



**ANNUAL REPORT  
2024/25**



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# PART A

## Public Entity's General Information





# The Public Entity's General Information



## Head Office

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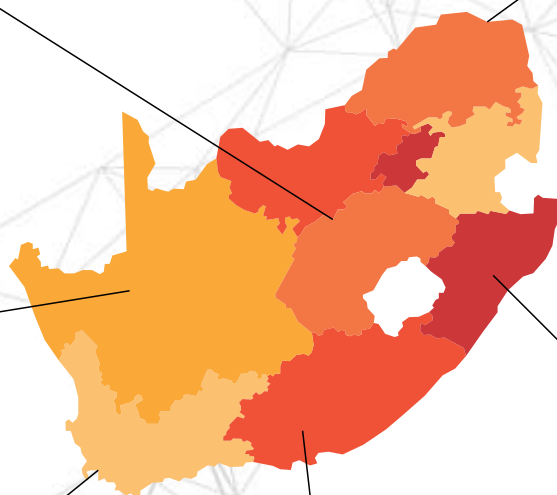
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# List of Abbreviations and Acronyms

| Acronym | Description                                                  |
|---------|--------------------------------------------------------------|
| AGSA    | Auditor-General of South Africa                              |
| AI      | Artificial Intelligence                                      |
| APP     | Annual Performance Plan                                      |
| BBBEE   | Broad Based Black Economic Empowerment                       |
| BCMM    | Buffalo City Metropolitan Municipality                       |
| CIBD    | Construction Industry Development Board                      |
| COBIT   | Control Objectives for Information and Related Technologies  |
| COSO    | Committee of Sponsoring Organisations                        |
| CSD     | Central Services Database                                    |
| DPWI    | Department of Public Works and Infrastructure                |
| EE      | Employment Equity                                            |
| ERM     | Enterprise-wide Risk Management                              |
| EVP     | Employee Value Proposition                                   |
| GNU     | Government of National Unity                                 |
| HDA     | Housing Development Agency                                   |
| HR      | Human Resources                                              |
| HS      | Human Settlements                                            |
| IRO     | In Respect of                                                |
| IRBA    | Independent Regulatory Board for Auditors                    |
| M&E     | Monitoring and Evaluation                                    |
| MEC     | Member of the Executive Council                              |
| MFMA    | Municipal Finance Management Act                             |
| MTDP    | Medium-Term Development Plan                                 |
| MTEF    | Medium-Term Expenditure Framework                            |
| MTOP    | Medium-Term Operational Plan                                 |
| MTSF    | Medium-Term Strategic Framework                              |
| NDP     | National Development Plan                                    |
| NHBRC   | National Home Builders Registration Council                  |
| NSP     | National Skills Fund                                         |
| PAA     | Public Audit Act                                             |
| PDA     | Priority Development Area                                    |
| PSETA   | Public Service Education and Training Authority              |
| PFMA    | Public Finance Management Act                                |
| PPPFA   | Preferential Procurement Policy Framework Act                |
| SAFCEC  | South African Forum of Civil Engineering Contractors         |
| SAWIC   | South African Waste Information Centre                       |
| SCM     | Supply Chain Management                                      |
| SETA    | Sector Education and Training Authority                      |
| SIU     | Special Investigating Unit                                   |
| SPV     | Special Purpose Vehicle                                      |
| TVET    | Technical and Vocational Education and Training Institutions |
| UISP    | Upgrading of Informal Settlements Programme                  |





# Minister's Foreword



It is my privilege to present the 2024/25 Annual Report of the Housing Development Agency (HDA). This report demonstrates the Agency's ongoing commitment to the objectives of the National Development Plan (NDP), the White Paper on Human Settlements, and the Medium-Term Development Plan (MTDP), which collectively guide our national effort to advance the constitutional right of access to adequate housing and to realise spatially integrated, sustainable, and inclusive human settlements.

Priority 2 of the Government of National Unity (GNU) emphasises reducing poverty and tackling the high cost of living by addressing spatial inequalities, strengthening the social safety net, and improving access to and the quality of basic services. In the human settlements context, this priority finds direct expression in the work of the HDA, which continues to identify and acquire well-located land, package and implement housing projects, and upgrade informal settlements to ensure access to essential services. These interventions contribute towards reduction of household living costs, expand opportunities for low-income and marginalised groups, and propel spatial transformation by bringing communities closer to job opportunities, and socio-economic amenities. In this way, the HDA's mandate contributes not only to the delivery of housing but also to the broader national effort to tackle poverty, reduce inequality, and advance sustainable and inclusive human settlements.

The year under review was marked by measurable progress in reshaping the spatial landscape of our cities and towns notwithstanding the challenges encountered. The acquisition of well-located land and the rezoning of over 1,000 hectares within Priority Development Areas (PDAs) underscore the HDA's pivotal role in driving spatial transformation. PDAs remain an essential policy instrument to reverse apartheid spatial patterns and enable integrated, well-located, and economically connected communities that offer dignity and opportunity to all our people.

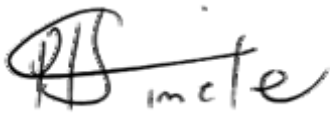
Equally worthy of celebration is the Agency's progress in advancing transformation and empowerment across the human settlements value chain. During the year, the HDA exceeded its procurement empowerment targets, with 48% of spend directed to women-owned businesses, 25% to youth-owned enterprises, and 7% to enterprises owned by persons with disabilities thereby contributing to government's overall objective of using public procurement to redress past imbalances. These achievements are not only numerical milestones but also tangible expressions of inclusion ensuring that the benefits of public investment extend to those who have been historically excluded. By broadening economic participation in this way, the HDA affirms its role as both a developer and a driver of social justice in the housing sector.

The Agency also successfully addressed audit findings raised in the prior year, reflecting an initiative-taking approach to compliance and oversight. A significant development occurred on 30 May 2025, when President Cyril Ramaphosa issued Proclamation 265 of 2025, authorising the Special Investigating Unit (SIU) to investigate allegations of maladministration in the Housing Development Agency, as well as in all provincial human settlements departments. This step is a welcome measure to further entrench transparency and accountability in the sector. In my capacity as the shareholder together with HDA, I have committed to working closely with the SIU in the spirit of good governance and public accountability.

While progress has been notable, challenges remain, including rapid urbanisation, persistent spatial inequality, and constrained fiscal resources. From the shareholder perspective, I mandated HDA to continue deepening partnerships with provinces, municipalities, and communities to accelerate housing delivery and support the GNU's commitment to tackling inequality and advancing service delivery, taking to compliance and oversight approach.

This Annual Report reflects the HDA's journey from stability to a high-performance organisation, affirming the role as a human settlements sector developer that enables dignity, inclusion, and transformation for our people.

As Minister of Human Settlements, I commend the HDA Board, management, and staff for their dedication and achievements. The Agency is now firmly positioned to serve as a public sector developer and a trusted partner in delivering integrated and sustainable human settlements for all South Africans.

A handwritten signature in black ink, appearing to read 'TP Simelane', is positioned above a horizontal line.

**Minister TP Simelane (MP)**

Department of Human Settlements



## Chairperson's Foreword



The 2024/25 financial year marked a defining moment in the Housing Development Agency's journey. From a period of stabilisation to now consolidating our gains, the Agency has demonstrated the results of a successful turnaround and a renewed trajectory as a high-performance public sector developer. This Annual Report reflects not only delivery outcomes, but also the governance, accountability, and institutional reforms that underpin them.

### Delivery and Impact

The South African Constitution establishes housing as a concurrent right and function between national and provincial governments. Furthermore, Chapter 3, Section 41 of the Constitution outlines principles of cooperative governance and intergovernmental relations.

The preamble of the HDA Act no. 23 of 2008 states the following "There is a need to establish the Housing Development Agency which must fast-track the processes of housing development". The establishment of the HDA positioned it as a critical state organ acting as a catalyst in fast-tracking the delivery of human settlements working collaboratively with various spheres of government. The priorities, outputs, and targets presented in the APP 2024/25, are the product of robust engagements between the HDA, national Department of Human Settlements (DHS), provincial departments of human settlements, and municipalities. It is also based on the HDA utilising partnership instruments such as Implementation Protocols (IPs) and Medium-Term Operational Plans (MTOPs), with associated funding provisions.

The APP outlines some of the key priorities of the sector, which include the following programmes: the restoration and issuance of title deeds, removal and replacement of asbestos roofs, provision of transitional and emergency accommodation for households, servicing of stands. We are encouraged that the Agency has been agile enough to respond to these designated Ministerial priorities to

ensure that our communities are provided with safe and adequate shelter, within an integrated development paradigm.

The Agency continues to also play a critical role in the acquisition, release, and rezoning of land for human settlements development. We remain focused on ensuring that land acquired, released, and rezoned advances the overall objective of spatial transformation, equity, and justice in the development of sustainable human settlements.

### Governance and Institutional Integrity

Equally important, has been the strengthening of governance and institutional integrity. For the first time in many years, the Agency secured a clean audit from the Auditor-General, affirming our commitment to accountability, ethical leadership, and prudent financial management. This achievement signals that the reforms initiated under the turnaround strategy are firmly embedded.

At the beginning of this MTSF in 2019, the HDA was placed under administration. As this term comes to an end, we are pleased that the Agency has not only been stabilised but is also demonstrating visible and sustained improvements in overall performance. The Board committees are fully functional and executing their fiduciary duties, providing the governance oversight necessary to guide the Agency into its next phase. We expect management to continue strengthening operational effectiveness, with the aim of consistently achieving unqualified audits with no findings.

From the Board's perspective, we also welcome the proclamation issued by the President, authorising the Special Investigating Unit (SIU) to investigate allegations of maladministration in the housing sector, including the HDA. While such interventions may be viewed with apprehension, the Board regards this as a constructive step to entrench transparency, restore public confidence, and strengthen institutional integrity.



We are committed to providing full support and oversight to ensure that the Agency emerges from this process more resilient, credible, and trusted.

The Board remains steadfast in ensuring that management sustains these gains while addressing challenges such as funding flow delays that affect housing delivery.

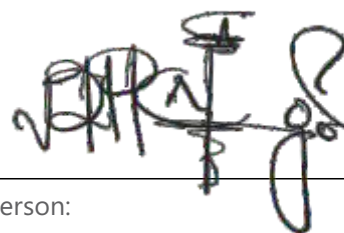
## Conclusion

On behalf of the Board, I extend our sincere appreciation to the Honourable Minister, Deputy Minister, and the Department of Human Settlements for their leadership and steadfast support. We also acknowledge the Portfolio Committee on Human Settlements in Parliament for its critical oversight role, which continues to strengthen accountability and transparency across the sector.

Our gratitude goes to the Chief Executive Officer, executive management, and all HDA staff whose professionalism and dedication have been central to stabilising the Agency and consolidating the gains of our turnaround strategy. We also thank our partners across

government and, most importantly, the communities we serve, whose confidence in the HDA inspires us to continually improve.

Together, we took the HDA from stability to consolidating our gains. The Board remains committed to ensuring that the Agency continues to deliver integrated, sustainable, and inclusive human settlements that transform the lives of South Africans.



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Board Chairperson:

**Hosi P. Ngove**

**HDA**



## Chief Executive Officer's Overview



The 2024/25 financial year marked a defining milestone for the Housing Development Agency (HDA), as our journey from recovery to resilience began to bear fruit. This period translated into measurable delivery: over 1,100 hectares of well-located land were acquired, more than 1,000 hectares rezoned within Priority Development Areas, and 3,828 serviced sites delivered, exceeding the annual target. In addition, 46 informal settlements progressed to Phase 3 of the UISP, 313 asbestos roofs were replaced, and temporary emergency accommodation was provided to vulnerable households. These outcomes reaffirm the HDA's strategic relevance and growing capacity as a human settlements developer, committed to spatial transformation and inclusion.

While these results highlight significant progress, they also reflect the operational challenges that accompany large-scale delivery. Housing delivery reached 873 units against a target of 2,901, largely due to delays in tranche payments from delivery partners such as municipalities and provinces. In response, the Agency strengthened intergovernmental coordination and introduced enhanced payment monitoring mechanisms.

The Agency's performance against predetermined objectives steadily improved over the past four years – rising from 29% in 2021/22 to 95% in 2024/25. This remarkable trajectory reflects focused execution, strengthened systems, and collective accountability across the organisation. It also reflects the impact of our six-pillar turnaround strategy, centred on:

- Mandate and Business Model
- Funding Model
- People and Organisational Structure
- Governance
- Systems and Processes
- Perception Management

Together, these strategic reforms repositioned the HDA as a credible, capable, and developer-ready agency of government.

### Strong Financial Stewardship and Audit Outcome

I am proud to confirm that for the first time in many years, the HDA has achieved a clean audit opinion from the Auditor-General of South Africa (AGSA), reflecting our commitment to sound financial management, transparency, and clean administration. This significant achievement validates our consistent efforts to strengthen internal controls, tighten compliance, and prepare credible audit files across all business units.

From a financial performance standpoint, the Agency closed the year with a surplus of R85.2 million (2024: R288 000), underpinned by prudent spending and robust cost containment measures. Revenue rose to R495.8 million (2024: R464.4 million), comprising:

- R241.2 million from exchange transactions
- R254.6 million from non-exchange transactions (unconditional grants)

Expenditure decreased to R410.6 million (2024: R464.1 million), driven by cost-efficient project management and strategic procurement. Key expenditure items included:

- Employee-related costs: R199.4 million
- Lease rentals: R51.9 million
- Land and related costs: R34.4 million
- General expenses: R84.8 million

On the balance sheet, total assets stabilised at R1.21 billion, with cash and receivables accounting for R947.3 million. Total liabilities significantly declined to R855.2 million (2024: R1.64 billion), improving the Agency's net asset position to R355.8 million (2024: R270.6 million). Cash and cash equivalents at year-end were R404.7 million, demonstrating sufficient liquidity to meet operational obligations.

### Strategic Asset Growth and Compliance Maturity

In 2024/25, the HDA's property portfolio was further strengthened through strategic acquisitions, including the SABC Sea Point property (R46.2 million) and the Eskom Braamfontein Building (R60.3 million).

These investments support the Agency's evolving developer role and contribute to long-term asset sustainability.

The reversal of an impairment loss of R11.8 million for the Braamfontein building, due to improved building conditions and usability, further underscores the Agency's sound asset management practices.

On the compliance front, we ensured full adherence to the Public Finance Management Act (PFMA), Treasury Regulations, and related prescripts. Our internal audit plan was implemented at 100%, and a comprehensive risk management framework was applied to proactively address liquidity, credit, and project delivery risks.

