No.0436 - 2023: Fifth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Monday, 04 December 2023

**ANNOUNCEMENTS**

none

**TABLINGS**

none

**COMMITTEE REPORTS**

**1. The Chairperson of the Human Settlements Portfolio Committee, Hon. A A Ndlovana, tabled the Committee’s Oversight Report on the Annual Report of the Department of Human Settlements incl. Entity for the 2022/2023 financial year, as attached:**



**Portfolio Committee Oversight Report on the Annual Report of the Department Human Settlements for the 2022/23 Financial Year**

| **Committee Details** | | **Department Details** | | |
| --- | --- | --- | --- | --- |
| **Name of Committee** | **Human Settlements Portfolio Committee** | **Name of Department** | **Department of Human Settlements** | |
| **Which Financial Year** | **2022/23 FY** | **Dept. Budget Vote Nr.** |  | |
|  |  | **Vote 8** | **MEC Lebogang Maile** | |
| **Committee Approvals** | | | | |
|  | **Name** | **Signed** | | **Date** |
| **Hon. Chairperson** | **Hon. Alphina Ndlovana** |  | | **23 November 2023** |
| **Adoption and Tabling** | | | | |
| **Date of Final Adoption by Committee** | | **Scheduled date of House Tabling** | | |
| **23 November 2023** | | **05 December 2023** | | |

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# ACRONYMS

ABT Alternative Building Technology

AFS Annual Financial Statements

APP Annual Performance Plan

ARA Affordable Rental Accommodation

BCM Budget Cycle Model

CBP Community Based Programme

CG Conditional Grant

CHH Child-Headed Households

CoE Compensation of Employees

CRU Community Residential Unit

EPWP Expanded Public Works Programme

EXCO Executive Council

FLISP Finance-Linked Individual Subsidy Programme

FY Financial Year

GPF Gauteng Partnership Fund

GPG Gauteng Provincial Government

GPL Gauteng Provincial Legislature

IRDP Integrated Residential Development Programme

HSCG Human Settlements Conditional Grant

MEC Member of the Executive Council

MHD Mixed Housing Development

MOU Memorandum of Understanding

MTPBS Medium Term Policy Budget Statement

MTEF Medium Term Expenditure Framework

MYHDP Multi-Year Housing Development Plan

NHBRC National Home Builders Registration Council

NYDA National Youth Development Agency

PDAs Priority Development Areas

PEBA Programme Evaluation and Budget Analysis

PFMA Public Finance Management Act

PI Performance Indicator

PoE Portfolio of Evidence

PWDs People with Disabilities

SCM Supply Chain Management

SHI Social Housing Institutions

SLA Service Level Agreement

URP Urban Renewal Programme

**Human Settlements Portfolio Committee**

**05 December 2023,**

I, Hon. Alphina Ndlovana Chairperson: Human Settlements Portfolio Committee tables the Committee Oversight Report on the Gauteng Department of Human Settlements Annual Report for the 2022/23 Financial Year, as follows:

# EXECUTIVE SUMMARY

The - Vote 8 allocation expenditure trends against the adjusted appropriation and Final Appropriation of R6 407 739 000.00 for the 2022/23 FY across the Department’s four (4) key programmes, highlighting under/over-expenditure incurred.

The Department’s total expenditure for the period ending 31 March 2023 was R6 347 747 000. 00, recording an underspending of R59 992 000.00 of the total allocation. The Department spent 99.% of the budget allocation in the 2022/23 FY. The 99% expenditure as at the end of the FY is within the PFMA regulations however that remaining 5% would have made a huge difference in delivering services to the people.

The Department’s expenditure per programme in the 2022/23 FY wash as follows:

* **Programme 1- Administration:** The final allocation for this programme was R769 512 000.00. The total expenditure for Programme 1 remains R723 897 000.00 (94.1%) by the end of the FY under review. This reflects an under-expenditure amounting to R 45 615 000. 00 (5,9%).
* **Programme 2 - Housing Needs, Planning and Research:** The allocation for this programme was R21 368 000. The programme spent R16 million (75%) of the allocated budget, reflecting an under-expenditure amounting to R 5 361 000.00 (25,1%).
* **Programme 3 - Housing Development:** The allocation for this programme was 5 299 571 000.00. The actual expenditure incurred was R5 291 532 000 (99%) reflecting an under-expenditure amounting to R236 023 000.00 (0,2%).
* **Programme 4 - Housing Assets Management and Properties Management:** The Voted Allocation for this programme was R317 288 000.00. It is reported that the actual expenditure incurred was R316 311 000 (99.7%) reflecting an under-expenditure amounting to R977 000.00 (0,3%).

The Portfolio Committee noted the audit outcomes for the Gauteng Department of Human Settlements for this financial year (2022/23 FY) have improved when compared to the previous 3 years from qualified to unqualified with findings. The qualification on assets from the prior year improved in the current year. The department was able to address the prior year’s qualification matters by making information available, making use of experts for revaluation of capital work in progress, write-offs, and adjustments to Audited Financial Statements (AFS).

The Gauteng Partnership Fund (GPF), the audit outcome is financially unqualified audit opinion with material findings on audit of performance information.

Furthermore, the committee noted that the audit outcome for the Gauteng Housing Fund for 2022/23 FY has remained unchanged as a disclaimer opinion on the financial statements. This was due to material misstatements on the annual financial statements submitted for audit. Review controls throughout the year need to improve.

