9 of Farm 787, 807 Cape Road, Western Cape	7,854	7,854
Erven 921,924,925,927-938, 940-941,17735,172883 Gugulethu, Western Cape	15,569	15,569
Farm 700 Business Zone 949, Cape Town, Western Cape	4,552	4,552
Erf 807,3108, 21400 Philippi	39,195	39,195
Erven 4061,4062,5636,5637 Hout Bay, Western Cape	45,354	45,354
Farm 791, 793 Cape Town, Western Cape	10,842	10,842
Portion 64 of Farm 787 Cape Town, Western Cape	6,365	6,365
Erven 35163 - 35174, 36148, 38368 Milnerton, Western Cape	64,965	64,965
Portion 34 of farm Schultz Vley No. 807	12,388	12,388
Erven 40076 & 40077 Goodwood City of Cape Town, Western Cape	8,546	8,546
Erven 17845, 243, 17847, 18093 and 17844 Knysna	1,700	1,700
Erf 14443 Strand, Western Cape	4,831	4,831
Erf 271, in extent 17,8984 East Buffalo City	-	34,200
Farm Elite 2630, in extent 214,1330 hectares Bloemfontein	45,000	45,000
	<u>388,198</u>	<u>422,398</u>

Various assets were acquired based on the signed agreement and carry a corresponding liability disclosed in Note 18.

7. Receivable from non-exchange transactions

Receivables	4,449	3,091
Staff debtors	2,699	2,084
Prepaid expense	47,443	353
Operating leases-smoothing receivables	4,675	4,405
Interest accrued	1,511	524
Provision for bad debts	(3,304)	-
	<u>57,473</u>	<u>10,457</u>

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8. Projects receivables

Projects receivables	<u>190,195</u>	<u>292,457</u>
	190,195	292,457
Details per province/municipality		
Buffalo City Metro Municipality	1,001	44,481
City of Johannesburg Municipality	31,903	3,086
City of Tshwane Municipality	2,445	1,653
Department of Water and Sanitation	-	50,429
Eastern Cape Provincial Government	-	5,965
Ekurhuleni Metro Municipality	6,926	7,206
Free State Provincial Government	5,400	-
Gauteng Provincial Government	23,993	139,230
Kwa-zulu Natal Provincial Government	8,329	7,552
Northern Cape Provincial Government	11,009	13,179
North West Provincial Government	85,189	19,696
Mpumalanga Provincial Government	14,501	14,501
SHRA	776	-
Western Cape Provincial Government	13,224	(20)
Sub-total	<u>204,696</u>	<u>306,958</u>
Provision for bad debts	<u>(14,501)</u>	<u>(14,501)</u>
	190,195	292,457
Provision for bad debts		
Mpumalanga matter	(14,501)	14,501
	<u>(14,501)</u>	<u>14,501</u>

9. Rental deposits

Rental deposit	1,454	1,382
	<u>1,454</u>	<u>1,382</u>

The rental deposit is refundable to the entity at the end of the lease term.

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10. Cash and cash equivalents

HDA	86,619	88,827
Projects*	1,878,693	1,148,423
Petty cash	60	57
	<u>1,965,372</u>	<u>1,237,307</u>

*Projects funds

	1,878,693	1,148,423
Department of Mineral Resources	158	-
Department of Water and Sanitation	17,422	-
Eastern Cape Provincial Government	674,172	-
City of Tshwane Municipality	-	5,474
Ekurhuleni Municipality	-	-
Free State Provincial Government	220,138	236,700
Gauteng	720,044	401,446
Kwa-Zulu Natal Provincial Government	85,170	74,849
Limpopo Provincial Government	43,588	198,653
Northern Cape Provincial Government	94,344	179,129
North West Provincial Government	3,142	17,371
Social Housing Regulatory Authority	424	705
Western Cape Provincial Government	20,091	34,096

11. Finance lease obligations

Lease of photocopiers and faxes with Konica Minolta and Bytes	-	246
	<u>-</u>	<u>246</u>
Repayable within one year, transferred to current liabilities	246	312
	<u>246</u>	<u>558</u>

Reconciliation between the total of the minimum lease payments and the present value:

Minimum lease payments	265	663
-No later than 1 year	265	398
-Later than 1 year and no later than 5 years	-	265
Future finance charges on finance leases	(19)	(105)
	<u>246</u>	<u>558</u>

12. Operating leases-Lessor

Rental Income

The future minimum property lease receipts escalating at 10% p.a.