### Looking Ahead

As the HDA continues its transition from recovery to resilience, the path forward is anchored in consolidation, innovation, and scaled-up delivery. The successes achieved in the 2024/25 financial year reaffirm the Agency's capacity to play a central role in reshaping the human settlements landscape. However, we recognise that deeper reforms and bolder actions are required to fully realise our developer mandate.

In the year ahead, our strategic focus will be on:

- **Accelerating Delivery:**

We will intensify implementation efforts across all programmes to ensure that land acquisition, rezoning, and site servicing milestones translate into tangible housing outcomes. Strengthening our project readiness and fast-tracking catalytic initiatives will remain a top priority.

- **Strengthening Intergovernmental Coordination:**

Building on improved collaboration, we will deepen alignment with provinces, municipalities, and sector partners to enhance integrated planning, improve funding flows, and eliminate duplication. Forums such as MINMEC and Technical Working Groups will be leveraged more deliberately.

- **Enhancing Financial Sustainability:**

With cost recovery remaining a key lever, we will refine our funding model to ensure long-term viability. Emphasis will be placed on improving pipeline management, diversifying revenue sources, and securing predictable funding for developer functions.

- **Driving Digital Transformation and Governance:**

Continued investment in systems, digital tools, and internal controls will strengthen operational efficiency, reporting integrity, and audit outcomes. Our focus will include upgrading core financial systems, reinforcing data governance, and embedding risk management practices across all levels.

- **Fostering Organisational Excellence:**

The ongoing evolution of our organisational structure will support improved accountability, performance, and service delivery. We are committed to attracting and retaining the right talent, upskilling our teams, and embedding a culture of innovation, accountability, and service.

Our mission is clear: to be a catalyst, developer of choice, for inclusive, integrated, and sustainable human settlements. The challenges ahead are real, but so too are the opportunities to shape the future of housing development in South Africa. With committed leadership, capable teams, and strategic partnerships, the HDA is poised to make a lasting impact.

Together, we have reached a pivotal milestone in our journey. Building on this momentum, we will continue to accelerate delivery, champion meaningful transformation, and play a catalytic role in advancing the national vision of inclusive and sustainable human settlements for all South Africans. Our shared commitment and collective action will ensure that the progress made thus far is not only sustained, but amplified in the years to come.

### Appreciation

This Annual Report reflects the HDA's journey from recovery to resilience as we migrate to being a fully-fledged developer that enables dignity, inclusion, transformation, and the delivery of sustainable human settlements for beneficiaries.

I extend my gratitude to the Honourable Minister and Deputy Minister of Human Settlements for their leadership, the Director-General and officials of the Department of Human Settlements for their continued support, the Board for its guidance and oversight, the executive management and staff for their professionalism and dedication, and our partners across all spheres of government for their collaboration and confidence.



Chief Executive Officer  
**Mr. Bheki Khenisa**





## Statement of Responsibility and Approval

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report was prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) were prepared in accordance with the standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control, which was designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2025.

Chief Executive Officer

**Mr. Bheki Khenisa**

**HDA**

Board Chairperson:

**Hosi P. Ngove**

**HDA**



## Strategic Overview



### Vision

To be: The Public Sector Developer of Choice, providing integrated, sustainable human settlements and security of tenure.



### Value

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

- Performance-oriented,
- Excellence,
- Accountability,
- Teamwork, and
- Integrity



### Mission

Accelerated delivery of spatially transformed, integrated and sustainable human settlements.

Providing security of tenure and asset wealth.

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



## Legislative and Other Mandates

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

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

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

#### **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 resolving the challenges listed above, the Act outlines the purpose or object of the HDA as follows:**

- I. Identify, acquire, develop, and release land (state, communal and privately owned) for residential and community purposes and the creation of sustainable human settlements (clause 4 (a)).
- II. Manages housing development projects for the purposes of the creation of sustainable human settlements (clause 4 (b)).

- III. Ensure and monitor centrally coordinated planning and budgeting of all infrastructure required for housing development (clause 4(c)).

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

- I. The Agency must, in consultation with the relevant owner, identify, acquire, hold, develop, and release state, private and communal-owned land for residential and community purposes for the creation of sustainable human settlements (clause 5 (1)).
- II. The Agency must ensure that there is funding for the provision of all infrastructure that is required for housing development in which it is involved (clause 5 (2)).
- III. The Agency may aid an organ of the state to fulfil its objectives. In addition, the Minister may, in consultation with the relevant MEC (and where there is a lack of capacity in any organ of state) 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 the government's responsibility for rental housing property. It creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market. It facilitates sound relations between tenants and landlords by laying down general requirements for leases and principles for conflict resolution in the rental housing sector. It also provides for the establishment of Rental Housing Tribunals and defines the functions, powers, and duties of such tribunals.

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

This Act establishes and promotes a sustainable social housing environment, 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 aims to protect the rights of both landowners and unlawful occupiers. It provides guidelines and legal procedures that must be followed when evicting unlawful occupants from land or property.

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

The Act regulates the conduct of parties within Community Schemes.

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

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

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

The Act provides for the establishment of the Construction Industry Development Board (CIDB) to implement an integrated strategy for the reconstruction, growth and development of the construction industry.

The Act mandates the Board to establish and maintain a National Register of Contractors and a National Register of Projects. 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) will also have to 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, and provides for inclusive, developmental, equitable and efficient spatial planning in the different spheres of government. It also provides a framework for the monitoring, coordination, and review of the spatial planning and land use management system; provides a framework for policies, principles, norms, and standards for spatial development planning and land use management; addresses part of spatial and regulatory imbalances; and promotes greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications. The Act further provides for the establishment, functions and operations of Municipal Planning Tribunals, and provides for the facilitation and enforcement of land use and development measures and matters connected herewith.

### **COMMUNAL LAND RIGHTS ACT, 2004 (ACT NO. 11 OF 2004)**

The Act intends to provide for legal security of tenure by transferring communal land, to communities, or by awarding comparable redress. It provisions for the conduct of a land rights enquiry to determine the transition from old order rights to new order rights. Ensures democratic administration of communal land by communities. The Act provides for Land Rights Boards. It enables co-operative performance of municipal functions on communal land. The Act amends or repeals certain laws. Further, the Act provides for matters incidental thereto.



### **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 in order 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. 08 OF 1981 AS AMENDED)**

Regulates the alienation of land in certain circumstances.

### **IMMOVEABLE ASSETS MANAGEMENT ACT (NO. 19 OF 2007)**

The Act provides, among other things, a uniform framework for the management of immovable assets held or used by a national or provincial department, and ensures the coordination of such assets with the service delivery objectives of these departments. It also makes provision for acquiring registered title to public rental houses.

### **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 land.

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

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

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

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

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

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

### **EXPROPRIATION ACT, 2024 (ACT NO. 13 OF 2024)**

To provide for the expropriation of land and other property for public and certain other purposes; and to provide for matters connected therewith.

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

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

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

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

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

The Act seeks to secure sound and sustainable management of the financial affairs of municipalities and other institutions in 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 2024 (AS AMENDED)**

The Division of Revenue Act (DORA) 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)**

The Act 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)**

The Act 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)**

This Act 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)**

This Act 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 inter-governmental disputes.

## **NATIONAL DEVELOPMENT PLAN: VISION 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 neighborhood 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 2019 - 2024**

The 2019 – 2024 Medium-Term Strategic Framework (MTSF) serves as both a five- year implementation plan and an integrated monitoring framework. The plan is anchored on the seven priorities and related interventions of the sixth administration, while the monitoring framework tracks outcomes, indicators, and targets linked to these priorities.

The MTSF promotes alignment, coordination, and integration of all development planning instruments to deliver measurable results, avoid duplication, prevent role conflicts, and ensure coordinated development. It also provides for the isolation and declaration of certain areas to prevent overcrowding of public sector investments, while mobilising public sector resources based on population trends, mobility, and location dynamics.

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 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.





## Organisational Structure





# **PART B**

## **Performance Information**





## Report on the Audit of the Annual Performance report

The Auditor-General of South Africa (AGSA) conducted a limited assurance review on the selected programmes. The conclusion on performance against predetermined objectives is presented in the Report to Management, with no material findings noted for the current performance cycle. Page 107 of this Annual Report, under Part F: Financial Statements, includes the Auditor's Report.





# Overview of Public Entity's Performance

## Service Delivery Environment

The 2024/25 financial year presented both opportunities and challenges in the delivery of integrated human settlements:

- The acquisition and rezoning of large hectares of land contributed to advancing spatial transformation objectives.
- There was significant progress in informal settlement upgrading, with 46 settlements reaching UISP Phase 3 status.
- Delivery of serviced sites and temporary emergency accommodation post-floods in KwaZulu-Natal demonstrated operational responsiveness.

Persistent Challenges:

- Delays in intergovernmental approvals and payments, particularly affecting the housing unit delivery targets.
- Infrastructure bottlenecks in priority development areas, limiting scalability.
- Administrative inefficiencies in some municipal processes impacted project timelines.

Aligned with Priority 5 of the MTSF (2019–2024), the HDA contributed to spatial integration by acquiring and preparing well-located land and ensuring access to housing closer to economic opportunities and services. The Agency's expanding property portfolio, including urban regeneration assets, remains critical to delivering on its revitalisation mandate.

## Organisational Environment

The HDA's organisational structure and governance framework remained stable during the year under review. The end of the previous Board's term in November 2024 saw the appointment of a new Board in January 2025.

### Organisational milestones:

- Full executive leadership team maintained, ensuring operational continuity.
- All approved plans (audit, risk, anti-fraud, M&E) were implemented at 100%
- Strengthened oversight, consequence management and audit improvement efforts contributed to maintaining an unqualified audit opinion.

The HDA continues to operate as a Schedule 3A national

public entity under the Housing Development Agency Act (No. 23 of 2008), supporting provinces and municipalities by executing projects where there is insufficient capacity. The Agency functions across three core functions:

- Land Identification and Acquisition
- Programme and Project Management
- Implementation and Developer Support

This three-pronged model positions the HDA to deliver on its mandate while aligning with intergovernmental planning through the Priority Development Areas and District Development Model.

## Key policy developments and legislative changes

During the reporting period, the following developments influenced the HDA's operational landscape:

No changes were made to the HDA's legislative mandate. However, ongoing legislative developments impacted the broader human settlements environment:

- Draft Expropriation Bill – Progressed toward formalisation, reinforcing provisions for public purpose land acquisition, particularly relevant to well-located land strategies.
- Draft White Paper on Human Settlements (Gazetted in November 2023) – Continued to shape policy discourse. Key features include:
  - \* Proposals for streamlined land and property registration, particularly for poor households.
  - \* A revised framework for beneficiary participation, supporting more inclusive and sustainable settlements.
  - \* Prioritisation of in-situ upgrading and support for the social housing market to contribute to spatial restructuring.
- Revisions to the Preferential Procurement Regulations (2022) under the PPPFA impacted the HDA's transformation efforts, necessitating continued alignment in procurement strategies.
- The conclusion of the MTSF 2019 – 2024 and the upcoming transition into the next government cycle prompted early alignment with the National Spatial Development Framework and NDP Chapter 8.

The HDA continues to ensure all strategic and operational planning remains responsive to these evolving frameworks.





## Progress Towards Achievement of Institutional Impacts and Outcomes

The HDA achieved 95% of its annual performance targets for the 2024/25 financial year, marking a continued improvement from the prior year's 91% achievement. This result is based on the Agency's 20 Key Performance Indicators (KPIs), with 19 achieved and one partially achieved. The consistent upward trajectory reflects effective execution of the six strategic pillars that underpin the Agency's turnaround plan.

### Key highlights by programme:

#### Programme 1: Administration

Achieved 100% of targets, including full implementation of audit, risk, and anti-fraud plans, and exceeding transformation procurement targets for women (49%), youth (36%), and persons with disabilities (7%).

#### Programme 2: Land Assembly and PDAs

Achieved 100% of targets. Notable accomplishments include the acquisition of 684.57 hectares of well-located land and rezoning of 1,045.5 hectares to support housing development within declared PDAs.

#### Programme 3: Human Settlements Implementation

Achieved six of seven targets (85.7%). Serviced sites (3,828) and asbestos roof replacements (313) exceeded targets, while the delivery of housing units fell short due to funding disbursement delays, especially in Buffalo City Metropolitan Municipality.

This performance reinforces the HDA's position as a reliable implementing agent in the human settlements sector.





# Institutional Programme Performance Information

## Programme 1: Administration

### Purpose

The Administration programme provides effective leadership, strategic management and administrative support to the Agency 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.

| SUB-PROGRAMME                                  | SERVICES PROVIDED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Audit and Risk</b>                          | <ul style="list-style-type: none"><li>• Organisational risks, integrity management, and anti-corruption services.</li><li>• Reports directly to the Chief Executive Officer.</li><li>• Facilitates the development and implementation of an internal control system to improve governance and compliance with applicable regulations, internal policies, processes and procedures.</li><li>• Fraud prevention and loss management.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Corporate Support Services</b>              | <ul style="list-style-type: none"><li>• Reports directly to the Chief Executive Officer</li><li>• Provides administrative support to the entire organisation in respect of Human Resource Management, Legal Services, Facilities Management, Marketing and Communications.</li><li>• Human Resource Management is responsible for human resource: administration, labour relations and employee wellness.</li><li>• Legal Services provides legal advice, litigation support, ensures compliance with the national and international laws, drafting and monitoring of service level agreements.</li><li>• Facilities Management ensures staff and other Resources Protection; good maintenance and Protection of the entire work environment keeping it most conducive for productive organisational and individual performance.</li><li>• Marketing and Communication Department is responsible for the provision of communication services, both internally and externally, media liaison support, public liaison, events management and the development and maintenance of the organisational website.</li></ul>                          |
| <b>Finance</b>                                 | <ul style="list-style-type: none"><li>• Reports to the Chief Executive Officer.</li><li>• Manages and provides financial management services in respect of: financial accounting and administration, budgeting and management accounting, supply chain, project finance management.</li><li>• Financial Accounting and Administration - develops and oversees the implementation of financial administration and accounting policies, processes and systems, ensuring that the financial resources allocated to the agency are optimally utilised.</li><li>• Budgeting and Management Accounting - provides guidance on the preparation of budgets and monitors the expenditure trends on an ongoing basis.</li><li>• Supply Chain - facilitates the development and monitors the implementation of supply chain management policies, processes, and systems. It also provides procurement management services within the organisation.</li><li>• 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.</li></ul> |
| <b>Strategy and Organisational Performance</b> | <ul style="list-style-type: none"><li>• Facilitates the formulation of the strategic plan and annual performance plans.</li><li>• Responsible for institutional performance assessment and reviews.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



## Programme 2: Land Assembly and PDAs

### Purpose

This programme facilitates access to well-located land for human settlements development, through land acquisition and rezoning within PDAs.