Furthermore, the Portfolio Committee expected that during this reporting the core programme of the department had most targets that were not met due to the nature of projects being implemented. There are instances where expenditure was incurred, however, there were no outputs realised. Delays in terms of appointment of service providers also featured a lot as a reason for not achievement of targets in the report. Some of the targets that were not achieved are concerning as the department has been struggling to achieve them for quite some time such as Number of households that received subsidies through Finance Linked Individual Subsidy Programme (FLISP), Number of serviced erven released over to beneficiaries as per the Rapid Land Release Programme, Number of units completed in hostel redevelopment projects per financial year, Number of identified projects implemented in the URP areas per financial year, Number of informal settlements upgraded to Phase 3 of the Upgrading of Informal Settlements Programme (UISP), Number of top structures completed i.r.o. incomplete/abandoned/blocked housing projects, Number of pre-1994 title deeds registered to name a few. These are concerning because these are the targets that are meant to be achieved in order for the mandate of the department to realised.

1. **INTRODUCTION**

The Gauteng Department of Human Settlements’ (GDHS) submitted its Annual Report for the 2022/23 Financial Year (FY) to the Gauteng Provincial Legislature (GPL) as part of the accountability process. This was done in accordance with Section 65(1) (a) of the Public Finance Management Act (PFMA), 1999 (Act No. 29 of 1999).

The purpose of this report is to assess the Department’s financial and service delivery performances during the FY under review in line with its Annual Performance Plan (APP). As prescribed by the Sector Oversight Model (SOM), the Committee’s focus for the annual report should be on the priorities and inputs set aside by the Department towards the realisation of outputs and outcomes. Quarterly reports help to promote continuous accountability and create an environment where efficiency and effectiveness in achieving those outcomes is realised. Furthermore, this report is structured into various sections that include among others, oversight on strategic priorities, oversight on technical performance, oversight on budget expenditure and performance verification, and ultimately the Auditor General’s report.

The Annual Report should be aligned with the Annual Performance Plan’s revised targets as aligned to the allocation stipulated in the Gauteng Provincial Government: Estimates of Provincial Expenditure & Estimates of Capital Expenditure for 2022/23 FY. The Portfolio Committee had to scrutinise whether the budget has enabled to Department to achieve its targets. This took into consideration the challenges faced by the Department which included but not limited to the ever-increasing demand for housing in Gauteng due to in-migration and the formation of new households; the high cost of well-located land suitable for housing development; and the increasing number of informal settlements.

# PROCESS FOLLOWED

* The Speaker formally referred the Annual Report of the Gauteng Department of Human Settlements for the 2022/23 financial year to Human Settlements Portfolio Committee for consideration and reporting.
* On the 02nd of November 2023, the Portfolio Committee Researcher presented the analysis of the Annual Report to the Portfolio Committee.
* On the 09th of November 2023, the Department made a presentation on the Annual Report to the Portfolio Committee.
* On Thursday, 23rd of December 2023, the Portfolio Committee deliberated and adopted its oversight report.

# COMPLIANCE AND QUALITY

The Portfolio Committee noted that the submission was done in line with the GPL Standing Rules as the report was tabled in the House; and this was also compliant with the Public Finance Management Act (PFMA) 1999.

1. In relation to **Legal parameters**:

Notwithstanding the Auditor General’s (AG) Report and submitted to the GPL’s Proceedings Unit. The Portfolio Committee accept that this submission of the Annual Report for the 2022/23 Financial Year was done in compliance with the PFMA.

1. In relation to the **Reporting Formats and Quality Parameters**:

Notwithstanding the AG’s findings in relation to Performance Information, the performance reporting against pre-determined could be assessed was difficult due to alignment with the APP of 2022/23 Financial Year. This enabled the assessment of the performance during the financial year under review.

# OVERSIGHT ON PERFORMANCE AGAINST PERFORMANCE AGAINST STRATEGIC PRIORITIES SONA & SOPA, AGENDA 2063, TMR AND MDGs

The Portfolio Committee assessed the Departments’ achievement during the 2022/23 FY in relation to performance against SONA and SOPA Priorities as well as the National Growth Path (NGP), the National Development Plan (NDP) and the African Union and Agenda 2063, and the Portfolio Committee should note the following:

In assessing the Department’s performance against SONA and SOPA Priorities as well as the National Growth Path (NGP), the National Development Plan (NDP) and the African Union and Agenda 2063, and the Portfolio Committee should note the following:

1. The department also responds to the Millennium Development Goals (MDGs), mainly Goal 7:

Target 9 on the ***Integration of principles of sustainable development into country policies and programmes, and reverse the loss of environment resources, in response to this target,*** the department’s housing development approach is guided by both National and Provincial Housing Policies such as the Mega Projects Strategy which has seen the implementation of Mixed Housing Developments within Programme 3.

1. On the Agenda 2063, regarding Aspiration 1 on goal 3 which states that “Cities and other settlements are hubs of cultural and economic activities, with modernized infrastructure, and people have access to affordable and decent housing including housing finance together will all the necessities of life such as, water, sanitation, energy, public transport and ICT”. The report states that for the FY under review, 5 775 against 6 500 proved beneficiaries were allocated to available housing units. Government collaboration is needed for this target to be achieved. Introduction of the Human Settlements from housing was to ensure that projects that are built are closer to schools, clinics, and other social amenities.
2. Under ***Aspiration 6: An Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children***, all the goals are applicable to what is reported in the departmental report of which it is stated that the department in terms of the percentage of the departmental procurement budget spent on township-based businesses, the department had a planned target of 30% and achieved 0.47%. For **women**, the planned target was 40% and 7.06% was paid to businesses owned by women. With regards to **youth**, the planned target was 20% and 4.88% was paid to businesses owned by youth. In terms of **people with disability**, the planned target was 5% and only 0.56% was spent on business owed by PWDs. A total of 100% of fully compliant invoices received were paid within 30 days of receipt.