	832	1,459
-No later than 1 year	832	1,380
-Later than 1 year and no later than 5 years	-	79



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13. Obligations under operating leases-Leasee

Office leases

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

Eastern Cape-East London Office

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

	5,507	-
-No later than 1 year	1,240	-
-Later than 1 year and no later than 5 years	4,267	-

Eastern Cape-Gqeberha Office

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

	303	-
-No later than 1 year	303	-
-Later than 1 year and no later than 5 years	-	-

Free State

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

	1,639	2,485
- No later than 1 year	914	846
- Later than 1 year and no later than 5 years	725	1,639

Gauteng

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

	18,494	1,649
- No later than 1 year	7,069	1,649
- Later than 1 year and no later than 5 years	11,425	-

Kwa-zulu Natal

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

	950	1,761
- No later than 1 year	877	811
- Later than 1 year and no later than 5 years	73	950

Limpopo

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

	505	134
- No later than 1 year	505	134
- Later than 1 year and no later than 5 years	-	-

Northern Cape

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

	3,669	-
- No later than 1 year	985	-
- Later than 1 year and no later than 5 years	2,684	-

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Obligations under operating leases-Leasee continued...

North West

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

	2,780	-
- No later than 1 year	1,167	-
- Later than 1 year and no later than 5 years	1,613	-

Western Cape

The future minimum office lease payments, which escalate at 9% p.a are as follows:

	2,125	5,593
- No later than 1 year	2,125	3,468
- Later than 1 year and no later than 5 years	-	2,125
	35,972	11,622

Lease terms and conditions per office

	Expiry date	Lease term
Eastern Cape-East London	26-03-2026	5 years
Eastern Cape-Gqeberha	30-06-2022	1.3 years
Free State	31-12-2023	5 years
Gauteng	31-10-2024	3 years
Kwa-zulu Natal	30-04-2023	5 years
Limpopo	30-11-2022	1.5 years
Northern Cape	31-07-2025	5 years
North West	30-06-2024	3 years
Western Cape	31-10-2022	5 years

14. Commitments-operations

Operational expenditure

- No later than 1 year	7,551	1,090
- Later than 1 year and no later than 5 years	-	1,154
	7,551	2,244

These are contractual commitments that are related to professional services and operational commitments. During the period, certain services were terminated.



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15. Payables from exchange transactions

Payables	39,231	14,652
Employee's leave payable	11,219	9,945
Accruals	327	78,777
	<u>50,777</u>	<u>103,374</u>

Employee's leave payable is reconciled as follows:

Carrying amount beginning of year	9,945	7,641
Increase/decrease in leave payable	4,304	4,584
Amounts incurred and charged against the leave account	(3,030)	(2,280)
Carrying amount at end of year	<u>11,219</u>	<u>9,945</u>

The leave payable on termination is expected to realise during the 2023 financial year. The leave on termination was not discounted as the amount is already reflected at its present value at the reporting date and that the impact of discounting is (impractical as time is uncertain) and immaterial. When the amount payable for leave is calculated, it is based on the employees' salary scales as at the reporting date, but when the payable realises during the 2023 financial year, it may realise at the employees' new salary scales as per the HDA Human Resources policy.

16. Projects Payables

Payables	554,723	465,525
Project payables	<u>554,723</u>	<u>465,525</u>

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

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17. Projects obligations

Projects obligations	<u>1,294,979</u>	<u>671,149</u>
	1,294,979	671,149
Details per province/municipality		
Department of Water and Sanitation	7,515	50,429
Department of Mineral Resources	158	158
Buffalo City Municipality	1,647	58
City of Johannesburg Municipality	5,927	1,196
City of Tshwane Municipality	9,315	5,930
Eastern Cape Provincial Government	647,862	-
Ekurhuleni Municipality	20,748	17,147
Free State Provincial Government	164,727	144,555
Gauteng Provincial Government	280,655	179,293
Kwa-Zulu Natal Provincial Government	43,743	39,617
Limpopo Provincial Government	19,098	181,485
North West Provincial Government	80,451	37,614
Western Cape Provincial Government	12,031	12,963
Social Housing Regulatory Authority	1,100	704
	<u>1,294,979</u>	<u>671,149</u>

Below is a reconciliation of each project obligation:

2022

	Department of Water and Sanitation	Department of Mineral Resources	Buffalo City Municipality	City of Johannesburg Municipality	City of Tshwane Municipality	Eastern Cape Provincial Government	Ekurhuleni Municipality	Free State Provincial Government
Opening balance	50,429	158	58	1,196	5,930	(1,382)	17,147	144,555
Invoices raised prior year	(50,429)	-	(44,481)	(3,086)	(1,653)	-	(7,206)	-
Cash received	50,429	-	126,617	66,864	7,289	792,141	8,515	142,038
Interest earned	300	-	31	-	-	6,112	-	6,872
Amount owing	-	-	1,001	31,903	2,445	(23)	6,926	5,400
Expenditure	(43,214)	-	(81,579)	(90,948)	(4,696)	(148,986)	(4,634)	(134,138)
Transfer to Province				-				
Transfer to National Treasury				-				
Closing balance	<u>7,515</u>	<u>158</u>	<u>1,647</u>	<u>5,929</u>	<u>9,315</u>	<u>647,862</u>	<u>20,748</u>	<u>164,727</u>