The Programme has the following sub-programmes: Land Management and Land Planning, as indicated in the following table.

| SUB-PROGRAMME   | SERVICES PROVIDED                                                                                                                                                                                                                                                                |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Land Management | Identifying, acquiring, holding, developing, and releasing state, privately and communal-owned land.<br><br>Targeting and prioritising areas for integrated housing and human settlements development.                                                                           |
| Land Planning   | Implementation of PDA programme - spatial targeting to achieve maximum spatial impact.<br><br>Compilation of detailed development concepts and layout for acquired land parcels to proactively guide sector plans and investments over the MTEF periods e.g., Bulk requirements. |

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

### Purpose

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

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

### Sub-Programme 3.1: Informal Settlements Upgrading

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

The UISP is a very complex programme with various informal settlements having their own unique circumstances which require different interventions and or development responses. The programme is one of Government's prime development initiatives and that upgrading projects should be dealt with on a priority basis. In line with international best practice, the

programme was designed to address the specific development requirements posed by informal settlements. As such, it is flexible to ensure that it can address locally peculiar development requirements and has to be funded through specially designed funding mechanisms.

With due consideration of the objectives and principles of informal settlements upgrading projects should be undertaken against the following broad objectives and principles:

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

Provided that the HDA has the necessary capacity, it can demonstrate its ability to assume its Implementing Agent role and thus provide the needed impetus to provincial

human settlements departments and municipalities in the implementation of their various phases of the UISP accordingly.

| SUB-PROGRAMME                                                                 | SERVICES PROVIDED                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Upgrading of Informal Settlements Programme                                   | <ul style="list-style-type: none"> <li>Provides Informal Settlement Upgrading</li> <li>Facilitates the implementation of transformation and empowerment in all HDA programmes (as per preferential procurement targets set in Programme 1).</li> </ul>                                                     |
| Regional Co- ordination and Human Settlements Implementation Support Services | <ul style="list-style-type: none"> <li>Enhances capacity and renders human settlements project implementation services to provinces and municipalities.</li> <li>Collaborates with the respective spheres of government to optimise service delivery and facilitate access to adequate housing.</li> </ul> |





# Outcomes, Outputs, Output Indicators, Targets and Actual Achievements



## PROGRAMME 1: ADMINISTRATION

| Outcome                                                           | Output                                              | Output Indicators                                                                                           | Audited Actual Performance 2022/23                                            | Audited Actual Performance 2023/24                                         | Planned Annual Target 2024/25                                                                  | Actual Achievement 2024/25                                                                                        | Deviation from Planned Target to Actual Achievement 2024/25                                    | Reasons for Deviation                                                                                                                |
|-------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Effective and Efficient Management and Good Governance of the HDA | Unqualified audits                                  | 1.1.1 Unqualified audit outcome with no material findings                                                   | Qualified audit opinion for the 2021/22 financial year                        | Unqualified Audit outcome for the year 2022/23                             | Unqualified audit outcome with no material findings                                            | <b>Achieved</b><br>Unqualified audit outcome                                                                      | None                                                                                           | Not Applicable                                                                                                                       |
|                                                                   | Compliance with invoice payments                    | 1.1.2 Percentage of invoices paid within 30 days                                                            | New indicator                                                                 | New indicator                                                              | 100% of invoices paid within 30 days                                                           | <b>Achieved</b><br>100% of invoices paid within 30 days                                                           | None                                                                                           | Not Applicable                                                                                                                       |
|                                                                   | Transformation and empowerment of designated groups | 1.1.3 Percentage of annual HDA procurement spend, per financial year, targeted at businesses owned by women | 40,97% of annual HDA procurement spend, targeted at businesses owned by women | 49% of annual HDA procurement spend, targeted at businesses owned by women | 45% of annual HDA procurement spend, per financial year, targeted at businesses owned by women | <b>Achieved</b><br>48% of annual HDA procurement spend, per financial year, targeted at businesses owned by women | +3% of annual HDA procurement spend, per financial year, targeted at businesses owned by women | Sufficient participation of qualifying businesses owned by women have been identified for procurement allocations to meet the target |
|                                                                   |                                                     | 1.1.4 Percentage of annual HDA procurement spend, per financial year, targeted at businesses owned by youth | 25,56% of annual HDA procurement spend, targeted at businesses owned by youth | 36% of annual HDA procurement spend, targeted at businesses owned by youth | 25% of annual HDA procurement spend, per financial year, targeted at businesses owned by youth | <b>Achieved</b><br>25% of annual HDA procurement spend, per financial year, targeted at businesses owned by youth | None                                                                                           | Not Applicable                                                                                                                       |

| PROGRAMME 1: ADMINISTRATION                                       |                                                 |                                                                                                                                 |                                                                                                                      |                                                                                                                          |                                                                                                                   |                                                                                                                                      |                                                             |                       |
|-------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------|
| Outcome                                                           | Output                                          | Output Indicators                                                                                                               | Audited Actual Performance 2022/23                                                                                   | Audited Actual Performance 2023/24                                                                                       | Planned Annual Target 2024/25                                                                                     | Actual Achievement 2024/25                                                                                                           | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviation |
| Effective and Efficient Management and Good Governance of the HDA |                                                 | 1.1.5 Percentage of annual HDA procurement spend, per financial year, targeted at businesses owned by persons with disabilities | 9,54% of annual HDA procurement spend, per financial year, targeted at businesses owned by persons with disabilities | 7% of annual HDA procurement spend, per financial year, targeted at businesses owned by persons living with disabilities | 7% of annual HDA procurement spend, per financial year, targeted at businesses owned by persons with disabilities | <b>Achieved</b><br>7% of annual HDA procurement spend, per financial year, targeted at businesses owned by persons with disabilities | None                                                        | Not Applicable        |
|                                                                   | Functional, Efficient and Integrated Governance | 1.1.6 Percentage implementation of the approved internal audit Plan                                                             | 100% implementation of the approved internal audit plan                                                              | 100% implementation of the approved internal audit plan                                                                  | 100% implementation of the approved internal audit plan                                                           | <b>Achieved</b><br>100% implementation of the approved internal audit plan                                                           | None                                                        | Not Applicable        |
|                                                                   |                                                 | 1.1.7 Percentage Implementation of Anti-fraud and corruption plan                                                               | 100% Implementation of anti-fraud and corruption plan                                                                | 100% Implementation of anti-fraud and corruption plan                                                                    | 100% Implementation of anti-fraud and corruption plan                                                             | <b>Achieved</b><br>100% Implementation of anti-fraud and corruption plan                                                             | None                                                        | Not Applicable        |
|                                                                   |                                                 | 1.1.8 Percentage Implementation of the approved risk management plan                                                            | 100% Implementation of the approved risk management plan                                                             | 100% Implementation of the approved risk management plan                                                                 | 100% Implementation of the approved risk management plan                                                          | <b>Achieved</b><br>100% Implementation of the approved risk management plan                                                          | None                                                        | Not Applicable        |



**PROGRAMME 2: LAND ASSEMBLY AND PRIORITY DEVELOPMENT AREA**

| Outcome                                                             | Output                                                                              | Output Indicators                                                                                    | Audited Actual Performance 2022/23                                                     | Audited Actual Performance 2023/24                                                | Planned Annual Target 2024/25                                                             | **Actual Achievement 2024/25                                                                                                                                                                                                             | Deviation from Planned Target to Actual Achievement 2024/25                                 | Reasons for Deviation                                                                                                                                                                                                 |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Integrated and sustainable human settlements and security of tenure | Integrated implementation programmes for PDAs                                       | 2.1.1. Number of integrated implementation programmes for PDAs completed per year                    | 40 Integrated Implementation programmes for PDAs completed per year                    | 14 integrated Implementation programmes for PDAs completed                        | 10 Integrated Implementation programmes for PDAs completed per year                       | <b>Achieved</b><br>10 Integrated Implementation programmes for PDAs completed per year                                                                                                                                                   | None                                                                                        | Not Applicable                                                                                                                                                                                                        |
|                                                                     | Well-located land acquired within PDAs                                              | 2.1.2 Number of hectares of well-located land acquired within PDAs                                   | 993.0012 hectares of well-located land acquired within PDAs                            | 316.2926 ha of well-located land acquired land within PDAs                        | 500 hectares of well-located land acquired within PDAs                                    | <b>Achieved</b><br>684.5748 hectares of well-located land acquired within PDAs<br><br><b>Out of Quarter</b><br>573.5588 hectares of well-located land acquired within PDAs                                                               | +184.5748 hectares of well-located land acquired within PDAs                                | The overachievement of the target is attributed to collaborative efforts with the Department of Public Works and Infrastructure (DPWI), which facilitated the accelerated release of public land located within PDAs. |
|                                                                     | Land rezoned, townships established, and all related development approvals acquired | 2.1.3 Percentage of the 1786.1527 ha of land acquired during 2014 – 2019 falling within PDAs rezoned | 0% of the 1786.1527 ha of land acquired during 2014 – 2019 falling within PDAs rezoned | 1% of 1786.1527 ha of land acquired during 2014– 2019 falling within PDAs rezoned | 9,72% of the 1786.1527 ha of land acquired during 2014 – 2019 falling within PDAs rezoned | <b>Achieved</b><br>10,11% of the 1786.1527 ha of land acquired during 2014 – 2019 falling within PDAs rezoned<br><br><b>Out of Quarter</b><br>0,190% of the 1786.1527 ha of land acquired during 2014 – 2019 falling within PDAs rezoned | +0,39 % of the 1786.1527 ha of land acquired during 2014 – 2019 falling within PDAs rezoned | Town Planning Applications were approved by the relevant authorities due to consistent MPTs.                                                                                                                          |

**PROGRAMME 2: LAND ASSEMBLY AND PRIORITY DEVELOPMENT AREA**

| Outcome | Output                                                      | Output Indicators                                                                        | Audited Actual Performance 2022/23                                                                    | Audited Actual Performance 2023/24                                                      | Planned Annual Target 2024/25                                                    | **Actual Achievement 2024/25                                                                                                                                                                                                                    | Deviation from Planned Target to Actual Achievement 2024/25                            | Reasons for Deviation                                                                                                                                                                                                      |
|---------|-------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                             | 2.1.4 Number of hectares of land rezoned for Human settlements development               | 1,044.545 hectares of land rezoned for Human Settlements Development                                  | 709.869 ha of land rezoned for human settlement development                             | 700 hectares of land rezoned for human settlements development                   | <b>Achieved</b><br>1045.2662 hectares of land rezoned for human Settlements development<br><br><b>Out of Quarter</b><br>14.2434 hectares of land rezoned for human settlements development                                                      | + 345.2662 hectares of land rezoned for human Settlements development                  | All rezoning submissions have been considered by the various MPTs                                                                                                                                                          |
|         | Well-located land acquired for human settlement development | 2.1.5 Number of hectares of well-located land acquired for human settlements development | 1659.4809 of hectares of well-located land acquired and/or released for human settlements development | 1617.5248 ha of well-located land acquired or released for human settlement development | 1000 of hectares of well-located land acquired for human settlements development | <b>Achieved</b><br>1163.8849 of hectares of well-located land acquired for human settlements development<br><br><b>Out of Quarter</b><br>627.3944 hectares of well-located land acquired for Human Settlements development acquired within PDAs | + 163.8849 of hectares of well-located land acquired for human settlements development | The overachievement is attributed to the prioritisation of well-located land acquisitions, as well as the finalisation of transactions that were initiated in previous periods but concluded during the year under review. |

| PROGRAMME 3: PROGRAMME PLANNING AND DESIGN AND REGIONAL COORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES |                                                                         |                                                                          |                                                                         |                                                             |                                                            |                                                                               |                                                             |                       |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------|
| SUB-PROGRAMME: 3.1 INFORMAL SETTLEMENT UPGRADING                                                                          |                                                                         |                                                                          |                                                                         |                                                             |                                                            |                                                                               |                                                             |                       |
| Outcome                                                                                                                   | Output                                                                  | Output Indicators                                                        | Audited Actual Performance 2022/23                                      | Audited Actual Performance 2023/24                          | Planned Annual Target 2024/25                              | **Actual Achievement 2024/25                                                  | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviation |
| 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 | 241 informal settlements supported for upgrading to phase 3 of the UISP | 237 informal settlements supported for upgrading to Phase 3 | 46 informal settlements supported for upgrading to Phase 3 | <b>Achieved</b><br>46 informal settlements supported for upgrading to Phase 3 | None                                                        | Not Applicable        |

## SUB PROGRAMME 3.2: REGIONAL CO-ORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES

| Outcome                                                             | Output                   | Output Indicators                                                               | Audited Actual Performance 2022/23                                   | Audited Actual Performance 2023/24                                   | Planned Annual Target 2024/25                                        | **Actual Achievement 2024/25                                                                                                                                                                 | Deviation from Planned Target to Actual Achievement 2024/25           | Reasons for Deviation                                                                                                                                                              |
|---------------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Integrated and sustainable human settlements and security of tenure | Housing units delivered  | 3.2.1 Number of housing units delivered i.r.o. projects implemented by the HDA  | 1433 housing Units delivered i.r.o projects implemented by the HDA   | 1300 housing units delivered i.r.o. projects implemented by the HDA  | 2901 Housing units delivered i.r.o. projects implemented by the HDA  | <b>Not Achieved</b><br>873 Housing units delivered i.r.o. projects implemented by the HDA<br><br><b>Out of Quarter</b><br>156 Housing units delivered i.r.o. projects implemented by the HDA | -2028 Housing units delivered i.r.o. projects implemented             | The HDA continues to engage with BCMM to ensure tranche payments are paid in accordance with the provision of the funding agreement concluded between HDA and BCMM.                |
|                                                                     | Serviced sites delivered | 3.2.2 Number of serviced sites delivered i.r.o. projects implemented by the HDA | 4757 serviced sites delivered i.r.o. projects implemented by the HDA | 2142 serviced sites delivered i.r.o. projects implemented by the HDA | 2670 serviced sites delivered i.r.o. projects implemented by the HDA | <b>Achieved</b><br>3828 serviced sites delivered i.r.o. projects implemented by the HDA                                                                                                      | +1158 serviced sites delivered i.r.o. projects implemented by the HDA | The HDA provided project management support in the Ikagaleng Rapid Land Release Programme for which services on the stands of Chris Hani Ext 4-7 near Daveyton have been installed |
|                                                                     | Asbestos Roofs Replaced  | 3.2.3 Number of asbestos roofs replaced i.r.o projects managed by the HDA       | 1000 Asbestos roofs replaced i.r.o. projects managed by the HDA      | 1000 asbestos roofs replaced i.r.o. projects managed by the HDA      | 300 asbestos roofs replaced i.r.o projects managed by the HDA        | <b>Achieved</b><br>313 asbestos roofs replaced i.r.o projects managed by the HDA<br><br><b>Out of Quarter 14</b> asbestos roofs replaced i.r.o projects managed by the HDA                   | +13 asbestos roofs replaced i.r.o projects managed by the HDA         | Additional support was required for asbestos roof replacements in Western Cape – HDA managed to provide the required support                                                       |