**5.1. ASSESSMENT OF TRANSVERSAL MAINSTREAMING (INCL. GEYODI)**

The Portfolio Committee noted that the department is mainly linked to **Strategic Goal 6**, which relates to use human settlements as a catalyst for the creation of work and entrepreneurial opportunities inclusive of, but not limited to the EPWP and the Community Work Programme approaches.

**The following achievements were reported during the 2022/23 FY:**

The department has achieved its target of 6 Johannesburg inner city hostels with bulk infrastructure assessment. They have also trained 404 departmental employees on IDMS against the target of 400. They have also has achieved its target with regards to number of approved individual informal settlements upgrading plans prepared in terms of the National Upgrading Support Programme (NUSP) as 20 informal settlements received NUSP assessments. The department has overachieved its target of 90% by 329% regards properties transferred to beneficiaries per FY.

# OVERSIGHT ON TECHNICAL PERFORMANCE

The Committee on its assessment of the department found out that there is adherence with the SMART principle, there is also consistency in relation to the Reporting Formats and Quality Parameters from the Annual Report 2022/23 FY. However, the report predetermined objectives and performance indicators as highlighted in the APP were not easily reconcilable.

The Portfolio Committee noted that the Department has summarised performance within the four (4) Programmes as per the applicable Strategic Goals, Objectives, and Outputs.

# OVERSIGHT ON BUDGET EXPENDITURE

**7.1. ASSESSMENT OF FINANCIAL PERFORMANCE**

The Vote 8 allocation expenditure trends against the adjusted appropriation and Final Appropriation of R6 407 739 000 for the 2022/23 FY across the Department’s four (4) key programmes, highlighting under/over-expenditure incurred.

The Department’s total expenditure for the period ending 31 March 2023 was R6 347 747 000. 00, recording an underspending of R59 992 000.00 of the total allocation. The Department spent 99.% of the budget allocation in the 2022/23 FY.

**7.2 ASSESSMENT OF FINANCIAL PERFORMANCE PER PROGRAMME**

* **Programme 1- Administration**: The final allocation for this programme was R769 512 000.00. The total expenditure for Programme 1 remains R723 897 000.00 (94.1%) by the end of the FY under review. This reflects an under-expenditure amounting to R 45 615 000. 00.
* **Programme 2 - Housing Needs, Planning and Research:** The allocation for this programme was R21 368 000. The programme spent R16 million (75%) of the allocated budget, reflecting an under-expenditure amounting to R 5 361 000.00.
* **Programme 3 - Housing Development:** The allocation for this programme was 5 299 571 000.00. The actual expenditure incurred was R5 291 532 000 (99%) reflecting an under-expenditure amounting to R236 023 000.00.
* **Programme 4 - Housing Assets Management and Properties Management:** The Voted Allocation for this programme was R317 288 000.00. It is reported that the actual expenditure incurred was R316 311 000 (99.7%) reflecting an under-expenditure amounting to R977 000.00.

**7.3. ASSESSMENT OF FINANCIAL PERFORMANCE PER ECONOMIC CLASSIFICATION**

The Portfolio Committee noted the application of the Budget Variance as following:

In relation to ***Current Payments***, the Voted Appropriation was R 984 104 000 of this Final Appropriation, the actual expenditure incurred was R 931 957 000. The expenditure incurred indicates that this line item contributed insignificantly to the under-expenditure and the underspending is broken down as follows:

* ***Compensation of Employees (CoE):*** On the Voted Appropriation of R492 693 000.00, it is reported that the actual expenditure incurred was R458 689 000.00, reflecting a significant under-expenditure of R34 004 000.00.
* On ***Goods and Services,*** the Voted Appropriation was R458 056 000.00. It is reported that the actual expenditure incurred amounted to R439 913 000.00, reflecting an under-expenditure of R18 143 000.00.
* In terms of the **transfers and subsidies**: the allocated budget for this line item is R4 544 880 000.00. and the actual expenditure as at the end of the FY under review is R4 537 046 000.00. All the allocated budget goes to households.
* Within the Voted Appropriation of R878 502 000 towards **Payments for Capital Assets,** this was for ***Machinery and Equipment, Land and subsoil assets and building and other fixed structures.*** It is reported that the overall actual expenditure incurred was R878 491 000.00, reflecting an under-expenditure of R11 000.00.

**7.4 ASSESSMENT OF PROGRAMMATIC PERFORMANCE**

This section assesses the departments’ achievements in relation to the Strategic and Political Priorities. In the consideration of the budget Vote 8 – 2022/23 FY allocation, the Performance Information as per the Annual Performance Plan of 2022/23 FY had to be scrutinized. This is critical in enabling the measurement of performance against targets as per the 2022/23 MTEF Annual Performance Plan (APP). In the year under review, the non-financial performance is as follows:

**Programme 1 Administration**:

In terms of the output indicators on **percentage of material misstatement** of the current audit report addressed towards an unqualified audit opinion, this target was achieved as 82% material misstatements were addressed towards an unqualified audit opinion.

On the **percentage of the departmental procurement budget spent on township-based businesses**, the department had a planned target of 30% and achieved 0.47%. For **women**, the planned target was 40% and 7.06% was paid to businesses owned by women. With regards to **youth**, the planned target was 20% and 4.88% was paid to businesses owned by youth. In terms of **people with disability**, the planned target was 5% and only 0.56% was spent on business owed by PWDs.

The Portfolio Committee noted the commitment that the department has when it comes invoices received and paid within 30 days per financial year as the department has achieved 100% towards this indicator. Especially because the department is still battling to pay historical interest incurred in late payment of service providers.

In relation to the **Global Risk Response Action Plans were updated,** and the target has been achieved. A total of 2 540 **work opportunities were created through the EPWP Incentive Grant in the FY 2022/23 (Unskilled labour)** out of the planned target of 7 500 which marks a deviation of 4 960.