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2022 - continued

	Gauteng Provincial Government	Kwa-zulu Natal Provincial Government	Limpopo Provincial Government	North West Provincial Government	Western Cape Provincial Government	Social Housing Regulatory Authority	Total
Opening balance	179,293	39,617	181,485	37,614	12,963	705	669,768
Invoices raised prior year	(139,230)	(7,552)	-	(19,696)	20	-	(273,333)
Cash received	1,616,520	27,190	44,336	-	21,821	-	2,903,760
Interest earned	12,027	2,673	1,097	411	988	18	30,529
Amount owing	23,993	8,329	-	85,189	13,224	775	179,182
Expenditure	(1,411,948)	(26,514)	(122,253)	(23,067)	(24,906)	(398)	(2,117,281)
Transfer to Province	-	-	(85,567)	-	(12,079)	-	(97,646)
Closing balance	280,655	43,743	19,098	80,451	12,031	1,100	1,294,979

2021

	Department of Water & Sanitation	Department of Mineral Resources	City of Johannes burg Municipality	City of Tshwane Municipality	Ekurhuleni Municipality	Free State Provincial Government	Gauteng Provincial Government
Opening balance	-	2,928	-	-	33,895	69,041	83,488
Invoices raised prior year	-	-	-	-	(62,438)	-	(11,870)
Cash received	-	-	11,710	45,513	103,236	233,980	583,217
Interest earned	-	-	-	-	-	1,635	4,205
Amount owing	50,429	-	3,086	1,653	7,206	-	139,230
Cancelled invoice	-	-	-	-	-	-	-
Expenditure	-	(1,471)	(13,600)	(41,236)	(64,752)	(97,316)	(610,717)
Transfer to Province	-	-	-	-	-	(52,000)	-
Transfer to National Treasury	-	(1,299)	-	-	-	(10,785)	(8,260)
Closing balance	50,429	158	1,196	5,930	17,147	144,555	179,293

	Kwa-zulu Natal Provincial Government	Limpopo Provincial Government	North West Provincial Government	Western Cape Provincial Government	Social Housing Regulatory Authority	Buffalo City	Total
Opening balance	61,041	70,789	19,302	37,592	-	6,079	384,155
Invoices raised prior year	(156)	-	(19,696)	(20,605)	-	-	(114,765)
Cash received	31,744	226,092	30,000	40,013	704	94,305	1,400,514
Interest earned	2,291	4,108	71	1,704	-	-	14,014
Amount owing	7,552	-	19,696	(20)	-	44,481	273,313
Cancelled invoice	-	-	-	-	-	(6,079)	(6,079)
Expenditure	(19,365)	(105,837)	(11,759)	(25,733)	-	(138,728)	(1,130,514)
Transfer to Province	-	(4,693)	-	-	-	-	(56,693)
Transfer to National Treasury	(43,491)	(8,974)	-	(19,988)	-	-	(92,797)
Closing balance	39,616	181,485	37,614	12,963	704	58	671,149

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18. Land inventory obligation

Properties held on behalf of provinces

388,198

422,398

The HDA acquired land and properties on behalf of other organs of the state. The HDA is obliged to release the acquired land and properties based on signed agreements.

19. Payable to National Treasury

In April 2021, the agency received an instruction from National Treasury to return unspent Provincial projects funds. The agency has accrued for R195m. This was an instruction from the National Treasury as a result of section 17 of the Division of Revenue Act (DORA) non-compliance.

Amount accrued

195,834

195,826

195,834

195,826

Below is the breakdown per province

Gauteng Provincial Government

8,260

8,260

Kwa-Zulu Natal Provincial Government

43,490

43,490

Free State Provincial Government

10,785

10,785

Limpopo Provincial Government

8,974

8,974

Northern Cape Provincial Government

104,337

104,329

Western Cape Provincial Government

19,988

19,988

195,834

195,826

20 Revenue from non-exchange transactions-operational grants

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

Transfer from controlling entity

235,379

233,604

235,379

233,604

Revenue from exchange transactions-conditional grants

Provinces support conditional grant

99,631

107,190

99,631

107,190

Free State Provincial Government

6,836

11,776

Gauteng Provincial Government

-

15,841

Kwa-Zulu Natal Provincial Government

25,288

19,377

Limpopo Provincial Government

19,386

24,218

Northern Cape Provincial Government

4,040

4,790

North West Provincial Government

21,565

8,386

Western Cape Provincial Government

22,516

22,802

99,631

107,190

The grant received covers corresponding expenditure for the province's projects and certain amount earned, which is in investment income.