### SUB PROGRAMME 3.2: REGIONAL CO-ORDINATION AND HUMAN SETTLEMENT IMPLEMENTATION SUPPORT SERVICES

| Outcome | Output                                               | Output Indicators                                                                            | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24                      | Planned Annual Target 2024/25                                                                                                               | **Actual Achievement 2024/25                                                                                                                                   | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviation                                                                                          |
|---------|------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
|         | Temporary Emergency Accommodation managed            | 3.2.4 Number of Temporary Emergency Accommodation managed i.r.o. projects managed by the HDA | New indicator                      | 3 temporary emergency accommodations managed by the HDA | 3 of Temporary Emergency Accommodation managed i.r.o projects managed by the HDA                                                            | <b>Achieved</b><br>3 of Temporary Emergency Accommodation managed i.r.o projects managed by the HDA                                                            | None                                                        | Not Applicable                                                                                                 |
|         | Development plans with financial viability completed | 3.2.5 Number of development plans with financial viability completed                         | New indicator                      | New indicator                                           | 4 Development plans with financial viability completed (Sea Point property, Braamfontein properties, Kimberly property and Strand property) | <b>Achieved</b><br>4 Development plans with financial viability completed (Sea Point property, Braamfontein properties, Kimberly property and Strand property) | None                                                        | Not Applicable                                                                                                 |
|         | Title deeds registered                               | 3.2.6 Number of title deeds registered                                                       | 1731 title deeds registered        | 3107 title deeds registered                             | 1180 title deeds registered                                                                                                                 | <b>Achieved</b><br>1827 title deeds registered                                                                                                                 | +647 title deeds registered                                 | The Deeds Office has had a quicker turnaround in the registration of title deeds in the Western Cape province. |



## Linking Performance with Budgets

### 2024/25 Expenditure and Budget per Programme

#### 1. Budget Utilisation – 2024/25 Financial Year

The HDA successfully utilised 81% of its total approved budget for the 2024/25 financial year, as illustrated in the table below.

A cost saving of 19% was achieved through the implementation of robust spending controls and prudent financial management practices. These measures enabled the Agency to effectively prioritise and allocate

the limited resources, ensuring operational efficiency and fiscal discipline.

Despite funding constraints and delays in the receipt of funds from key stakeholders, the HDA was able to successfully achieve its established performance targets, reflecting sound financial stewardship and strategic execution.

| 2024/25 Expenditure and Budget per Programme                                                                                        |                   |                  |         |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|---------|
|                                                                                                                                     | Actuals<br>R0'000 | Budget<br>R0'000 | % Spent |
| Programme 1: Administration                                                                                                         | 140 465           | 157 780          | 89%     |
| Programme 2: Land Management and PDAs                                                                                               | 40 627            | 38 150           | 106%    |
| Programme 3: Programme Planning and Design Management and Regional Coordination and Human Settlement implementation support service | 229 534           | 308 059          | 74%     |
| Total                                                                                                                               | 410 626           | 503 988          | 81%     |





## Revenue Collection

The table below presents the revenue collected by the HDA from exchange transactions for the 2024/25 financial year. The revenue is derived from multiple operational streams that reflect the Agency's mandate and service delivery activities.

### 1. Rental Income

Rental income earned is incidental in nature, as the leasing of land is not intended for commercial gain but rather as a protective measure to safeguard strategically held land parcels. Properties are occupied by tenants primarily to deter illegal invasions and safeguard public assets. As such, this revenue stream is not a core source of income but a by-product of land protection strategies.

### 2. Agency Income (Management Fees)

Management fees are earned by the Agency for the implementation and oversight of projects, as stipulated in various funding agreements. These fees are directly correlated with the capital expenditure incurred on behalf of stakeholders and are recognised in line with the progress of project implementation.

### 3. Province-Supported Operational Revenue

This revenue reflects strategic funding support provided by provincial departments of human settlements under medium-term operational plans (MTOPs). The funding

enables the effective functioning of regional offices and supports operational activities specific to each province. This revenue is recognised in the Statement of Financial Performance only where valid MTOP agreements are in place.

### 4. Other Income

This category represents revenue generated from ancillary activities that are incidental to the Agency's primary mandate. These may include ad-hoc recoveries or services rendered in the ordinary course of implementing agent responsibilities..

### 5. Interest Income

Interest income is earned from the temporary investment of operational grants received from the national Department of Human Settlements. These funds are invested in money market instruments and call accounts in accordance with the HDA's approved investment policy, ensuring both capital preservation and income generation while awaiting project disbursement.

|                                      | 2024/25        |                    |                          | 2023/24        |                    |                          |
|--------------------------------------|----------------|--------------------|--------------------------|----------------|--------------------|--------------------------|
| Source of revenue                    | Estimate       | Actual Expenditure | (Over)/Under Expenditure | Estimate       | Actual Expenditure | (Over)/Under Expenditure |
| Rental Income                        | -              | 3 569              | (3 569)                  | 1 000          | 3 489              | (2 489)                  |
| Agency Income: Management fee        | 40 507         | 34 883             | 5 624                    | 50 552         | 54 893             | (4 341)                  |
| Province Support Operational Revenue | 197 711        | 175 891            | 21 820                   | 224 341        | 131 800            | 92 541                   |
| Other Income                         | 3 338          | 14 337             | (10 999)                 | 6 213          | 6 359              | (146)                    |
| Other – Interest Income              | 7 842          | 12 547             | (4 705)                  | 15 201         | 24 184             | (8 983)                  |
| <b>Total</b>                         | <b>249 398</b> | <b>241 227</b>     | <b>8 171</b>             | <b>297 307</b> | <b>220 725</b>     | <b>76 582</b>            |



## Strategy to Overcome Areas of Under Performance

While the HDA achieved 95% of its planned performance targets for the 2024/25 financial year, one of the critical output indicators delivery of housing units was not achieved. This underperformance is primarily attributed to the withdrawal and delays in project implementation by some partners. It should further be noted that the HDA does not allocate an internal capital budget for the construction of housing units.

The Agency is appointed by client departments, typically provincial human settlements departments or municipalities to implement projects on their behalf. In this delivery model, the HDA does not receive direct capital allocations for housing development; instead, it implements projects using funds transferred from the appointing client in accordance with approved implementation protocols or funding agreements. The Agency's baseline funding from the national fiscus is limited to operational expenditure, and as such, the delivery of housing units is wholly dependent on the timely flow of project-specific funds from provinces and municipalities.

To mitigate this challenge going forward, the Agency will strengthen the use of intergovernmental relations forums, including MINMEC and the Human Settlements Technical Forums, to escalate and resolve funding and coordination issues impacting project execution. The national Department of Human Settlements will be engaged to support the enforcement of funding agreements and to facilitate alignment between project planning, budgeting, and implementation timelines across spheres of government. These efforts will ensure greater accountability, enhance project readiness, and improve delivery against agreed targets.







## Capital Investment

### Capital Investment, Maintenance, and Asset Management Plan

The HDA maintains an Asset Management Plan that is fully aligned with its approved Asset Management Policy Framework. This plan supports the strategic oversight and safeguarding of the Agency's assets and ensures alignment with its mandate of land acquisition, holding, and development for human settlements.

During the year under review, the Agency's landholding mandate remained unchanged, with land parcels and properties held in accordance with its statutory responsibilities. The HDA continues to own and manage two major assets:

- The SABC Sea Point Land, and
- The Eskom Braamfontein Building.

Both properties are registered in the name of the HDA, and as at the reporting date, neither asset has been pledged as security for any liabilities or financing arrangements.

To ensure asset integrity and safeguard value, the Agency implemented adequate and effective internal controls throughout the year. These controls included:

- Scheduled inspections and routine maintenance,
- Continuous asset register updates in line with GRAP 17 requirements, and
- Regular compliance checks against the asset management policy.

A condition assessment of all capital assets was conducted during the financial year, and no indicators of impairment were noted, confirming that the assets remain in a serviceable condition and continue to deliver expected economic or service benefits.

| Name                        | Purchase Date  | 2025<br>R'000 | 2024<br>R'000 |
|-----------------------------|----------------|---------------|---------------|
| SABC Sea Point Land         | September 2023 | 46 200        | 46 200        |
| Eskom Braamfontein Building | August 2023    | 60 300        | 60 300        |





# PART C

## Public Entity's General Information







# The Accounting Authority/ the Board

## Introduction

The Board of Directors is the accounting authority of a public entity. The Board of a public entity constitutes a fundamental base for the application of corporate governance principles in the public entity. All public entities should be headed by and controlled by an effective and efficient Board, comprising of the appropriate mix of executive and non executive directors representing the necessary skills to strategically guide the public entity. The majority of the members should be non-executive to ensure independent and objectivity in decision-making. The Board has an absolute responsibility for the performance of the public entity and is fully accountable to the public entity for such performance. The Board should also give strategic direction to the public entity.

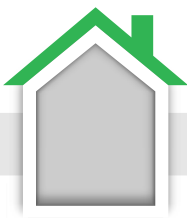
- The four quarterly reports were submitted to the Executive Authority within the periods as stipulated by the National Treasury.
- The 2023/24 Shareholder Compact between the Executive Authority and the Accounting Authority (the HDA Board of Directors) was concluded.

## Board Charter

The Board has an approved Charter. 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 to deliberate on matters that were for the consideration and approval of the Board. The directors fulfilled their fiduciary duties to the entity, in line with the requirements of the Charter.







## Composition of the Board

Section 9 of the HDA Act No. 23 of 2008 outlines the composition of the Board. In the year under review, the Board had a total of eight members (two executive directors and six non-executive directors). The term of the Board ended in November 2024. The Executive Authority appointed a new Board in January 2025. The appointment of the nominee from the Minister of Agriculture, Land reform and Rural Development is pending. One non-executive director (Dr. A Mahapa) resigned from the Board in March 2025. There are no alternate members on the Board.

| Name                  | Designation (in terms of the Public Entity Board structure) | Date appointed | Date resigned                                                                          | Qualifications                                                                                                                                                                                                                                                                                                                                                            | Area of expertise                                                           | Board Directorships                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Other Committees or Task Teams (e.g: Audit committee/ Ministerial Task Team)                                                                        | Number of Board Meetings Attended |
|-----------------------|-------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <b>Hosi P C Ngove</b> | Board Chairperson and Non- executive Board member           | 15 May 2023    | 30 November 2024 (end of term)<br><br>Reappointed as Board Chairperson in January 2025 | National Diploma Public Administration<br>PGC in Construction and Engineering law<br>PGC Local Government Law<br>PGC Advanced Company Law<br>PGC Advanced Administrative Law<br>PGDip in Labour Law<br>PGDip in Environmental and Sustainability law<br>PGDip Urban Economic Development<br>Master of Laws (Commercial and Business laws)<br>Masters of Built Environment | Law (Administrative, Construction, Local Government), Public Administration | Previous Boards:<br>-National Arts Council,<br>-Regional Land Use Advisory Board,<br>-Mopani District Municipality,<br>-Letaba Technical College,<br>-National House of Traditional Leaders,<br>-National Development Agency,<br>-Commission for the Protection and Promotion of Cultural, Religious and Linguistic Communities,<br>-South African Council for Planners and Appeals Board,<br>-National Lottery Commission<br>Current Boards:<br>1. National House of Traditional Leaders (Deputy Chairperson)<br>2. Limpopo House of Traditional Leaders (Chairperson)<br>3. National Development Agency<br>4. South African Council for Planners<br>5. National Disaster Management Council<br>6. National Lotteries Commission<br>7. National Arts Council<br>8. Sectional Title Management Schemes Council (Deputy Chairperson) | Hosi Ngove is a member of the following Board Committees:<br>a. Social and Ethics Committee,<br>Land, Properties and Projects Development Committee | 11                                |

| Name                  | Designation (in terms of the Public Entity Board structure) | Date appointed   | Date resigned                                                                                 | Qualifications                                                                                                                                                                                                                   | Area of expertise                                                                                                                                                                              | Board Directorships                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Other Committees or Task Teams (e.g: Audit committee/ Ministerial Task Team)                                                                                                                                                            | Number of Board Meetings Attended |
|-----------------------|-------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <b>Ms. M Dumakude</b> | Deputy Board Chairperson and Non-executive Board member     | 26 November 2021 | 25 November 2024                                                                              | National Diploma: Industrial Engineering, Diploma in Computer Science, Bachelor of Technology in Industrial Engineering, Graduate Diploma in Engineering, Master's degree in civil engineering, Management Advancement Programme | Construction services – Roads, storm water, concrete and earthworks, general building including housing construction Project management, human performance strategies, industrial engineering  | Current Board: Kelvion Past Boards: MBC Engineering, Black Energy Services, SAFCEC, SAWIC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Ms. Dumakude is a member of the following Board Committees:<br>a. Land, Properties and Projects Development Committee (Chairperson of the Committee)<br>b. Audit and Risk Committee,<br>c. Corporate Support and Remuneration Committee | 11                                |
| <b>Ms. N Maharaj</b>  | Non-executive Board member                                  | 26 November 2021 | 25 November 2024 (end of term)<br>Reappointed as a Non-executive Board member in January 2025 | B.Proc, LL.B Certificates: Corporate Governance, Financial Accounting for public entities                                                                                                                                        | Audit and risk, compliance, governance, mediation and arbitration, litigation, fraud prevention, drafting of legislation and policy, combined assurance, management of ethics, legal expertise | Current Boards: Agricultural Research Council, IRBA, University of Venda, SA Weather Service, SA Veterinary Council, SA Institute for Drug Free Sport, Border Management Authority, Gauteng Gambling Board, Overberg Water Past Boards: North West Gambling Board, North West Parks Board, BANKSETA, Road Traffic Management Corporation, SASSETA, Downtown Music Hub, Council for the Built Environment, South Rand Hospital, Market Theatre Foundation, Agricultural Research Council, Goldfields TVET College (term ended in February 2024), KZN Gaming and Betting Board | Ms. Maharaj is a member of the following Board Committees:<br>a. Social and Ethics Committee (Chairperson of the Committee)<br>b. Audit and Risk Committee, Land, Properties and Projects Development Committee                         | 12                                |