A total of 110 out of the planned target of 3500, **work opportunities were created through Human Settlements Development Grant in the FY (Skilled labour).** The capacity resourcing of data captures delayed the process of data capturing. Five (5) data capturers were only seconded from DID to assist in the month of March 2023 for one month. There is inadequate information on the numbers received from the contractors. The outstanding information ranged from agreements, ID copies, and proof of payment, etc. Some of the contracts were signed in the previous FY. This is the same reason for deviation that was given above.

With regard tothe **number of departmental employees trained on the IDMS per financial year**, the department overachieved its target by 4 as 404 employees were trained against the target of 400 and the department attributes its overachievement to more staff members attending the subject training session.

In terms of the **proposed organisational structure of the department approved by the DPSA**, the target was not achieved, the reason for deviation according to the department was that response on concurrence of the revised organisational structure was still pending from DPSA.

The programme’s budget increased from R691 million and has since increased by R77.6 million which increased the programme budget to R769 million. According to the department, the budget increase was due to virements amounting R112 million. The programme received an amount of R104.3 million from Programme 3 to defray excess expenditure under households to cater for the transfer to Rand West Local Municipality Transfer. The programme received an amount of R1.8 million from consumables under Programme 2 to defray the excess expenditure under interest and rent on land due to excess interest expenditure incurred because of the court orders against the department.

An amount of R6 million was received from Programme 4 and allocated under Programme 1 to defray excess expenditure under computer services. The funds catered for expenditure to reimburse E-gov for Cloud hosting of ICT related services. Through a virement, Programme 1 moved R34.3 million to Programme 4 to cover excess expenditure under property payments.

The shifting of funds in the programme was informed by reprioritisation to align spending within the budget under the- goods and services’ items within corporate services. The funds shifted within the programme were to cover excess expenditure under communication, computer services, interest and rent on land and households.

A total amount of R193.6 million was shifted within the programme under goods and services. However, a total amount of R100 million was reallocated within goods and services to cover the overspending on communication, computer services, operating lease, and property payments. Furthermore, an amount of R27 million was allocated to interest and rent on land to cover excess expenditure under this line item, while an amount of R65.7 million was allocated to households to cover the excess expenditure emanating from the transfer to Rand West City Local Municipality.

The adjusted budget for goods and services decreased from R425 million to R299 million as result of the above shifts and virements. While the budget for transfers and subsidies increased from R1.9 million to R175 million. The increase was because of the earmarked funding being utilised to cater for excess expenditure resulting from the procurement of Sibanye Water and Sewer Treatment Plant by Rand West Local Municipality. The achievement of planned outputs for this programme, for example, tracking procurement spent and payment of suppliers within 30 days, tracking jobs and work opportunities created, tracking reduction of material misstatements, etc., does not directly depend on the allocated and spent budget.

**Programme 2 Housing Needs, Research, and planning:**

The Portfolio Committee should note the following summarized achievements as well as the observations made in the analysis thereof:

On the **number of Provincial Human Settlements focused policies developed per financial year**, the planned target was to develop 1 policy, the department has however, developed 2 policies were developed: 1. Mega Projects Implementation Framework 2. Policy on Protection of Personal Information Act.

In terms of the **number of Provincial Human Settlements focused policies reviewed per financial year,** the department had planned to review 5 policies and this target was achieved as the following 23 policies were reviewed. The department should be commended for overachieving the targets in this regard.

The report shows that the **Gauteng Human Settlement Spatial Masterplan** has been reviewed and the Gauteng multiyear project pipeline/project bank has been updated.

**With regards to the number of formalised townships per financial year**, the report indicates that the department had a planned target of 10 and the target was not achieved as no townships were formalized. Appointment of all 4 Professional Resource Teams (PRTs) was only finalised in March 2023 due to SCM processes that were still in progress.

In terms of **number of integrated implementation programmes for PDAs completed per year**, the department had a planned target of 10 however, the target was not achieved due to responses only received from the West Rand and Sedibeng; whilst inputs from the broader stakeholders, including other municipalities and the National Department were pending.

The report shows that, the department had a planned target of 40% with regards to **the percentage of investment of the total Human Settlements allocation in PDAs.** However, the department achieved 18.07%, deviating from the planned target by 21,93% and attributes deviation to some of the projects not within the PDAs.

In terms of the Percentage of land acquired during 2014-2019 within the PDAs rezoned, the planned target was 40% and this was not achieved.

The Portfolio Committee noted that the programme had a budget of R21.4 million, R16,5 of which is for compensation of employees and R4.7 million for good and services. The programme spent 74.9% of the R21.4 million budget allocation. The saving is due to under spending on compensation of employees, as a result of the late filling of funded vacant posts, and savings realised on expenditure for consultants.

**Programme 3 Housing Development:**

The department had a planned target of 20 with regards to the **Number of households that received subsidies through FLISP,** and this target was not achieved due to the Implementation Protocol (IP) with NHFC not yet concluded. It is worth noting that the department has not been achieving this indicator even in the last financial year. This is rather worrisome noting that this programme has a lot of potential.

With regard to the **number of hectares of well-located land acquired for development of housing opportunities (DORA),** the planned target was 530 ha, and this was not achieved as the land acquisition pipeline was only approved in December 2022 and the acquisition prioritization pipeline in January 2023 after the conclusion of prefeasibility studies, which HDA had to conduct.

In terms of the **number of serviced erven handed over to beneficiaries per financial year,** the planned target for the year under review was 3500 and 745 serviced erven were handed over to beneficiaries. The department has deviated by 2 755 from the planned target. The reason for deviation is poor responses to the advert by landowners to the request to avail serviced stands located within the Gauteng Province for acquisition and development consideration for the Rapid Land Release Programme.