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21. Revenue from exchange transactions-project management fees

Management fees	37,771	13,529
	<u>37,771</u>	<u>13,529</u>
Buffalo City Municipality	3,051	4,993
City of Johannesburg Municipality	-	645
City of Tshwane Municipality	-	1,907
Eastern Cape Provincial Government	6,818	184
Ekurhuleni Municipality	-	1,359
Free State Provincial Government	7,288	-
Gauteng Provincial Government	6,761	2,620
Head Office	11,566	-
Limpopo Provincial Government	319	-
Northern Cape Provincial Government	1,897	1,664
North West Provincial Government	71	157
	<u>37,771</u>	<u>13,529</u>

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

22. Interest income

Interest received-HDA	4,374	1,557
Interest received-Projects current accounts	-	3
	<u>4,374</u>	<u>1,560</u>

23. Other income

Rental income	3,692	3,162
Insurance claims	70	682
	<u>3,762</u>	<u>3,844</u>

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24. Operating expenses

Accounting other services	1,426	954
Advertising and marketing	1,958	2,944
Agency support-outsourcing	847	1,443
Bad debts	3,304	-
Depreciation	2,758	2,803
Amortisation	94	387
Assets below R5000 expensed	858	235
Auditors remuneration	1,207	2,658
Bank charges	158	108
Board costs	2,477	465
Catering	2,044	1,589
Communications	726	827
Computer expenses	8,248	6,908
Consultants	15,762	3,851
Contractors-operational	5,618	7,639
Insurance	1,095	1,119
Leasing charges	1,397	1,706
Legal fees	25,696	12,710
Office rentals	15,684	12,726
Penalties	21	8
Printing, publications and stationery	826	694
Repairs and maintenance	227	486
Repairs-office refurbishment	1,212	37
Staff recruitment^	4,086	3,444
Staff welfare	637	1,335
Other office expenses	1,115	1,457
Temporary staff	10,691	1,810
Training and staff development	726	979
Travel and accommodation	15,553	7,398
	<u>126,679</u>	<u>78,720</u>

The above expenditure includes certain expenses that are covered by the Provinces support conditional grant on note 20. ^Variance explanation is on note 37.4

25. Land and related costs

Insurance	32	32
Maintenance costs	1,038	2,322
Conveyancing and valuation costs	7,479	6,354
Projects operational contractors	3,102	3,182
Development planning and feasibility studies	-	22
	<u>11,651</u>	<u>11,912</u>

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26. Technical and support services

Technical consultants	58,644	35,489
Professional resource teams	-	3,384
	<u>58,644</u>	<u>38,873</u>

27. Finance costs

Finance leases	88	143
	<u>88</u>	<u>143</u>

The HDA entered into a finance lease agreement for photocopier machines. The lease agreement will expire during the 2023 financial year. A capital portion of the lease is disclosed in current liabilities in the statement of financial position.

28. Employee costs

Basic salary	147,322	134,466
Labour settlement [^]	-	4,681
Leave payable	3,169	4,586
Allowances	3,940	3,984
Employer's contributions	16,778	16,892
Other payroll expenses-COIDA	1,188	40
	<u>172,397</u>	<u>164,649</u>

Detailed employee costs per funding

Transfer from controlling entity	99,703	95,502
Provinces support conditional grant	72,694	69,147
	<u>172,397</u>	<u>164,649</u>



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29. Related party transactions

Relationship

Controlling entity

Administrators

National Department of Human Settlements.

Mr D Chainee (from 01 April 2021 to 04 July 2021)

Dr A Mahapa (05 July 2021 to 30 November 2021)

Board members

Dr T Ratshitanga Chairperson (from 26 November 2021 to date)

Ms M Dumakude Deputy Chairperson (from 26 November to date)

Ms N Maharaj (from 26 November 2021 to date)

Dr M Soni (from 26 November 2021 to date)

Mr R Makan (from 26 November 2021 to date)

Ms M Tshabalala (from 26 November to 28 February 2022)

Audit and Risk Committee

Ms SY Boulton -Chairperson (from 01 April 2021 to date)

Mr S Faku (from 16 April 2021 to 31 March 2022)

Ms W Dukuza (from 16 April 2021 to 30 September 2021)

Ms M Dumakude (from 14 December 2021 to date)