| Name                     | Designation (in terms of the Public Entity Board structure) | Date appointed   | Date resigned                                                                                                                         | Qualifications                                                                                                                                                                                 | Area of expertise                                                                                                                                                       | Board Directorships                                                                                                                                                                                                                             | Other Committees or Task Teams (e.g: Audit committee/ Ministerial Task Team)                                                                                                                                   | Number of Board Meetings Attended |
|--------------------------|-------------------------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <b>Mr. R Makan</b>       | Non-executive Board member                                  | 26 November 2021 | 25 November 2024 (end of term)                                                                                                        | Diploma Town and Regional Planning,<br><br>BTech Town and Regional Planning,<br><br>Masters in Town and regional planning,<br><br>Candidate Doctor of Philosophy in Town and Regional Planning | Spatial planning, land use management, development of guidelines for legislation, development of spatial development frameworks, strategic planning, project management | Housing Development Agency (21 May 2020 – 23 February 2021). Mr. Makan was appointed to the HDA Board again on 26 November 2021.                                                                                                                | Mr. Makan is a member of the following Board Committees:<br>a. Social and Ethics Committee,<br>b. Audit and Risk Committee, Corporate Support and Remuneration Committee                                       | 9                                 |
| <b>Mr. V M Rabothata</b> | Non-executive Board member                                  | 21 April 2023    | 30 November 2024 (end of term)<br>Reappointed as a Non-executive Board member in January 2025                                         | Bachelor of Arts, Bachelor of Administration (Hons.), Master of Science in Development Planning, Programme for Management Excellence                                                           | Development and Spatial Planning<br><br>Monitoring and Evaluation                                                                                                       | None                                                                                                                                                                                                                                            | Mr. Rabothata is a member of the following Committees of the Board:<br>a. Audit and Risk Committee,<br>b. Land, Properties and Projects Development Committee,<br>Corporate Support and Remuneration Committee | 10                                |
| <b>Dr A L Mahapa</b>     | Non-executive Board member                                  | 11 June 2023     | 30 November 2024 (end of term)<br>Reappointed as a Non-executive Board member in January 2025. Resigned from the Board in March 2025. | Teachers Diploma, Higher Education Diploma, B.Ed in Education, Training & Development, M.Ed in Psycho Educational Programme Development, Doctor of Philosophy - Psychology of Education        | Education Labour relations<br>Governance                                                                                                                                | PSETA (Board member and member of Governance and Corporate Service committee), Government Employees Pension Fund (Board member and member of the Finance and Audit Committee, Governance and Leadership Committee, Social and Ethics Committee) | Dr Mahapa is a member of the following Committees of the Board:<br>a. Corporate Support and Remuneration Committee (Chairperson of the Committee) Social and Ethics Committee                                  | 12                                |

| Name                    | Designation (in terms of the Public Entity Board structure) | Date appointed | Date resigned | Qualifications                                                                                                                                                                                                                       | Area of expertise                                                         | Board Directorships                                                                                                                                                                                                                                                                                                                                                                                                                                     | Other Committees or Task Teams (e.g: Audit committee/ Ministerial Task Team) | Number of Board Meetings Attended |
|-------------------------|-------------------------------------------------------------|----------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------|
| <b>Mr. B M Khenisa</b>  | Chief Executive Officer (Executive Director)                | 01 June 2022   | -             | Candidate Doctor of Philosophy in Development Studies, Masters in Management (Public and Development Management), Post Graduate Diploma in Corporate Law, LLB, Management Development Programme, National Diploma in Nursing Science | Law, Development Finance                                                  | 2011 - Board member Limpopo Tourism Agency, • 2010 to 2011/10 - Pension Fund / Umbrella Fund Trustee SET, • 2010 to 2011/10 - Board Member SET • 2010 - Non-Executive Director; Dirang Ba Bothle - Johannesburg Community Bank, • 2008 to 2010 - Trustee Member AF Employers Trust, • 2007 to 2018: - Member of the Tembisa Hospital Board • 2006 to 2011/10 - Central Union Trust, Cosatu Trust Fund • 2005 to 2011/10 - Old Mutual Trust: Chairperson | None                                                                         | 11                                |
| <b>Ms. J K Masemola</b> | Chief Financial Officer (Executive Director)                | 01 July 2022   | -             | B.Comm Degree (Accounting Sciences) - Hons. Bcompt / CTA (Unisa) QE 1and QE2 (South African Institute of Chartered Accountants) CA (SA) Higher Diploma in Tax Law                                                                    | Financial management, asset management, supply chain management, Taxation | None                                                                                                                                                                                                                                                                                                                                                                                                                                                    | None                                                                         | 12                                |



| Name              | Designation (in terms of the Public Entity Board structure) | Date appointed | Date resigned | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                            | Area of expertise                                                                                                                                                                                                               | Board Directorships                                                                                  | Other Committees or Task Teams (e.g: Audit committee/ Ministerial Task Team) | Number of Board Meetings Attended |
|-------------------|-------------------------------------------------------------|----------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------|
| <b>Ms. N Baai</b> | Deputy Chairperson and Non-executive Board member           | February 2025  | -             | National Diploma in Environmental Health<br>Bachelor of Technology<br>Master's degree in public administration Candidate<br>- Doctor of Philosophy in Public Administration                                                                                                                                                                                                                                               | Community development<br>Stakeholder management<br>Development of Water and sanitation programmes and related services<br>Environmental Health<br>Public Administration<br>Governance Monitoring and Evaluation Policy analysis | None                                                                                                 | **Appointed to the Committees of the Board in April 2025.                    | 0                                 |
| <b>Dr M Myeza</b> | Non-executive Board member                                  | February 2025  | -             | Doctor of Philosophy – Civil engineering<br>Master of Science – Development planning<br>Bachelor of Science – Town and Regional planning<br>National Diploma – Town and Regional Planning<br>Certificates:<br>- Executive excellence and Leadership Programme,<br>- Municipal Finance and Management Programme<br>- Knowledge Economy and City competitiveness programme<br>Building Governance capacity for South Africa | Corporate planning and Business management<br>Development of Integrated Development plans<br>Stakeholder engagement<br>Strategy development and planning<br>Spatial Engineering<br>Development Planning Governance              | Johannesburg Roads Agency (Non-executive director and Chairperson of the Service Delivery Committee) | **Appointed to the Committees of the Board in April 2025.                    | 1                                 |



## Committees of the Board

| Committee                                           | No. of Meetings Held | No. of Members | Name of Members                                                                                                                                                                                                                                                 |
|-----------------------------------------------------|----------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit and Risk Committee                            | 7                    | 5              | Ms. S Y Boulton (Chairperson) (December 2021 – March 2025)<br>Ms. N Maharaj (December 2021 to November 2024)<br>Ms. M Dumakude (December 2021 to November 2024)<br>Mr. R Makan (October 2022 to November 2024)<br>Mr. V Rabothata (April 2023 to November 2024) |
| Land, Properties and Projects Development Committee | 3                    | 4              | Ms. M Dumakude (Chairperson) (December 2021 to November 2024)<br>Ms. N Maharaj (December 2021 to November 2024)<br>Mr. V Rabothata (April 2023 to November 2024)<br>Hosi P Ngove (July 2023 to November 2024)                                                   |
| Corporate Support and Remuneration Committee        | 3                    | 4              | Dr A L Mahapa (Chairperson from July 2023 to November 2024)<br>Ms. M Dumakude (December 2021 to November 2024)<br>Mr. R Makan (December 2021 to November 2024)<br>Mr. V Rabothata (July 2023 to November 2024)                                                  |
| Social and Ethics Committee                         | 3                    | 4              | Ms. N Maharaj (Chairperson)<br>Mr. R Makan (November 2022 to November 2024)<br>Hosi P Ngove (July 2023 to November 2024)<br>Dr A L Mahapa (July 2023 to November 2024)                                                                                          |

## Remuneration of Board Members

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.

| Name                                      | Board Fees R'000 | Other benefits received R'000 | Total R'000 |
|-------------------------------------------|------------------|-------------------------------|-------------|
| <b>Hosi P C Ngove – Board Chairperson</b> | 176              | 18                            | <b>194</b>  |
| <b>Ms. M Dumakude</b>                     | 111              | 15                            | <b>126</b>  |
| <b>Ms. N Maharaj</b>                      | 101              | 18                            | <b>119</b>  |
| <b>Ms. SY Boulton</b>                     | 82               | -                             | <b>82</b>   |
| <b>Dr A L Mahapa</b>                      | 88               | 17                            | <b>105</b>  |
|                                           | <b>558</b>       | <b>68</b>                     | <b>626</b>  |

\*\*Board Members nominated from the Departments of Agriculture, Land Reform and Rural Development & Cooperative Governance are government employees which means they cannot be remunerated.



## Risk Management

The HDA has implemented a structured Enterprise-wide Risk Management (ERM) approach to create risk-integrated operations and risk cautious environment. The integration of ERM into strategy setting has positioned risk management as one of the key drivers of organisational performance.

Risk governance is based on an approved risk management policy, frameworks and processes which are designed in line with international and sector specific standards and guidelines such as, the ISO 31000 Risk Management Guidelines, the Committee of Sponsoring Organisations of the Treadway Commission (COSO), ERM Frameworks, the King VI Code on Corporate Governance, the Public Sector Risk Management Framework, Control Objectives for Information and Related Technology

(COBIT), and the Project Management Body of Knowledge for project management.

The HDA's risk management components include:

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

Risk assessments are conducted at least annually at both strategic and operational levels. The identified risks are reviewed continuously to monitor progress made to implement the risk mitigation measures and to assess new and emerging risks facing the HDA. Below are key strategic risks that were identified for the 2024/25 financial year:

| Strategic Risks                                                                                    | Residual Risk Rating (RRR) |        | RRR |
|----------------------------------------------------------------------------------------------------|----------------------------|--------|-----|
|                                                                                                    | Likelihood                 | Impact |     |
| 1. Reduction of work that the HDA is implementing on behalf of the provinces                       | 5                          | 4      | 20  |
| 2. Delayed / non-transfer of funds from provinces to the HDA in line with MTOP agreements          | 5                          | 4      | 20  |
| 3. Inability to raise funding to implement the primary mandate (developmental part of the mandate) | 5                          | 3      | 15  |
| 4. Failure to establish an efficient automated and integrated ICT environment                      | 5                          | 3      | 15  |
| 5. Lack of a coherent approach to stakeholder engagement                                           | 5                          | 3      | 15  |
| 6. Insufficient funding to prepare donated state land from DPWI.                                   | 5                          | 2      | 10  |
| 7. Misaligned culture within the HDA                                                               | 5                          | 2      | 10  |
| 8. Reputational damage to the HDA brand                                                            | 5                          | 2      | 10  |
| 9. Fraud and corruption                                                                            | 3                          | 3      | 9   |
| 10. Poor governance and weak internal control system                                               | 3                          | 3      | 9   |

The entity has an approved risk appetite and tolerance framework which guides management on the nature and extent of the risks which can be taken in pursuit of its strategic objectives. The HDA has an independent Audit and Risk Committee that provides oversight and

monitors the effectiveness of the overall system of risk management, especially the integration of risk management into organisational strategy, decision-making, and mitigation of risk within acceptable risk appetite and tolerance thresholds.



## Internal Control Unit

During the 2024/25 financial year, the Office of the Chief Financial Officer (CFO) played a central role in strengthening the internal control environment of the Housing Development Agency (HDA). The CFO's Office led key functions including the safeguarding of organisational assets, coordinating external audit processes, and facilitating the effective operation of the Operation Clean Audit Committee—thereby reinforcing sound governance practices across the Agency.

Furthermore, the CFO's Office was instrumental in overseeing procurement processes, ensuring that all transactions were compliant with legislative and regulatory frameworks, including the PFMA, Treasury Regulations, and internal SCM policies. These measures collectively contributed to improved audit outcomes, enhanced institutional accountability, and a more resilient financial control system within the HDA.







## Internal Audit and Audit Committees

### Key activities and objectives of the internal audit

Internal Audit function is established in terms of section 51(1)(ii) of the Public Finance Management Act (PFMA) Act No. 1 of 1999, which states that “the Accounting Authority must ensure that the entity has and maintains a system of Internal Audit under the control and direction of the Audit Committee, read with Treasury Regulations 27.1 and 27.2.

The HDA transitioned from relying on a co-source partner to perform Internal Audit activities to capacitation of its in-house Internal Audit function during reporting period. The aim of adopting the in-sourcing model is to build an internal audit function which shares the vision of the entity and to align with the HDA’s governance goals. The entity ensured appointment of skilled and competent staff, and to ensure access to valuable and diversified specialised talents, a panel of internal audit service providers is being procured to capacitate the in-house staff as and when required.

Internal auditing strengthens the HDA’s ability to create, protect and sustain value by providing the Board, Audit and Risk Committee and Management with independent, risk based and reasonable assurance, advice, insight, and foresight on whether:

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

### Specify a summary of audit work done

The Internal Audit function performed its work according to the worldwide professional practice of internal auditing, published by the Institute of Internal Auditors.

Its key activities include:

- Reviewing of the Internal Audit Charter.
- Developing risk-based three-year rolling and annual Internal Audit plans which are approved by the Audit and Risk Committee.
- Achieving 100% target on the implementation of the approved risk-based annual plan.
- Reporting to the Executive Committee and the Audit and Risk Committee.
- Implementing Quality Assurance and Improvement Programme

Assurance audits were undertaken in the following key areas: Financial Discipline, Supply Chain Management and Contract Management, Information and Communication Technology (security review), Human Capital Management, Document and Records Management, Performance Information, Sage300 Accpac Application Control (follow-up review), and Corporate Governance. Consulting engagement was undertaken to review the adequacy of controls in the Land Assembly (rezoning). Further, Internal Audit conducted follow-up audits on both internal and external audit findings to assess the degree of implementation of audit action plans.