On the **number of serviced erven procured from the private sector per financial year,** a total of 548 serviced erven were procured from the private sector against a planned target of 860.

In terms of the **Rand value of funding facilitated for bulk infrastructure per financial Year**, the planned target was R346 199 055, and R329 861 614,39 value of funding facilitated for bulk infrastructure was transferred. The expropriated servitude was part of the private farm portion that would have enabled the transfer of funds if planned works had been possible to execute. On several occasions, the contractor was denied access and there was no alternative route and to access the site via the farm after engagements with the municipality and the department, respectively. The overall expenditure constituted R182 675 971,89 (bulk infrastructure) and R147 185 642,50 (mining towns).

The report shows that the department had a targeted plan of twenty-eight with regards to the **number of units completed in hostel redevelopment projects per financial year** and this target was not achieved as there are no hostels, where construction took place.

With regards tohostel redevelopment is expected to be taking center stage in the department and in other sister department not only because it was pronounced as part of the elevated priorities but because of the livelihood of the people that reside in these units. The conditions of most hostels in the province are not conducive for human beings and are a health hazard. On the number of Johannesburg inner city hostels with completed bulk infrastructure assessment, the planned target was six and it was achieved. The Committee can complement the dedication of the department in this regard considering the notable change in the conditions of the hostels during the FIS oversight work that was conducted in July.

In terms of the **number of identified projects implemented in URP areas per financial year,** the planned target was 7 to conduct the following projects in the areas, Alexandra: Implementation of the GADA, Evaton 1: Phase 3 sewer network outflow, Evaton 2: Ablution and sanitation– completion of 30 outstanding facilities, Bekkersdal 1: Sewer network upgrade completion, Bekkersdal 2: Rehabilitation of various internal infrastructure, Winterveld: Rehabilitation of various internal infrastructure, Overarching: (Bekkersdal, Evaton & Winterveld): Technical capacity to support various nodes. The target was not achieved.

The URP were resuscitated in 2019 after they were labelled with failure and Alexandra Renewal even being taken up with the Human Rights Commission and the public protector for investigations. Even after these have been resuscitated, there seems to be still little to no progress that is being made to these targeted areas.

Regarding the **number of informal settlements provided with interim sanitation services per financial year,** 41 informal settlements received Interim support services specific to sanitation services out of the planned target of 69.

In terms of the **Number of informal settlements receiving phase 2 upgrading per financial year Categories A and B1.** The planned target was 25 and this was not achieved. The deviation was due to planning activities slower than anticipated to enable the conclusion of Phase 2 informal settlements upgrading, due to delays in municipal approvals. However, planning activities completed in various informal settlements comprised of Geotech, EIA, and draft layout plans.

With regard to the **number of approved individual informal settlements upgrading plans prepared in terms of the National Upgrading Support Programme (NUSP),** the planned target was 20 and this was achieved.

In terms of **number of social compacts concluded with communities outlining their role in the upgrading process**, the planned target was 22 and only 18 social compacts were concluded. Social compacts were not signed by the Emfuleni Municipality due to a moratorium put against new developments (informal settlements provided with sewer or sanitation infrastructure).

The report indicates that with regards to the **number of households benefited from interim water services**, the planned target was 43 000 and it was not achieved.

On the **number of informal settlements upgraded to Phase 3 of the UISP**, the planned target was 1 and it was not achieved due to the department not being able to implement Phase 3 as planning work was underway under Phase 2. The activities in Phase 2 were slower than anticipated.

With regards to **number of socio-economic amenities delivered in human settlements**, the planned target was 4: 2 taxi ranks, 1 SMME facility and 1 sports facility. The target was not achieved as only 2 (1 taxi rank – Afri Village, 1 sports facility – Afri Village) were delivered. According to the department the deviation with regards the implementation in Elijah Barayi taxi rank was due to budget constraints and therefore modified to drop off and pick up. The above challenges delayed the construction of planned small business facility. Furthermore, the department reported that 2 *unplanned community halls implemented with funds transferred in the previous FY. In as much as this should be welcomed and commendable, it is however, contrary to what the department has reported that in Elijah Barayi, they opted to build a drop off and pick up zone rather than a taxi rank due to budget constraints.*

The report shows that with the **number of BNG houses delivered, the planned target was 8 421 BNG houses**: (Mega houses: 5 651, Legacy houses: 2 770) and the target was not achieved as only 6 625 BNG houses, (Mega houses: 5 339 and 1 286 Legacy houses were delivered. Slow contractor performance in Winterveldt Ext 3, Soshanguve Ext 1, Tinasonke Ext 4, Bluegumview Proper, Chief Luthuli Ext 6, Tambovile, Etwatwa Ext 4, 8, 11, 12, 13, 21 & 24, Tsakane Ext 22, Mackenzieville Ext 2 and Lufhereng. **Western Mega and Dan Tloome** –Delivery affected bycommunity protests. **Soshanguve Ext 4 & 5 and 19, Rethabiseng Ext 5** –The contractor hasrejected theappointment, statinginsufficient subsidyquantum. **Afri Village** –Court interdict servedon the project, puttingall work on hold.Jabulani CBD ParcelK –Delay in the approvalof the NHBRC ProjectEnrolment.

The department had a planned target of 8 019 sites (Mega sites: 7 652 and 367 Legacy sites, with regards to the number of serviced sites delivered. However, the target was not achieved as only 1 753 Mega sites were delivered. Recording could therefore not be realised due to sector indicator definition limitations. Most Mega Projects commenced in previous financial years; however, more servicing was realised on 6 342 units instead of the actual servicing of land. Poor performance by the contractor in Lady Selbourne (Legacy sites) was observed.