Ms N Maharaj (from 14 December 2021 to date)

Ms W Dukuza (from 16 July 2021 to 30 September 2021)

Corporate Support and Remuneration Committee

Dr M Soni - Chairperson (from 14 December 2021 to date)

Dr T Ratshitanga (from 14 December 2021 to date)

Ms M Dumakude (from 14 December 2021 to date)

Mr R Makan (from 14 December 2021 to date)

Land, Properties and Projects Development Committee

Ms M Dumakude - Chairperson (from 14 December 2021 to date)

Dr T Ratshitanga (from 14 December 2021 to date)

Dr M Soni (from 14 December 2021 to date)

Ms N Maharaj (from 14 December 2021 to date)

Social and Ethics Committee

Mr R Makan (from 14 December 2021 to date)

Dr M Soni (from 14 December 2021 to date)

Ms M Tshabalala (from 14 December to 28 February 2022)

Ms N Maharaj (from 14 December 2021 to date)

Executive and senior management

Ms D Ngoasheng - Head National Planning & Programmes Design,-
Acting Chief Executive Officer (from 01 September 2021 to date)

Mr S Mlotshwa - Projects Finance Manager, Acting Chief Financial
Officer (from 01 March 2022 to date)

Mr NS Poya - Chief Operations Officer

Ms A Asvat - Human Resource Manage,-Acting Head Corporate
Support (01 September 2021 to date)

Ms R Issel - Head: Corporate Support

Mr JB Minnie - Head Spatial Information Analysis

Mr LS Rakgoale - Regional Head: Region B

Mr BM Khoza - Regional Head: Region C

Mr P Mbulawa - Regional Head: Region A

Ms M Van Eck-Head - Strategic Support

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Executive and senior management remuneration

Employees acting in executive positions	Basic salary	Pension/provident fund	Total cost	Risk benefits & Co.contr	Allowances	Bonus	Total expenditure
Mr S Mlotshwa Projects Finance Manager - Acting CFO (from 1 March 2022 to date)	-	-	-	-	13	-	13
Ms M Tsehla Finance Manager Acting CFO (1 April 2021-31 January 2022)	-	-	-	-	179	-	179
Total acting executive management remuneration	-	-	-	-	192	-	192

Senior Management	Basic salary	Pension/provident fund	Total cost	Risk benefits & Co.contr	Allowances	Bonus	Total expenditure
Ms R Issel Head: Corporate Support	2,179	184	2,363	36	22	-	2,421
Mr BM Khoza Regional Head Region C	1,856	157	2,013	33	148	-	2,194
Ms VM Mashiane- Regional Head- Region B	2,260	251	2,511	46	22	-	2,579
Mr P Mbulawa Regional Head- Region A	1,381	117	1,498	23	22	-	1,543
Mr JB Minnie Head Spatial Information Analysis	1,743	147	1,890	29	128	-	2,047
Mr LS Rakgoale Head: Land Management	1,735	147	1,882	29	22	-	1,933
Ms M Van Eck Head Strategic Support	1,872	208	2,080	39	22	-	2,141
Total Senior Management Remuneration	13,026	1,211	14,237	235	386	-	14,858

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Entities under common control*

National Housing Finance Corporation
Estate Agency Affairs Board
Community Schemes Ombud Services
National Home Builders Registration Council
Social Housing Regulatory Authority

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

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

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

	Operational grant received		Amounts owed by the related party at year-end	
	2022	2021	2022	2021
National Department of Human Settlements	235,379	233,604	-	-

National Department of Human Settlements

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

30. Executive and senior management remuneration

2022

Executive members	Basic salary	Pension/provident fund	Total cost	Risk benefits & Co.contr	Allowances	Bonus	Total expenditure
Mr NS Poya Chief Executive Officer (Acting) (from 1 April 2021 to 31 August 2021)	2,603	289	2,892	51	205	-	3,148
Ms DN Ngoasheng Chief Executive Officer (Acting) (from 1 September 2021 to date)	2,051	173	2,224	34	217	-	2,475
Mr KB Mosehla Acting Chief Financial Officer (from 22 May 2020 to 17 May 2021)	510	-	510	-	-	-	510
Total executive management remuneration	5,164	462	5,626	85	422	-	6,133

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Executive and senior management remuneration

Employees acting in senior management positions	Basic salary	Pension/ provident fund	Total cost	Risk benefits & Co.contr	Allowances	Bonus	Total expenditure
Ms A Asvat Human Resource Manager -Acting Head Corporate Support	-	-	-	-	110	-	110
Ms L Thaanyane Provincial Manager Free State Acting Regional Manager Region C	-	-	-	-	90	-	90
Total acting senior management remuneration	-	-	-	-	200	-	200
Total	18,190	1,673	19,863	320	1,200	-	21,383