### Key activities and objectives of the Audit Committee

The Audit and Risk Committee was established in terms of the PFMA and Treasury Regulations to assist the Board of Directors in fulfilling its oversight responsibilities. The Committee provides advice and guidance on the adequacy of the HDA’s initiatives for:

- Values and ethics
- Governance structures
- Risk Management
- Internal Control Framework
- Oversight of the internal audit function, external auditors, and other assurance providers within the HDA.
- Financial statement and public accountability reporting



## Audit and Risk Committee

| Name                   | Qualification                                                                                                                                                                                                         | Internal or External | If internal, position in the public entity | Date appointed   | Date resigned                         | No. of meetings attended |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------------------------|------------------|---------------------------------------|--------------------------|
| <b>Ms. S Y Boulton</b> | B. Com degree, Registered AGA (SA), Professional Accountant (SA) and Tax Practitioner (SA)                                                                                                                            | External             | N/A                                        | 20 March 2020    | March 2025                            | 7                        |
| <b>Ms N Maharaj</b>    | B.Proc, LL.B Certificates: Corporate Governance, Financial Accounting for public entities                                                                                                                             | External             | N/A                                        | 14 December 2021 | November 2024 (end of the Board term) | 7                        |
| <b>Ms M Dumakude</b>   | National Diploma: Industrial Engineering, Diploma in Computer Science, Bachelor of Technology in Industrial Engineering, Graduate Diploma in Engineering, Master's Degree in Civil Engineering Management Advancement | External             | N/A                                        | 14 December 2021 | November 2024 (end of the Board term) | 7                        |
| <b>Mr R Makan</b>      | National Higher Diploma Town and Regional Planning, B.Tech: Town and Regional Planning, Masters in Town Planning                                                                                                      | External             | N/A                                        | 27 October 2022  | November 2024 (end of the Board term) | 2                        |
| <b>Mr. V Rabothata</b> | Bachelor of Arts, Bachelor of Administration (Hons.), Master of Science in Development Planning, Programme for Management Excellence                                                                                  | External             | N/A                                        | April 2023       | November 2024 (end of the Board term) | 2                        |



## Compliance with Laws and Regulations

The HDA has a robust compliance management system that enables Management and the Board to safeguard compliance with applicable legislation. The compliance system consists of an annual compliance plan, compliance universe and compliance risk register review, monitoring, and reporting. The entity prioritised the following high-risk Acts and/or Regulations for monitoring in the 2024 – 2025 financial year:

- a) Broad-Based Black Economic Empowerment Regulations, 2016
- b) Housing Development Agency Act 23 of 2008
- c) Promotion of Access to Information Act 2 of 2000
- d) Protection of Personal Information Act 4 of 2013
- e) Public Finance Management Act 1 of 1999
- f) Construction Industry Development Board Act No. 38 of 2000
- g) Construction Industry Development Board Regulations, 2004
- h) Occupational Health and Safety Act 85 of 1993
- i) National Heritage Resources Act, 25 of 1999





## Fraud and Corruption

Section 7(2)(b) of the HDA Act states that in performing its functions, the Agency must establish compliance and fraud prevention mechanisms to ensure the integrity of the Agency. The entity has an approved Anti-fraud, Corruption and Whistle blowing Policy, and the Fraud Prevention Plan which govern ethics risk management. The 2024/25 Fraud Prevention Plan was fully implemented.

In the effort to create an ethical compliant environment, the HDA utilises the private and confidential services of Whistle Blowers (Pty)Ltd, an independent third-party company to host the Ethics Hotline. This is to ensure that the identity of whistle-blowers who wish to remain anonymous can be protected in accordance with the requirements of the Protected Disclosure Act 26 of 2000.

The Act makes provision for the protection of whistle-blowers who disclose in good faith and substantially by any procedure prescribed by the employer.

All reported cases of alleged fraud were pre-liminary assessed by Internal Audit and the status and recommendation for each case was reported to the Social and Ethics Committee, and the Audit and Risk Committee. All reported cases were closed except for two (2) which are currently being investigated by an independent service provider.







## Minimising Conflict of Interest

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



## Code of Conduct

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





## Health, Safety and Environmental Issues

The Facilities Management arm of the HDA is responsible for the provision and creation of a safe, healthy, and an accommodating work environment for employees. The Occupational Health and Safety Act 85 of 1993 made provision for employers to create governing structures for the facilitation of safety in organisational environments. It is in this background that the HDA continuously updates and ensures the appointment of Health and Safety officers to drive the health and safety agenda. The Health and Safety Committee is responsible for overseeing national compliance and reporting on Health and Safety matters within HDA Regional Offices. The following notable achievements were facilitated in this regard:

- Health and safety inspections were successfully conducted across all HDA regional offices. Minor improvements were implemented, including the correction of fire extinguisher classifications to ensure compliance with safety standards.
- Emergency protocol awareness sessions and evacuation drills were carried out through all HDA offices. These initiatives aim to educate staff on designated emergency exit routes and procedures to follow during emergency situations.
- Additional security measures were implemented through the procurement of security guarding services, supplementing the existing tactical security systems to enhance safety across all offices.
- Ergonomic furniture was successfully procured within 2024/25, intended to promote the wellbeing and enhance productivity of employees.
- Furthermore, cleaning services are continuously held to standard to maintain a clean and hygienic working environment across all HDA offices.







## Company Secretary

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

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





## Social Responsibility

During the 2024/25 financial year, the HDA made significant strides in fulfilling its social responsibility mandate through impactful community-based initiatives. A key highlight involved the donation of surplus office furniture to under-resourced schools and non-profit organisations across the country. This initiative extended beyond the agency's core mandate of developing human settlements, reflecting a deep commitment to community upliftment and inclusive development.

Beneficiaries included schools and NGOs in Gauteng, Western Cape, Northern Cape, and Qheberha such as Isekelo Primary School, Afrika Tikkun, Cravenby Secondary School, SASDO, and the Cookhouse Children Foundation. The donation is expected to improve classroom infrastructure for learners and enhance operational capacity for community organisations serving vulnerable groups.

In addition, the HDA participated in Mandela Day celebrations in partnership with DHS entities, dedicating 67 minutes to community service as part of the national call to action. The HDA renovated a house at the Bathabeleng Children's Home in Tembisa. The work included painting and basic maintenance aimed at improving the living environment for the children residing there.







# Audit and Risk Committee Report

## Audit and Risk Committee Responsibility

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.

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

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

## Effectiveness of Internal Control

- The Committee considered all the reports issued by both the internal and external auditors.
- Management demonstrated progress in addressing previously identified audit findings and has diligently worked to resolve the majority of findings.
- The Committee is also satisfied with the adopted aggressive anti-corruption strategy to curb fraud and corruption.
- Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed improvement in internal control. The Internal Audit has on a quarterly basis reported to the Committee the audits finalised, and the status of corrective action taken by management on the internal audit findings.

| Audit Areas                                                | Overall Assessment Rating: |
|------------------------------------------------------------|----------------------------|
| Financial Discipline Review                                | Needs improvement          |
| Supply Chain Management and Contract Management            | Needs improvement          |
| Information and Communication Technology (security review) | Adequate                   |
| Human Capital Management Review                            | Adequate                   |
| Documents and Records Management                           | Needs improvement          |
| Performance Information                                    | Adequate                   |
| Sage300 Accpac Application Control (follow-up review)      | Adequate                   |
| Corporate Governance Review                                | Adequate                   |
| Land Assembly (rezoning)                                   | Needs improvement          |

The Committee raised a concern with the business and financial sustainability of the entity and noted management efforts to implement the primary mandate.

## Effectiveness of Internal Audit

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

- The Committee approved a three (3) year risk based Strategic Internal Audit Plan and an Annual Audit Coverage Plan for the period 1 April 2024 to 31 March 2025.
- Internal Audit has on a quarterly basis reported to the Committee the audits finalised and the status of corrective action taken by management on both the internal and external audit findings.

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

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

## Risk Management

The Committee has embedded in its Charter the responsibility to provide oversight and monitors the effectiveness of Enterprise-wide Risk Management within the Agency.

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

The Agency was committed to ensuring that strategic and operational risks were effectively mitigated. The Committee obtained assurance on the overall system of risk management and provided oversight and monitoring on:

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

## Fraud and Corruption

A toll-free whistle-blowing hotline operated by Whistleblower (Pty) Ltd remains operational. Service providers, members of the public and employees are encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices. All reported incidents have been captured in the Fraud and Corruption Database and preliminary assessments conducted.

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

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

## Compliance Function

The Agency has established a compliance management system to ensure compliance with legislative requirements. Compliance obligations are monitored continuously and the status is reported to the Committee quarterly for effective oversight whilst the Agency mitigates the risk of non-compliance. The committee thoroughly considered compliance with the enabling legislation such as the HDA Act, and the PFMA throughout the year as part of monitoring the Agency's implementation of the Compliance Plan.

## In-year Management of Quarterly Financial and Performance Information

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

The Committee noted the content of the financial and performance information reports that were prepared and issued during the year. The entity's overall performance information remains significantly improved and reported on quarterly.

## Evaluation of Financial Statements

The Committee has:

- Reviewed the annual financial statements to be included in the annual report,
- 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

The Agency received an unqualified opinion with no findings on the annual financial statements submitted for the 2024/25 financial year, predetermined objectives and compliance with laws and regulations marking the first clean audit outcome in several years. This is a significant and commendable audit outcome that shows the success of the turnaround strategy that was implemented to improve the Agency's operations.

## External Audit

- The External Auditor attended the ordinary and special meetings of the Committee.
- The 2024/25 independent audit is the third audit conducted by Auditor General of South Africa (AGSA). The Committee is satisfied with the audit as undertaken by the AGSA.
- The Committee reviewed the Auditors' Management and Audit reports, and concurs with their overall conclusion – "Unqualified with no findings".

## Conclusion

The Committee extends its appreciation to the Board of the HDA, the Chief Executive Officer, the Chief Financial Officer and the Executive management and staff for their committed effort and support as well as their willingness to cooperate with the Committee. A special word of thanks is also extended to the Internal and External Auditors for the support that they provided to the Committee during the period.



Chairperson of the Audit and Risk Committee:

**Ms. N Maharaj**

**HDA**



## B-BBEE Compliance Performance Information



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                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law | No               | The HDA's initiative to empower designated groups was conceptualised in collaboration with NSF, however it is not at implementation phase. In addition, HDA does not issue licenses, concessions or authorisations. |
| Developing and implementing a preferential procurement policy                                                                                            | Yes              | This is given effect at bid specifications level, and points are allocated for designated groups, where applicable.                                                                                                 |
| Determining qualification criteria for the sale of state-owned enterprises                                                                               | No               | The HDA does not determine this criterion.                                                                                                                                                                          |
| Developing criteria for entering partnerships with the private sector                                                                                    | Yes              | The HDA has collaboration agreements (such as MOUs) with organisations representing designated groups, in relation to areas of cooperation and the support required.                                                |
| Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment                 | No               | The HDA does not award incentives, grants or investment schemes in relation to B-BBEE.                                                                                                                              |







# PART D

## Human Resource Management



# Human Resource Management

## Introduction

The vision of Human Resources Management of the HDA is to create a positive and inclusive work environment, develop talent, and drive organisational success through people. This is being made possible by our efforts to cultivate a culture of innovation and inclusivity where every employee feels valued, engaged, and motivated to perform exceptionally. The focus is on people, and the emphasis is on the importance of employees as a valuable asset with the aim being to attract, develop, and retain talent.

The Employee Wellness initiatives are crucial because they significantly impact on employee well-being, productivity, and ultimately, the company's success. The prioritisation of Employee Health and Wellness, contributes to the improvement of employee morale, reduction of absenteeism, enhancement of employee engagement, and fostering a positive work environment. Human Resources has continuously improved interventions geared towards supporting employees through every stage of the employee lifecycle.

## Overview of Human Resources (HR) matters at the HDA



- **Talent Acquisition and Management:** The attraction, hiring, and retention of skilled employees is the basis of having a competent workforce to achieve the entity's mandate. This includes developing effective recruitment strategies, onboarding new hires, and managing employee performance and development strategies for attracting and hiring the right talent.
- **Training and Development:** HR develops and delivers training programs to enhance employee skills and knowledge. This can involve on-the-job training, professional development courses, and mentorship programs.
- **Employee Engagement and Retention:** HR focuses on creating a positive work environment where employees feel valued, motivated, and engaged. This can involve implementing employee recognition programs, fostering a sense of belonging, and addressing employee concerns.
- **Compensation and Benefits:** Strategies for competitive and motivating compensation.
- **Performance Management:** Systems for tracking employee performance and providing feedback. HR helps to establish clear performance expectations, provide regular feedback, and implement performance management systems. This ensures that employees are held accountable and have opportunities to improve and grow within the organisation.



## Set Human Resource Priorities for the Year Under Review and the Impact of these Priorities

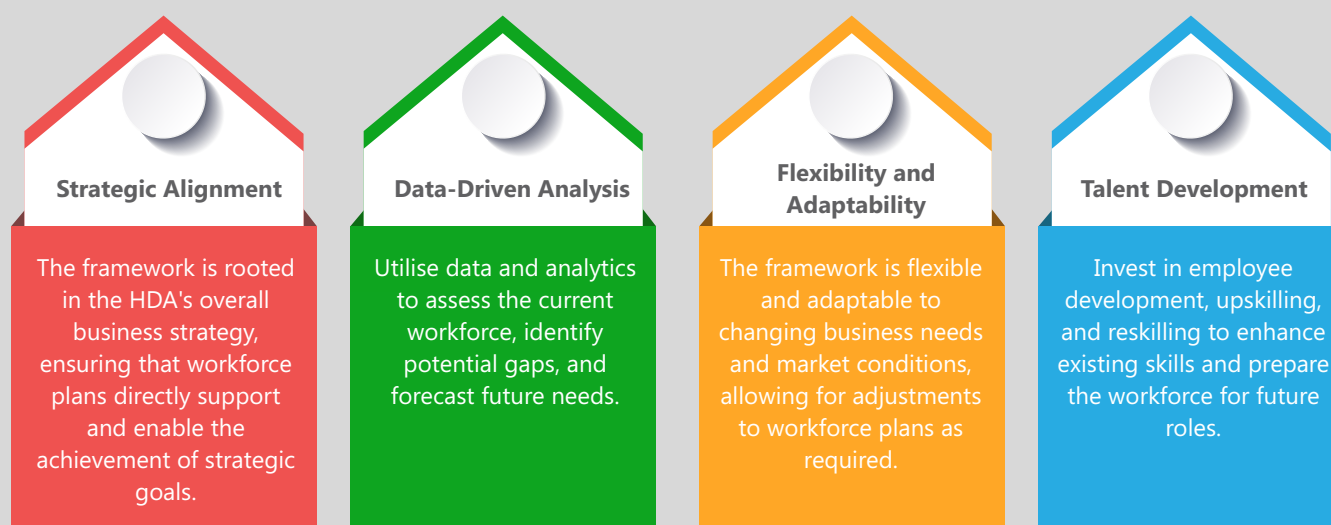
| Priority                                                    | Impact                                                                                                                                                                                                                                            |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Improve culture and build a recognisable employer brand.    | <ul style="list-style-type: none"><li>• Implementation of HDA wide change management programme to build the HDA Brand.</li><li>• Clear key drivers of engagement.</li><li>• Summarised Employee Value Proposition.</li></ul>                      |
| Development of efficient learning and development strategy. | <ul style="list-style-type: none"><li>• Revised workforce skills and annual training plan.</li><li>• Implementation of an Executive Management Development Programme and the Graduate Programme.</li></ul>                                        |
| Re-enforce a high- performance culture.                     | <ul style="list-style-type: none"><li>• Incorporate values in the performance contract for all employees below Management Committee level.</li><li>• Forecasted performance view/graph by a bell curve.</li></ul>                                 |
| Improve Human Resources Governance Systems.                 | <ul style="list-style-type: none"><li>• Talent attraction and acquisition strategy.</li><li>• Approved Standard Operations Procedure Manual.</li><li>• HR Modernisation.</li><li>• Revised Remuneration Strategy and related processes.</li></ul> |

### Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

HDA has proactively aligned its workforce with the APP business goals, to ensure that the right competent people, with skills, to achieve the objectives are available.