On the **number of approved beneficiaries allocated quality assured housing units per financial year,** the panned target for the FY under review was 6 500 and this was partially achieved as 5 775 beneficiaries were allocated available housing units. The deviation was due to the allocation of housing units to beneficiaries depending on the availability of completed units.

**With regard to the number of top structures completed i.r.o. incomplete/ abandoned/ blocked housing projects,** The planned target was 692 and 357 top structures were completed i.r.o. incomplete/ abandoned/ blocked housing projects. Outstanding finalisation enrolments for 5 projects.

Regarding **the number of subsidy housing projects enrolled by the Department with the NHBRC,** the planned target for the FY under review was 22 and 8 subsidy housing projects were enrolled by the department with the NHBRC.

The Portfolio Committee noted that the programme had a budget of R5.4 billion andspent 99% of its allocated budget. The saving is savings on Grants as a result of the late receipt of claims.

**Programme 4 Housing Assets Management and Property Management:**

With regards to Percentage of property transferred to beneficiaries per financial year, the planned target was 90% and this was overachieved by 239.

The report shows that with the number of occupants confirmed as legitimate in registered township, the planned target was 30 000 and it was not achieved as only 1 308 occupants were confirmed as legitimate in registered township due to unavailability of the ward councilors to act as facilitators in the physical verification process. And the task order has expired.

On the percentage of residential rental housing disputes resolved by the Gauteng Rental Housing Tribunal (GRHT) by the end of financial year, the planned target was 65% and this was achieved as 66% disputes were resolved.

In terms of the number of ownership disputes resolved in respect of pre-1994 title deeds backlog (DORA), the planned target for the FY under review was 130 and this was not achieved as 3 ownership disputes resolved in respect of pre-1994 title deeds backlog (DORA).

On the number of pre-1994 title deeds registered, the planned target was 1 150 and a total of 18 pre-1994 title deeds were registered and with the number of post-1994 title deeds registered, the planned target was 11 828 and a total of 3 089 post 1994 title deeds were registered.

The report shows that the department overachieved its planned target of 1 662 by 163 regarding the number of post -2014 title deeds registered.

In terms of new title deeds registered, the department had a planned target of 1 000 and no new title deeds were registered due to outstanding planning processes to finalize title deeds registration. The delays areas with respect to security of the issuance of Section 53 (SPLUMA) certificate by Merafong municipality.

The Portfolio Committee noted that the programme had a budget of R317.2 million and spent 99.7%. According to the department, the saving is due to under spending on compensation of employees, as well as savings on transfers and subsidies.

**8. ASSESSMENT OF FINDINGS OF THE AUDITOR GENERAL**

The Portfolio Committee noted that the Department obtained unqualified audit opinion with findings for the 2022/23 FY. The following matters of emphasis form the basis for unqualified audit opinion with findings for noting by the Portfolio Committee for oversight purposes:

**2022-23 Audit outcomes: GDHS**

**Reflections**

Audit outcome on the audit of financial statements has improved to an unqualified audit outcome when compared to qualifications in the previous two financial years. Although material misstatements were identified on capital work in progress as well as transfers and subsidies items in the submitted financial statements, management were able to correct these misstatements and adjust the financial statements.

The audit outcomes for the audit of performance information, on selected programme 2 (Housing development) has also improved when compared to the past two years. Again, material misstatements were still identified on the audit of the submitted annual performance report where actual performance reported did not agree to the supporting evidence. However, management were able to adjust the misstatements resulting in no material findings being reported.

Compliance with the legislative requirements remains a concern in the department as material non-compliances continue being identified by the auditors in the areas of expenditure management;’ procurement and contract management as well consequence management and most findings are recurring when compared to the previous two years as depicted in the graph.

**Gauteng Partnership Fund (GPF)**

The audit outcome of GPF has slightly improved compared to the prior year audit outcome with no material adjustments in the financial statements. While there was an improvement in the audit outcome for compliance with key legislation, we noted a regression in the audit outcome on selected programme for performance information due to material findings on three indicators reported.

**Control deficiencies**

* Lack of policy on conflict of interest on loan applicants
* Lack of effective monitoring mechanism of projects on projects funded by GPF.

**Gauteng Housing Fund (GHF)**

The GHF’s audit outcomes have stagnated with a disclaimer audit outcome. The submitted supporting documents not appropriate to supporting the material items in the financial statements. Consequently, material and pervasive findings on various financial statements items were identified and reported.

**Control deficiencies**

* Lack of effective financial preparation plan
* Lack of effective monitoring to ensure that the financial statements prepared comply with the accounting reporting framework and there is supporting documents for all material items in the financial statements.

**9. GAUTENG PARTNERSHIP FUND (GPF)**

The Portfolio Committee noted that the audit outcome of the Gauteng Partnership Fund (GPF) is financially unqualified with material findings on audit of performance information. This represents a stagnation in audit outcomes over the preceding two years.

Furthermore, during the 2022/23 financial year the organisation surrendered the surplus retention to the value of R263 million to the Gauteng Provincial Treasury. In the current financial year, the overall annual performance is sitting at 74.1% (20 targets achieved), with 14.8% targets partially achieved (four targets), and 11.1% or three targets not achieved. This is an overall improvement of 7.4% when compared to the previous year, with seven of the targets increased during the mid-year adjustment exercise.

**10.** **THE HOUSING DEVELOPMENT AGENCY**

The Portfolio Committee noted the audit outcome for the housing fund has remained unchanged as a disclaimer opinion on the financial statements. This was due to material misstatements on the annual financial statements submitted for audit. Review controls throughout the year need to improve.