2021

Executive members	Basic salary	Pension/ provident fund	Total cost	Risk benefits & Co.contr	Allowances	Bonus	Total expenditure
Mr Mikki Xayiya Chief Executive Officer (Acting) (from 4 February 2020)	3,266	-	3,266	-	20	-	3,266
Mr KB Mosehla Acting Chief Financial Officer (from 22 May 2020 to 17 May 2021)	2,330	257	2,587	28	22	-	2,637
Total executive management remuneration	5,596	257	5,853	28	42	-	5,923

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Executive and senior management remuneration

2021

Executive members	Basic salary	Pension/ provident fund	Total cost	Risk benefits & Co.contr	Allowances	Bonus	Total expenditure
Ms R Issel Head: Corporate Support	2,109	178	2,287	33	22	165	2,507
Mr JB Minnie Head: Spatial Information analysis [^]	1,688	143	1,831	26	22	-	1,879
Mr LS Rakgoale Head: Land	1,680	142	1,822	26	22	-	1,870
Mr BM Khoza Head: Region C	1,797	152	1,949	28	44	-	2,021
Ms D Ngoasheng Head: Programmes Planning and Design	1,985	168	2,153	31	22	153	2,359
Ms M Van Eck Head: Strategic Support	1,976	207	2,183	27	22	-	2,232
Mr NS Poya Chief Operations Officer	1,890	217	2,107	30	17	-	2,154
Ms VM Mashiane Head: Region B	1,276	147	1,423	20	13	-	1,456
Mr P Mbulawa Head: Region A	334	16	350	10	72	-	432
Total senior management remuneration	14,735	1,370	16,105	231	256	318	16,910
Total	20,331	1,627	21,958	259	298	318	22,833

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31. Non-executive members

Non-executive members of the accounting authority

Dr T Ratshitanga (26 November 2021 to date)	217	-
Ms M Dumakude (26 November 2021 to date)	196	-
Ms N Maharaj (26 November 2021 to date)	112	-
Dr M Soni (26 November 2021 to date)	120	-
Mr MSMM Xayiya (10 February 2021 to 22 February 2021)	-	15
Adv MP Motlogelwa (from 11 November 2019 to 22 February 2021)	-	125
Ms ZI Moon (from 11 November 2019 to 22 February 2021)	-	72
Ms CAZ Mkhize (from 11 November 2019 to 22 February 2021)	-	115
Total non-executive members	645	327

During the period 01 April 2021 to 26 November 2021, the Agency was managed by 2 Administrators. Mr Chaineé was appointed as Administrator from 1 April 2021 to 04 July 2021, and Dr Mahapa was appointed as Administrator from 05 July 2021 to 30 November 2021. On the 26th of November 2021, the Minister of Human Settlements appointed the Board.

Audit and Risk Committee

Ms SY Boulton	158	110
Mr S Faku	66	-
Ms W Dukuza	39	-
Total Audit and Risk Committee	263	110

Administrator

Dr A Mahapa	1,043	-
Total Administrator	1,043	-

Mr D Chaineé was seconded in terms of Section 31 (4) of the HDA Act, 23 of 2008.

The secondment is at no additional costs to the Agency. The secondment ended on 4 July 2021.

Dr A Mahapa was seconded to the HDA as an Administrator from 5 July 2021.

32. Cash generated from operations

Netsurplus	11,345	109,719
Adjustment for:		
Depreciation	2,754	2,782
Amortisation	94	411
Interest received	(4,374)	(1,560)
Proceeds on disposal of property, plant and equipment	(20)	-
Deficit on disposal of property, plant and equipment	114	(19)
Interest accrued	-	524
Finance costs	88	143
Impairment of receivables	3,304	-
	13,305	112,000



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Movements in working capital

Increase in payables

(99,613)

63,498

Decrease in provisions

(52,597)

79,906

Increase in receivables

-

(16,175)

(47,016)

(233)

Cash utilised in operations

(86,308)

175,498

33. Contingent liabilities

Contingent liabilities

114,643

133,537

114,643

133,537

Labour related matters

13,490

7,950

Land related matters

81,000

82,000

Other litigations

20,153

43,587

114,643

133,537

Labour related matters

The Agency currently has a number of labour-related actions which are ongoing.

Land related matters

KZN Land Purchase Dispute.

This matter relates to a court application received in December 2020 relating to a landowner seeking an order directing the HDA to purchase land for R17 Million or the court to order the HDA to expropriate the Land.

WC Land Purchase Dispute.

This matter relates to a court application on the alleged irregular transfer of various properties bought by the HDA, on which there is a court action. The contingent liability in this court action amounts to R64 Million.