Through recruitment, retention, the roll out of Talent Management /Succession Planning, the HDA managed to fill critical roles on time.

Identification of talent for succession planning and career pathing initiatives is being rolled out across the business.



## Employee Performance Management Framework

The Performance Management Framework serves several purposes as highlighted below:

1. Compliance: It is a compliance tool to document and formalise the performance planning and reporting requirements as required by legislation and regulation.
2. Tracking tool: A tracking tool to monitor the implementation of the five-year strategic plan and the extent to which the HDA is achieving its strategic objectives and goals.
3. Management tool: A management tool to guide the implementation of the strategy through the Annual Performance Plan.
4. Diagnostic tool: A diagnostic tool to identify and correct under-performance.
5. Accountability tool: An accountability tool to facilitate individual and team performance by inter alia, identifying the roles and responsibilities in the performance management value chain.

The successful implementation of this Performance Management Framework will provide the HDA with relevant and accurate information that is useful in evidence-based decision making, planning and implementation of interventions.

Within the context of this purpose, the objectives of the Employee Performance Management System are to:

- a) Assist the HDA in meeting its Organisational performance objectives;
- b) Instil and sustain a culture of performance delivery and output;
- c) Achieve sustainable service delivery;
- d) Ensure that the HDA is a performance-based organisation;
- e) Ensure that every employee knows what is expected of him/her;
- f) Build and enhance the relationship between HDA employees and managers;
- g) Encourage and reward good performance;
- h) Manage and remedy poor performance; and
- I) Enable employees to develop their abilities, increase job satisfaction and achieve their full potential for the mutual benefit of both employees and the HDA.

## Employee Wellness Programmes

The management of the HDA supports and is committed to the overall health and wellbeing of its employees.

The Employee Wellness Programme is a valued offering, facilitated in collaboration with 'Therapy on the Go' Consulting and provides all HDA employees, their dependents, and significant others with professional and relevant support. Self-referrals are greatly encouraged, to instill the culture of proactive wellness management for employees facing personal or work-related issues that seek professional assistance as and when such needs arise. The services are most trusted due to the professional capacity and ability to maintain confidentiality on all staff consultations.

The HDA hosted a fun-filled national wellness day that included essential health screening for preventative health as well as promoting a healthy lifestyle to proactively combat ill health and disease. An awareness programme on financial well-being was hosted, as well as a speaker on women empowerment.

## Policy development

Human Resources strives to ensure effective implementation of policies and procedures that support the organisation's strategic objectives while ensuring compliance to legislation and regulatory requirements.

Twenty-five policies were approved, and refinement of the accompanying procedures, represented by standard operating procedures, are underway to ensure clear, concise and user-friendly implementation of the policies.

## Notable achievements

The Human Resources Department aims to position the HDA as the Employer of Choice in the Construction and Housing Sector. This is supported by the overall objective to manage the implementation of efficient HR practices that provide technical and operational support in all aspect of managing the Employee Lifecycle. The following achievements are notable:

### Achievement 1: Policy and Procedure Review

The HDA periodically reviews its employment policies and procedures in line with applicable legislative prescripts to ensure that it remains relevant and practical for the changing world of work and is attractive to potential employees. The Travel Policy and with various HR Standard Operating Procedures were reviewed and approved by Executive Committee and the Board of Directors.



Such are important for providing guiding principle on Travel matters, and the implementation of Learning and Development strategic initiatives, Performance Management, facilitation of Acting Appointments. Approvals were duly granted by the Board, ensuring that the policies are formally adopted and implemented across the organisation.

### **Achievement 2: Learning and Development**

In support of the HDA's Learning and Development strategic initiatives, relevant registrations with the Public Service Sector SETA (PSETA) was concluded. This resulted in the issuance of the SETA Number, developed an Annual Training Plan and Workforce Skills Plan.

### **Achievement 3: Talent Management / Succession Planning**

Human Resources initiated Talent Management initiatives that were rolled out to all business Units and the Regions to identify Critical roles and talented pool of candidates to serve as Emergency successors to drive business continuity when vacancies arise. The process leads to the facilitation of Career Counselling to identify and address factors of motivation as part of Employee Engagement.

### **Achievement 4: HR e-Recruitment Portal**

HR launched the implementation of the HR e-Recruitment platform and provided training to key stakeholders and users, to enhance administrative efficiencies and improve recruitment turnaround times. Therefore, the recruitment activities of the HDA are implemented electronically inclusive of the generation of recruitment reports.

### **Achievement 5: Induction Portal**

The induction portal was implemented to provide an online portal to deliver key information for new joiners to access and utilise to ensure a smooth and efficient onboarding process. This drives the completion of onboarding forms and informs new joiners about the Organisational Structure and leaders of the business.

### **Achievement 6: The National Wellness Day:**

Human Resources has delivered the National Wellness Day that took place on 28 March 2025 to support employees of the HDA with preventative health screening measures and promote health and wellness. The initiative was well received by staff and has being flagged as an annual intervention.

### **Achievement 7: Employee Value Proposition Road Show**

The Employee Value Proposition (EVP) roadshow was initiated with a national survey to obtain staff feedback, followed by EVP focus groups that was facilitated with all business units and the Executive. The survey results report analysis was finalised for feedback to the business.

### **Achievement 8: Management of the Internship Programme**

The HDA concluded the internship programme for 13 interns who started in July 2024 on a one-year internship programme. The interns who successfully completed the programme will be recognised with certificates demonstrating the areas of practical exposure. Five interns from the previous year's cohort of interns were absorbed into the HDA.

### **Challenges faced**

#### **Challenge 1: Staff Turnover**

High staff turnover primarily due to Fixed-Term Contracts, aligned to funding agreements, coming to an end. There were 56 terminations, the turnover rate is 28.43%.

The staff turnover effects business continuity and has a financial impact in lost time and effort to recruit and train replacement employees.

#### **Challenge 2: Training and Development**

The implementation of Training and Development initiatives were heavily impacted by delayed procurement processes; however progress has been made in addressing some of the challenges with Supply Chain Management.

#### **Challenge 3: Performance Management Automation System Support**

Human Resources is still facing the challenge of obtaining adequate Sage system support to address system issues in the automated performance management system and employee self-service functionalities. This leads to non-adherence to corporate deadlines.

Non-commitment by line managers to report issues timeously and adhere to corporate deadlines.



## Future HR Plans and Goals

The focus involves a shift towards strategic partnerships, data-driven decision-making, and a focus on employee experience and well-being. HR is shifting more into leveraging technology and analytics to predict workforce needs, build adaptable skills, and create inclusive and equitable workplaces.

HR will leverage technology and AI to automate tasks, improve efficiency, and enhance the employee experience. AI will be used for recruitment, talent management, and employee engagement.



# Human resources oversight statistics

Personnel Cost by Programme/ activity/ objective

| Programme/ activity/ objective                                     | Total Expenditure for the entity (R'000) | Personnel Expenditure (R'000) | Personnel exp. as a % of total exp. | No. of employees | Average personnel cost per employee (R'000) |
|--------------------------------------------------------------------|------------------------------------------|-------------------------------|-------------------------------------|------------------|---------------------------------------------|
| Administration                                                     | 111,274.00                               | 60,884.00                     | 55%                                 | 78               | 781.00                                      |
| Land Management and PHDAs                                          | 40,627.00                                | 18,666.00                     | 46%                                 | 13               | 1,436.00                                    |
| Programme Planning and Design Management and Regional Coordination | 188,919.00                               | 115,834.00                    | 60%                                 | 89               | 1,302.00                                    |
| Planning Monitoring and Evaluation and Inter Governmental Relation | 28,220.00                                | 17,672.00                     | 63%                                 | 17               | 1,039.00                                    |

The total expenditure of personnel costs by programme comprises of payroll expenses recorded in the accounting system, including both active employees and those who left the organisation during the 2025 financial period.

## 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         | 23,306.00                     | 14%                                         | 10               | 2,331.00                                    |
| Senior Management      | 18,881.00                     | 12%                                         | 12               | 1,573.00                                    |
| Professional qualified | 72,043.00                     | 44%                                         | 70               | 1,029.00                                    |
| Skilled                | 44,725.00                     | 28%                                         | 84               | 532.00                                      |
| Semi-Skilled           | 2,094.00                      | 1%                                          | 9                | 233.00                                      |
| Unskilled              | 1,099.00                      | 1%                                          | 12               | 92.00                                       |
| <b>TOTAL</b>           | <b>162,148.00</b>             | <b>100%</b>                                 | <b>206</b>       | <b>5,790.00</b>                             |

## Employment and vacancies

| Programme/ activity / objective                                    | 2024/25 No. of Employees | 2024/25 Approved Posts | 2024/25 Vacancies | % of Vacancies |
|--------------------------------------------------------------------|--------------------------|------------------------|-------------------|----------------|
| Administration                                                     | 78                       | 71                     | 9                 | 4.5%           |
| Land Management and PHDAs                                          | 13                       | 15                     | 2                 | 1.0%           |
| Programme Planning and Design Management and Regional Coordination | 89                       | 156                    | 29                | 14.7%          |
| Planning Monitoring and Evaluation and Intergovernmental Relations | 17                       | 20                     | 4                 | 2.0%           |
| <b>TOTAL</b>                                                       | <b>197</b>               | <b>262</b>             | <b>44</b>         | <b>22.33%</b>  |

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

## Employment changes

This section provide information on changes in employment over the financial year. Turnover rates indicate trends in the employment profile of the public entity.

| Level                  | Employment at the beginning of the period | Appointments | Terminations | Employment at the end of the period |
|------------------------|-------------------------------------------|--------------|--------------|-------------------------------------|
| Top Management         | 9                                         | 1            | 1            | 10                                  |
| Senior Management      | 11                                        | 3            | 2            | 12                                  |
| Professional qualified | 79                                        | 17           | 22           | 70                                  |
| Skilled                | 87                                        | 32           | 22           | 87                                  |
| Semi-Skilled           | 11                                        | 9            | 7            | 9                                   |
| Unskilled              | 1                                         | 13           | 2            | 12                                  |
| <b>TOTAL</b>           | <b>198</b>                                | <b>75</b>    | <b>56</b>    | <b>197</b>                          |



# Reasons for staff leaving

| Reason             | Number    | % of total no. of staff leaving |
|--------------------|-----------|---------------------------------|
| Death              | 0         | 0%                              |
| Resignation        | 22        | 39%                             |
| Dismissal          | 2         | 4%                              |
| Retirement         | 2         | 4%                              |
| Ill Health         | 0         | 0%                              |
| Expiry of contract | 30        | 53%                             |
| Other              | 0         | 0%                              |
| <b>TOTAL</b>       | <b>56</b> | <b>100%</b>                     |

1. The HDA has fixed term contracts aligned to funding agreements stakeholders.

2. Thirty (30) employee contracts terminated within the period under review included the interns that were appointed on a one-year internship programme, temporary and secondment employees.

3. Twenty-two (22) employees resigned for better work opportunities and/or career growth.

4. Two (2) employees retired upon reaching the retirement age of sixty-five (65) years.

5. Two (2) employees were dismissed.

6. The Counter-offer policy guidelines are implemented where possible in cases where scarce and critical skills must be retained.

# Labour Relations: Misconduct and disciplinary action

| Nature of Disciplinary Action | Number   |
|-------------------------------|----------|
| Verbal Warning                | 0        |
| Written Warning               | 0        |
| Final Written Warning         | 1        |
| Dismissal                     | 2        |
| <b>TOTAL</b>                  | <b>3</b> |

# Equity target and employment equity status

| Levels                 | Male    |        |          |        |         |        |         |        |
|------------------------|---------|--------|----------|--------|---------|--------|---------|--------|
|                        | African |        | Coloured |        | Indian  |        | White   |        |
|                        | Current | Target | Current  | Target | Current | Target | Current | Target |
| Top Management         | 4       | 5      | 0        | 0      | 1       | 0      | 1       | 1      |
| Senior Management      | 4       | 7      | 1        | 2      | 0       | 0      | 0       | 0      |
| Professional qualified | 36      | 51     | 1        | 5      | 2       | 4      | 0       | 2      |
| Skilled                | 22      | 28     | 3        | 9      | 2       | 3      | 0       | 0      |
| Semi-skilled           | 4       | 1      | 0        | 0      | 0       | 0      | 0       | 0      |
| Unskilled              | 5       | 0      | 0        | 0      | 0       | 0      | 0       | 0      |
| TOTAL                  | 75      | 92     | 5        | 16     | 5       | 7      | 1       | 3      |

| Levels                 | Female  |        |          |        |         |        |         |        |
|------------------------|---------|--------|----------|--------|---------|--------|---------|--------|
|                        | African |        | Coloured |        | Indian  |        | White   |        |
|                        | Current | Target | Current  | Target | Current | Target | Current | Target |
| Top Management         | 4       | 4      | 0        | 2      | 0       | 0      | 0       | 1      |
| Senior Management      | 5       | 8      | 0        | 0      | 1       | 1      | 1       | 0      |
| Professional qualified | 27      | 51     | 1        | 6      | 2       | 4      | 1       | 0      |
| Skilled                | 50      | 59     | 2        | 8      | 2       | 4      | 3       | 1      |
| Semi-skilled           | 5       | 3      | 0        | 0      | 0       | 0      | 0       | 0      |
| Unskilled              | 7       | 0      | 0        | 0      | 0       | 0      | 0       | 0      |
| TOTAL                  | 98      | 125    | 3        | 16     | 5       | 5      | 5       | 2      |

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

## Employment Equity

In the Employment Equity category of people living with disabilities, the target is 2% with the category being under-represented by 0,98%.

The target for the Employment Equity category for Coloureds is 9.7% which is under- represented by 4,65%.

The White Employment Equity target is 8.7% which is under-represented by 5,67%.

### Initiatives to Address Under representation:

1. Recruitment panel: The appointment of panel of service provider/s specialising in the recruitment and placement of people living with disabilities was concluded.
2. Additionally, the National Council for Persons Living with Disabilities became our recruitment stakeholder that has access to our vacancies for referral to people living with disabilities who may qualify for the roles.
3. EEA1 form: Employers ordinarily use the EEA1 declaration form to ascertain employees designated groups in terms of the Employment Equity Act, 55 of 1998, and will assist employees' disclosures in the event employees are living with a disability. The EEA1 form was circulated within the organisation and new employees.
4. Normal recruitment drive: This proceeds as part of ordinary recruitment value chain to increase representation for employees from Coloured, White and people living with disabilities EE categories.