The AG remain concern that the department continued to substantially under-deliver housing in the province, despite the increasing housing backlog and delay in allocating houses to beneficiaries. Due to inadequate planning, ineffective contract management, delays in procurement and ineffective intergovernmental processes with municipalities as implementing agents. If the department does not achieve targets within its core mandate, this is likely to cause harm to the institution and the general public, resulting in a material irregularity. The AG urge the accounting officer and executive authority to regularly and closely monitor the achievement of targets to identify challenges and respond to them within a reasonable time.

# 11. OVERSIGHT ON PUBLIC INVOLVEMENT

In line with its public participation mandate and *The Constitution of the Republic of South Africa,* the Portfolio Committee invited stakeholders to a meeting during the Departments presentation on the Annual Report process 2022/23 FY to present their submissions and to observe Committee proceedings. The meeting to was held in Naledi Hall, Soweto on the 09th November 2023. The Stakeholders were given an opportunity raise concerns with regards to the Department of Human Settlements annual Report and the committee received verbal submission.

The following were issues raised by stakeholders:

* + - * 1. That the department should prioritise people living in the backyards rentals
        2. How does the department empower contractors.
        3. Palm Ridge community was moved from their land promised that they are going to build RDP houses and now they are building townhouses. They need help.
        4. Pimville, RDP houses are collapsing, cracking and roof leaking. They want to find out if the department is doing inspections before handing over to beneficiaries.
        5. How long does it take to formalise an informal settlements.
        6. The Department should fast track the issue of Title Deeds
        7. Why is the department building houses without infrastructure.
        8. Is it possible to sign a happy letter without a house.
        9. The department should change their policies as children were denied a house after their mother passed on.
        10. In family houses the chosen custodian are denied applying for RDP’s
        11. The department should inform you immediately after registering whether you qualify or not.
        12. The department should prioritise people with disabilities when allocating houses.
        13. Vandalism of completed units/houses is a concern.
        14. The department should state how many houses were supposed to have been built in Naledi.
        15. Fochville, there are completed houses and the department is not allocating beneficiaries.
        16. The Department should consider providing serviced land and people will built for themselves.

# 12. OVERSIGHT ON RESOLUTION MANAGEMENT

The Portfolio Committee, in its endeavours to enhance oversight and comply with the prescripts of SOM, periodically assesses the Department’s responses on resolutions passed by the House. This exercise is aimed at ensuring that House resolutions impact positively on service delivery targets as a way of improving the lives of the people of Gauteng. Information on the Department’s implementation of House Resolutions for the period under review.

| **RESOLUTIONS MANAGEMENT** |
| --- |
| **RESOLUTIONS PASSED DURING ALL 4 QUARTERS LEADING UP TO THIS ANNUAL REPORT** |
| **Total number of Resolutions passed during the Previous Quarters** |
| *48* |
| **Nature of Resolutions** |
| *23 related to service delivery,16 related to Administration and 09 related to good governance* |
| **RESOLUTIONS / ACTIONS NOW DUE (OR PAST DUE)** |
| ***Number of Resolution Responses / Action now due*** |
| *The Committee received all responses from the Departments on resolutions* |
| **RESOLUTIONS CLOSED** |
| ***From those now due, how many Resolutions are now satisfactorily closed*** |
| The Committee Researcher has in a duly Committee meeting presented the analysis of the resolutions that were responded to by the Department to the Portfolio Committee. |
| **REASONS** |
| ***Reasons for Resolutions not yet closed*** |
| *Most of the resolutions have been declared closed as the Committee was satisfied with the responses received from the Department and those that are still open after the Committee will monitor continually the progress that will be made by the Department.* |
| ***Measures taken by the Committee to ensure speedy Closure of Resolutions due but still open*** |
| *The Committee will monitor continually the progress that will be made by the Department on the resolutions that are still open.* |

# 13. CONCLUSION

During the 2022/23 financial year, the Portfolio Committee noted that the Department the financial performance of the department is satisfactory, and this is also contributed to the fact that the budget of the department was adjusted during the second quarter period hence there is no significant under-expenditure. The audit outcomes for the Gauteng Department of Human Settlements has improved when compared to the previous year from qualified to unqualified with findings. The qualification on assets from the prior year improved in the current year. The department was able to address the prior year’s qualification matters by making information available.

# 14. OVERSIGHT ON PERFORMANCE VERIFICATION

An Independent verification was conducted by the Committee Researcher in Western Mega Project

and Afri-Village in West Rand and the Portfolio Committee noted the following:

**Western Mega Project**

* The project is situated in Toekomsrus.
* The whole project has unfortunately been invaded.
* Some of the houses were not complete and the invaders have since completed them.
* The houses were 350 and the contract have since stopped building new houses.
* Allegations that families have allocated themselves each house per row.
* The department has applied for a court order to evict.

**Afri-Village**

* The project has been completed and so far it is only flats, and all have been allocated to beneficiaries.
* The flats started been allocated in 2018 and the last allocation was in 2022.
* The flats have a problem with running blocked pipes that causes running sewer.
* The developer has decided to build a boundary wall at his own cost.
* There are no schools in the area and kids use scholar transport to go to other areas for school .
* 1 taxi rank and 1 sports facility have been built as reported in the Annual Report.

Furthermore, the Committee conducted oversight visits in Jabulani Flats; Jabulani Hostel; Lufhereng Ext: 11 and Sagewood, student accommodation in Soweto. The Committee noted the following:

1. **Jabulani Flats**

* The project started in 2021 and 704 units were completed.
* The main challenge with this project is electricity. The City of Joburg has asked City Power to assist.
* There is security day and night that is paid by the contractor.