Other litigations

These are matters that relate to various litigations against the agency by service providers.

34. Comparative figures

No comparative figures were reclassified in the current period.

35. Events after reporting date

On 11 May 2022, the Cabinet approved the appointment of Mr Bheki Khenisa as CEO and Ms Joy Masemola as CFO of the Agency.

Mr Khenisa commenced his duties on 1 June 2022, and Ms Masemola commenced her duties on 1 July 2022.

On 8 June 2022, the Minister appointed Mr N Vimba to the HDA Board.



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36. Irregular, fruitless and wasteful expenditure

Fruitless and wasteful expenditure

Opening balance	17,395	17,387
Fruitless and wasteful expenditure - current year	21	8
Less amounts condoned	-	-
Closing balance	17,416	17,395

Below are the details of the fruitless and wasteful expenditure above.

Detail	Amount	Action taken
Penalty on late payments of invoices.	21	Management has imposed stricter controls to ensure invoices are paid timeously.
Total	21	

Irregular expenditure

Opening balance	129,937	114,499
Amounts not deemed irregular	-	-
Payments made on prior year irregular contracts	-	6,492
Irregular expenditure -current year	6,198	8,946
Irregular expenditure	136,135	129,937

Below are the details of the Irregular expenditure above

Detail	Amount	Action taken
Non-compliance with National Treasury regulations and SCM processes.	6,198	The Irregular, Fruitless and Wasteful registers were not effectively maintained during the year and resulted in the expenditure on these matters. In addition the internal controls and application of required policies and prescripts in SCM were not applied and complied with in the HDA.

Total Irregular, fruitless and wasteful expenditure	153,551	147,332
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37. Budget statement review

37.1 Operational and Capital Conditional Grants

These are grants received by the HDA based on agreements entered with Provinces and Municipalities. An under-recovery of the grant funding is due to a slow response by provinces to transfer funds to the Agency.

37.2 Projects management fees

Project management fees are amounts earned and received by the Agency in respect of programme and project management activities and functions undertaken in a Province or Municipality on capital projects. An under-recovery is due to the slow implementation of projects.

37.3 Land & related costs

Budgeted costs are based on projected requests for land valuations and land purchases from provinces and holding costs for owned properties. The Agency had anticipated purchases of two buildings which would have increased holding for the management of the properties. The sale or transfer of the properties has not been finalised.

37.4 Operating expenses

Operational expenses cover both head office and regional spending. The operating expenses of the HDA are funded from the Operational Grant received from the Department of Human Settlements and Operational Capital Grant transfers and payments by Provinces and Municipalities, from the Human Settlements Development Grant and/or Urban Settlements Development Grant.

The Agency has reported a 7% underspending in operational cost as some of the projects were done in-house. There was also a huge saving in rental payments as the Agency relocated to new offices in November 2021, which offered lower rates.

37.5 Technical and project services

Underspending is due to the slow implementation of projects. The Agency implements projects based on instructions from the funders, and in certain cases, those instructions are not forthcoming timeously.

37.6 Employee costs

Underspending is due to vacancies on critical positions of CEO and CFO in the financial year. The Agency has also put a moratorium on recruitment whilst a structure is under review.

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

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

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Notes to the Annual Financial Statements

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Note(s)

2022

2021

The maturity analysis of payables at reporting date were as follows:

Payables

Not past due	586,485	460,655
Past due 60 days	3,015	2,506
Past due 90 days	1,851	12,795

Finance lease obligations

Projected repayment - less than 1 year	246	312
Projected repayment- 31 March 2021	-	246

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 risks. The entity is only exposed to interest rate risk. See cash and cash equivalents below.

Interest Rate Risk

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits.

This is a risk that fair value or future cash flows from financial instruments will fluctuate as a result of changes in the market interest rates. Values in the financial instruments may change, thus resulting in both potential gains and losses. The HDA's activities do not expose it to significant market interest rate risks. Therefore, there are no procedures in place to mitigate these risks.

Cash in the bank account is kept at a minimum in order to maximise interest earned on cash.

The HDA has invested any surplus cash in a short-term money market account. The interest rates on this account fluctuates in line with movements in current money market rates.

Credit Risk

Credit risk consists mainly of cash deposits, cash and cash equivalents, derivative financial instruments and trade debtors. The HDA deposits cash only with major banks with high-quality credit standing and limits exposure to any other counterparty.

The HDA receives grant funding from the government through the National Department of Human Settlements; therefore, its exposure to credit risk is minimal.

Receivables

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

Receivables

Not past due	47,106	468,203
Past due 60 days	9,278	622
Past due 90 days	130,549	9,061

THE HOUSING DEVELOPMENT AGENCY

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Notes to the Annual Financial Statements

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2021

Cash and Cash equivalents

Cash and deposits are regarded as having insignificant credit risk. The balances of cash and cash equivalents are as follows:

Bank	Type	Interest rate%	Balance as at 31 March 2022	Balance as at 31 March 2021
Absa	Current account	2	438,385	74,515
Absa	Money Market Call	4.7	156,516	252,268
First National Bank	Current account	3	26,344	7,351
First National Bank	Corporate cheque account	3	4,883	2,833
First National Bank	Commercial Nstd Call	3.5	32,232	82,357
First National Bank	Commercial Money Market	4.5	367,563	425,044
Standard bank	Current account	2	57,497	56,027
Nedbank	Current account	2	468,213	152,790
Nedbank	Money trader	5.1	413,679	184,051
	Extra Income ABIL			
Stanlib	Retention Fund	1	-	14
Petty cash	Cash	0	60	57
			<u>1,965,372</u>	<u>1,237,307</u>

Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Receivables and sundry receivables	54,795	8,422
Bursaries paid	<u>2,678</u>	<u>2,035</u>
	<u>52,473</u>	<u>10,457</u>

Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Payables	50,777	103,374
Designated income received in advance	<u>1,294,979</u>	<u>671,149</u>
	<u>1,345,756</u>	<u>774,523</u>



Notes to the Annual Financial Statements

Figures in R'000

Note(s)

2022

2021

39. Going concern

Management has every reason to believe that the Agency has adequate resources in place, the necessary fiscal backing as supported by the approved MTEF allocation and various signed funding agreements and implementation protocols in place to fund the HDA and to continue in operation for the foreseeable future.

There is no known or reported intention by Parliament to repeal the HDA Act that may cast any real material uncertainty onto the Agency's continued existence.

40. Prior period adjustment

During the investigations and corrections of the clearing accounts, It came to our attention that certain transactions in the clearing accounts did not reflect in the statement of financial performance as they were supposed to. As these were items relating to the prior year, the correction was done in the current year to statement of changes in equity.

The following entries were put through

Statement of changes in equity

Prior period adjustment

1,047

Clearing accounts

(1,047)

-

THE HOUSING DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2022



Detailed Statement of Financial Performance

Figures in R'000

Note(s)

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2021

Revenue

Grants received	335,010	340,794
Operational grant - Free State	6,836	11,776
Operational grant - Gauteng	-	15,841
Operational grant - Kwa-zulu Natal	25,288	19,377
Operational grant - Limpopo	19,386	24,218
Operational grant - North West	21,565	8,386
Operational grant - Northern Cape	4,040	4,790
Operational grant - Western Cape	22,516	22,802
Operational grant received from the National Department of Human Settlements	235,379	233,604
Project management fees	37,771	13,529
Gross revenue	372,781	354,323
Other Income		
Investment income	4,374	1,560
Other income	3,762	3,844
	8,136	5,404

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Detailed Statement of Financial Performance

Figures in R'000

Note(s)

2022

2021

	<u>380,917</u>	<u>359,727</u>
Expenditure		
Accounting other services	1,426	954
Advertising and marketing	1,958	2,944
Agency Support - Outsourcing	847	1,443
Amortisation - Intangible assets	94	387
Assets under R5000	858	235
Auditors remuneration	1,207	2,658
Bad debts	3,304	-
Bank charges	158	108
Board costs (fees and travel)	2,477	465
Catering	2,044	1,589
Communications	726	827
Computer expenses	8,248	6,908
Consultants	15,762	3,851
Consultants - technical	58,644	38,873
Contractors - Operational	5,618	7,639
Deficit on disposal of property, plant and equipment	114	(19)
Depreciation - property, plant and equipment	2,754	2,803
Finance costs	88	143
Insurance	1,095	1,119
Land & related costs	11,651	11,912
Leasing charges	1,397	1,706
Legal fees	25,696	12,710
Office rentals	15,684	12,726
Other office expenses	1,118	1,457
Penalty	21	8
Printing, publications and stationery	826	694
Repairs and maintenance	227	486
Repairs refurbishment - offices	1,212	37
Salaries	172,397	164,649
Staff recruitment	4,086	3,444
Staff welfare	637	1,335
Temporary staff	10,691	1,810
Training and staff development	726	979
Travel and accommodation	15,553	7,398
	<u>369,572</u>	<u>294,278</u>
Surplus from grant funding	<u>11,345</u>	<u>65,449</u>
Refund from Ekurhuleni	-	44,270
Surplus for the year	<u>11,345</u>	<u>109,719</u>



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