1. **Jabulani Hostel:**

* The project started in 2019 with 64 units completed.
* The main challenge is electricity so the department cannot allocate beneficiaries.
* Hostel has +- 3000 beneficiaries
* There’s electricity around this block of units, and it reported that Eskom wants to build a power station.

**Second block:**

* The project started in 2019, with five (5) blocks and 4 floors. This project is been abonded since 2019.
* It was reported that the contractor was not paid.
* No communication between the department and hostel leadership.
* Communities are looking after the buildings; they need security from the department.
* TRU’s are not maintained as some people were moved in there.

1. **Lufhereng Ext: 05**

Lufhereng Mega Project is an integrated mixed housing development inclusive of social amenities, open spaces, and economic opportunities. Developer’s is Lufhereng Development Company (Pty) Ltd. Land Ownership: City of Johannesburg. The project is extended to 10 years ahead.The project will yield 30 000 (Rvsd 32 636) Mixed Housing Typologies Units when completed.

* 564 RDP's Completed & Transferred

Challenges:

* Ability to handover completed units without electricity or with funded alternative.
* Renewable subsidy.

1. **Lufhering Ext: 11**

The project was under the City of Joburg, and the department took over.

* The project was meant for COVID-19 relief programme not residential area.
* Busy with infrastructure on water and sanitation that will be completed in March 2025.

1. **Sagewood, student accommodation in Soweto**

Student accommodation is a sub sector of rental housing and within the domain of GPF’s mandate which commenced in 2014. The Student Accommodation programme financial intervention is intended to reduce rental costs if the weighted average cost of funding is reduced.

**GPF Funding**

Sagewood is 100% Black Female owned. GPF approved R8 million in March 2021 for the construction of 30. 2-Bedroom units delivering 90 beds

Developer contributed equity (R2,4 M) and has student accommodation experience. Loan approved based on the feasibility of the project and not on the Developers balance sheet. Concessionary funding terms – Interest Rates and Loan Term

All the professionals associated with the project are HDI / BBBEE Level 1 Shareholders

34 jobs created during construction. Permanent jobs during the management of the project – Cleaners; Security; Administrators; Maintenance crews. Project is 90% complete with student intake for 2024 / 2025 tertiary year. Bi-annual repayments to commence June 2024

The Portfolio Committee was impressed that the contractor is a women and recommended that GPF should consider installing Solar system, JoJo tanks and steel zinc in the kitchen.

# 15. CONCERNS AND RECOMMENDATIONS

**15.1 COMMITTEE CONCERNS**

1. The Portfolio Committee noted that on programme 3, the majority of the targets were not achieved. This reflects 15% performance against 99% of the budget spent demonstrating an unfavourable- return on investment for housing in the province.
2. The Portfolio Committee remains concerned with the expenditure against delivery as well as the waiting list within the province.
3. The Portfolio Committee is concerned with the reflections contained in the Auditor General’s report.
4. Failure to achieve a planned target on creating job opportunities and supporting GEYODI owned businesses as unemployment is a major problem in the province and the country.
5. In terms of the Percentage of land acquired during 2014-2019 within the PDAs rezoned, failure to achieve a planned target of 40%.
6. Failure to report on completed units and not allocated to beneficiaries.
7. The Portfolio Committee noted with concern during oversight visits that all projects visited the challenge was electricity.
8. The Portfolio Committee remains concerned in considering people with disabilities for employment and empowerment opportunities as a plea from stakeholders.

**15.2 COMMITTEE PROPOSED RECOMMENDATIONS**

**The Department should provide responses to the following by 31 January 2024.**

The Department should take into consideration concerns raised by the stakeholders during the public meeting dated 09th November 2023 in Naledi Hall, Soweto.

1. The Department should submit a report on the number of houses completed and incomplete for the 2022/23 FY taking into account the expenditure of 99% against delivery of 15%. Furthermore, the Department should state the measures it will employ to enable better performance in the next financial year to achieve planned targets.

2. The department should submit a detailed report on expenditure against delivery and waiting list within the province.

3. The Department should provide plans on how they intend on responding to the Auditor General’s findings and implementing its recommendations.

1. The department should prioritise creating job opportunities and supporting GEYODI owned businesses as unemployment is a major problem not only in the province but also in the country as a whole.
2. The department should provide measures in place to achieve the percentage of land acquired during 2014-2019 within the Priority Development Areas (PDAs) rezoned. Furthermore, they should also provide areas falling under PDA’s before setting targets to avoid poor planning.
3. The department should provide plans to ensure that completed units are allocated to beneficiaries. For oversight purposes, they should submit a detailed report on how many housing projects were completed, not allocated and specify the municipalities.
4. The department should provide steps taken to resolve the issue of electricity.
5. The Department should make a concerted effort in considering people with disabilities for employment, empowerment opportunities and work with community organisations that cater for PWDs in this regard.

**16. ACKNOWLEDGEMENTS**

The Portfolio Committee Chairperson Ms. Alphina Ndlovana wishes to thank the MEC for Human Settlements, Mr. L Maile, the Head of Department, Ms. P Mbanjwa and her team.

The Chairperson further wishes to acknowledge and express her gratitude to the Honourable Members of the Portfolio Committee on Human Settlements Ms. R Mogale; Ms. N Mhlakaza-Manamela; Mr. G Schneemann; Mr. M Cirota; Mr. E Du Plessis; Ms. K Tong and Mr. B Dhlamini.

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# 17. ADOPTION

In terms of Rule 117 (2)(c) read with Rule 164, the Portfolio Committee on Human Settlements presents to the House the Committee Oversight Report on the Gauteng Department of Human Settlements Annual Report for the 2022/23 FY for adoption, taking into account the Concerns and proposed recommendations.