# PART E

## PFMA Compliance Report





## Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

During the 2023/24 financial year review, the Auditor-General of South Africa (AGSA) identified internal control deficiencies related to CIDB gateway reviews not performed for the Housing Development Agency (HDA) on major capital projects.

The gateway review process is designed to provide independent guidance on how best to ensure that projects and packages are successfully delivered. They provide project owners with the confidence that an appropriate level of discipline is being applied in the delivery process and the best options to meet needs are being selected.

The AGSA raised a finding that the HDA contravened with Section 51(1)(a) (i) of the Public Financial Management Act (PFMA) which states that "An accounting authority for a public entity must ensure that public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control". This finding affected the following projects and resulted in the following financial implications.





## Irregular Expenditure

### (a) Reconciliation of Irregular expenditure

| Description                                               | 2024/25        | 2023/24        |
|-----------------------------------------------------------|----------------|----------------|
|                                                           | R'000          | R'000          |
| Opening balance                                           | 368 001        | 331 914        |
| Adjustment to opening balance                             | -              | -              |
| Opening balance as Restated                               | 368 001        | 331 914        |
| Add: Irregular expenditure confirmed                      | -              | 36 087         |
| Less: Irregular expenditure condoned                      | -              | -              |
| Less: Irregular expenditure not condoned and removed      | 107 462        | -              |
| Less: Irregular expenditure recoverable                   | -              | -              |
| Less: Irregular expenditure not recovered and written off | -              | -              |
| <b>Closing balance</b>                                    | <b>260 539</b> | <b>368 001</b> |

### Enhancement of Internal Controls to Prevent Irregular Expenditure

During the 2024/25 financial year, the Agency strengthened its internal control environment with a targeted focus on preventing the incurrence of irregular expenditure. These enhancements were aligned with the findings and recommendations of prior audit cycles and aimed at ensuring full compliance with the Public Finance Management Act (PFMA) and National Treasury Regulations.

### Reconciling notes

| Description                                                                         | 2024/25  | 2023/24  |
|-------------------------------------------------------------------------------------|----------|----------|
|                                                                                     | R'000    | R'000    |
| Irregular expenditure that was under assessment                                     | -        | -        |
| Irregular expenditure that relates to the prior year and identified in current year | -        | -        |
| Irregular expenditure for the current year                                          | -        | -        |
| <b>Total</b>                                                                        | <b>-</b> | <b>-</b> |

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

| Description                               | 2024/25 | 2023/24 |
|-------------------------------------------|---------|---------|
|                                           | R'000   | R'000   |
| Irregular expenditure under assessment    | -       | -       |
| Irregular expenditure under determination | -       | -       |
| Irregular expenditure under investigation | -       | -       |
| <b>Total</b>                              | -       | -       |

The Agency has enhanced its internal controls to prevent irregular expenditure, hence, no details of irregular expenditure (under assessment, determination and investigation).

**(c) Details of irregular expenditure condoned**

| Description                    | 2024/25 | 2023/24 |
|--------------------------------|---------|---------|
|                                | R'000   | R'000   |
| Irregular expenditure condoned | -       | -       |
| <b>Total</b>                   | -       | -       |

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

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

| Description                                    | 2024/25        | 2023/24 |
|------------------------------------------------|----------------|---------|
|                                                | R'000          | R'000   |
| Irregular expenditure NOT condoned and removed | 107 462        | -       |
| <b>Total</b>                                   | <b>107 462</b> | -       |

During the 2024/25 financial year, no irregular expenditure was condoned by the relevant authority.

However, a portion of previously disclosed irregular expenditure, which had been identified in prior financial years, was subsequently removed from the Irregular Expenditure Register. This decision followed a thorough determination and assessment process, conducted in accordance with applicable National Treasury guidelines and internal compliance procedures.

Upon completion of the assessment, it was established that these transactions did not meet the definition of irregular expenditure as per the Public Finance Management Act (PFMA) and Treasury Regulations. The amounts were initially misclassified due to errors in interpretation and were therefore erroneously included in the register.

**(e) Details of irregular expenditure recoverable**

| Description                     | 2024/25 | 2023/24 |
|---------------------------------|---------|---------|
|                                 | R'000   | R'000   |
| Irregular expenditure recovered | -       | -       |
| <b>Total</b>                    | -       | -       |

No irregular expenditure was recovered during the financial year.

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

| Description                       | 2024/25 | 2023/24 |
|-----------------------------------|---------|---------|
|                                   | R'000   | R'000   |
| Irregular expenditure written off | -       | -       |
| <b>Total</b>                      | -       | -       |

No irregular expenditure was written off during the financial year.

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

| Description  | 2024/25 | 2024/25 |
|--------------|---------|---------|
|              | R'000   | R'000   |
| None         | -       | -       |
| <b>Total</b> | -       | -       |

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

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

| Description  | 2024/25 | 2024/25 |
|--------------|---------|---------|
|              | R'000   | R'000   |
| None         | -       | -       |
| <b>Total</b> | -       | -       |

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



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

| Description              | 2024/25 | 2024/25 |
|--------------------------|---------|---------|
|                          | R'000   | R'000   |
| Disciplinary steps taken | -       | -       |
| Total                    | -       | -       |





## Fruitless and Wasteful Expenditure

### (a) Reconciliation of fruitless and wasteful expenditure

| Description                                                            | 2024/25      | 2023/24      | 2022/23      |
|------------------------------------------------------------------------|--------------|--------------|--------------|
|                                                                        | R'000        | R'000        | R'000        |
| Opening balance                                                        | 2 142        | 1 404        | 18 483       |
| Adjustment to opening balance                                          | -            | -            | 337          |
| Opening balance as restated                                            | 2 142        | 1 404        | 18 820       |
| Add: Fruitless and wasteful expenditure confirmed                      | -            | 742          | 67           |
| Less: Fruitless and wasteful expenditure recoverable                   | -            | (4)          | (17 483)     |
| Less: Fruitless and wasteful expenditure not recovered and written off | -            | -            | -            |
| <b>Closing balance</b>                                                 | <b>2 142</b> | <b>2 142</b> | <b>1 404</b> |

There was no fruitless and wasteful expenditure incurred in prior years and discovered in the current. The Agency has enhanced its internal controls to prevent fruitless and wasteful expenditure.

### Reconciling notes

| Description                                                                                      | 2024/25  | 2023/24  |
|--------------------------------------------------------------------------------------------------|----------|----------|
|                                                                                                  | R'000    | R'000    |
| Fruitless and wasteful expenditure that was under assessment                                     | -        | -        |
| Fruitless and wasteful expenditure that relates to prior year and identified in the current year | -        | -        |
| Fruitless and wasteful expenditure for the current year                                          | -        | 742      |
| <b>Total</b>                                                                                     | <b>-</b> | <b>-</b> |

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

| Description                                            | 2024/25  | 2023/24    |
|--------------------------------------------------------|----------|------------|
|                                                        | R'000    | R'000      |
| Fruitless and wasteful expenditure under assessment    | -        | -          |
| Fruitless and wasteful expenditure under determination | -        | 689        |
| Fruitless and wasteful expenditure under investigation | -        | -          |
| <b>Total</b>                                           | <b>-</b> | <b>689</b> |

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

**(c) Details of fruitless and wasteful expenditure recoverable**

| Description                                    | 2024/25 | 2023/24 |
|------------------------------------------------|---------|---------|
|                                                | R'000   | R'000   |
| Fruitless and wasteful expenditure recoverable | -       | -       |
| <b>Total</b>                                   | -       | -       |

No fruitless and wasteful expenditure recovered.

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

| Description                                    | 2024/25 | 2023/24 |
|------------------------------------------------|---------|---------|
|                                                | R'000   | R'000   |
| Fruitless and wasteful expenditure written off | -       | 4       |
| <b>Total</b>                                   | -       | 4       |

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

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

| Disciplinary steps taken |  |  |
|--------------------------|--|--|
|                          |  |  |
|                          |  |  |

There was no fruitless and wasteful expenditure recorded during the financial year. Therefore, no disciplinary steps taken.

**Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i)&(iii)**

**(a) Details of material losses through criminal conduct**

| Material losses through criminal conduct | 2024/25 | 2023/24 |
|------------------------------------------|---------|---------|
|                                          | R'000   | R'000   |
| Theft                                    | -       | -       |
| Other material losses                    | -       | -       |
| Less: Recoverable                        | -       | -       |
| Less: Not recoverable and written off    | -       | -       |
| <b>Total</b>                             | -       | -       |

There was no material losses through criminal conduct during the financial year.

(b) Details of other material losses

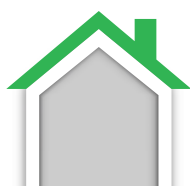
| Material losses through criminal conduct | 2024/25 | 2023/24 |
|------------------------------------------|---------|---------|
|                                          | R'000   | R'000   |
| None                                     | -       | -       |
| <b>Total</b>                             | -       | -       |

(c) Other material losses recoverable

| Material losses through criminal conduct | 2024/25 | 2023/24 |
|------------------------------------------|---------|---------|
|                                          | R'000   | R'000   |
| None                                     | -       | -       |
| <b>Total</b>                             | -       | -       |

(d) Other material losses not recoverable and written off

| Material losses through criminal conduct | 2024/25 | 2023/24 |
|------------------------------------------|---------|---------|
|                                          | R'000   | R'000   |
| None                                     | -       | -       |
| <b>Total</b>                             | -       | -       |



## Late and/or Non-payment of Suppliers

| Description                                                               | Number of invoices | Consolidated Value |
|---------------------------------------------------------------------------|--------------------|--------------------|
|                                                                           |                    | R'000              |
| Valid invoices received                                                   | 2131               | R 903 819          |
| Invoices paid within 30 days or agreed period                             | 2131               | R 903 819          |
| Invoices paid after 30 days or agreed period                              | 0                  | 0                  |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | 0                  | 0                  |
| Invoices older than 30 days or agreed period (unpaid and in dispute)      | 0                  | 0                  |

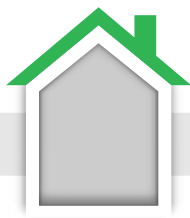




## Information on Supply Chain Management

### Procurement by other means

| Project description                                                                                                                                                | Name of supplier                               | Type of procurement by other means | Contract number  | Value of contract R'000                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------|------------------|-----------------------------------------|
| Provision of year-end assets verification for the HDA                                                                                                              | Total Geo Spatial Information Solutions (TGIS) | Single Source                      | HDA/HO/2024/S01  | R651 475,00                             |
| The appointment of a service provider for provision of payroll services for a period of three (3) years                                                            | Bakgone Chartered Accountants                  | Single Source                      | HDA/HO/2024/S02  | R81 000,00                              |
| Exhibition space of residential Investment and Development Conference                                                                                              | Commerce Edge South Africa (Pty) Ltd           | Single Source                      | HDA/HO/2024/S03  | R40 250,00                              |
| Provision of physical guarding at the HDA Sea Point Building                                                                                                       | Xoliswa M Holding                              | Single Source                      | HDA/HO/2024/S05  | R292 675,00                             |
| Approval of the designs for the provision of electricity for Zandspruit Ext 84 in the City of Johannesburg Metropolitan Municipality, Gauteng Province             | Eskom Holding SOC Ltd                          | Single Source                      | HDA/GAU/2024/S06 | R1 521 631,93                           |
| Provision of tactical security intervention for 162 Shifts for Driftsands Land Preparation and Relocation Projects at Western Cape for a period of four (4) months | Security Consortium SA cc                      | Single Source                      | HDA/WC/2024/SO4  | R3 888 000,00                           |
| Provision of security services (one grade C armed security guard) for a period of six (6) months                                                                   | Siyejabula Security Solution                   | Emergency Procurement              | RFQ/KZN/2024/141 | R84 180,00                              |
| Provision of temporary relocation (TRA) at Welmoed Transitional Relocation Area for a period of five (5) months                                                    | Tyrant Security Services                       | Emergency Procurement              | RFQ/WC/2024/180  | R1 402 653,05 & rates on other services |
| Provision of professional management and maintenance services for the Temporary Relocation Area (TRA) at Welmoed for a period of five (5) months                   | Sanitech                                       | Emergency Procurement              | RFQ/WC/2024/182  | R1 840 901,99                           |
| Provision of cleaning services in the Western Cape for a period of five (5) months                                                                                 | Reyavaya Cleaning Services                     | Emergency Procurement              | RFQ/WC/2024/181  | R691 700,00                             |
| Provision of storage of office furniture, documents and IT equipment                                                                                               | Biddulphs Internationals                       | Single Source                      | RFQ/WC/2024/S07  | R69 812,00                              |
| Handling cost for documents and assets                                                                                                                             | Biddulphs Internationals                       | Single Source                      | RFQ/WC/2024/S09  | R107 162,00                             |
| <b>Total</b>                                                                                                                                                       |                                                |                                    |                  | <b>R12 525 997,90</b>                   |



## Contract Variations and Expansions

| Project description                                                                                                                                                                                                                                                                                                                                           | Name of supplier                             | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------|------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                               |                                              |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| The appointment of a service provider to provide physical guarding services for Kimberly. This includes managing unauthorized occupation, access, and illegal usage of the properties                                                                                                                                                                         | FBL Protection Services (Pty) Ltd            | Extension of time and Variation Order               | RFQ/NC/2023/003  | R413 582,55             |                                                                        | R62 037,38                                       |
| The appointment of a service provider to provide physical guarding, monitoring, and patrolling of the Bloemfontein Properties i.e., portion 3 of ERF 2116 and portion 1 of Farm Bloemfontein 654, within Mangaung Metro Municipality, Free State. This includes managing unauthorized occupation, access, and illegal usage of the properties                 | General Simphiwe Security Advisory (Pty) Ltd | Extension of time and Variation Order               | RFQ/FS/2022/011  | R276 000,00             | N/A                                                                    | R23 000,00                                       |
| The appointment of a service provider to provide physical guarding, monitoring, and patrolling of the Bloemfontein Properties i.e., portion 5, 6, 7, 8, of ERF 5256 Kroonstad and portion 59 of ERF 229 Kroonstad, within Moqhaka Local Municipality, Free State. This includes managing unauthorized occupation, access, and illegal usage of the properties | Uncommon Favor Consulting and Trading        | Extension of time and Variation Order               | RFQ/FS/2022/010  | R543 967,85             | N/A                                                                    | R45 330,65                                       |
| The appointment of the contractor for the construction of engineering infrastructure services (water, sanitation, roads & stormwater) in Zandspruit Ext 84 (Phase 5) in the City of Johannesburg Metropolitan Municipality Gauteng Province                                                                                                                   | TCT Civils and Construction                  | Extension of time                                   | HDA/JHB/2021/020 | R79 167 851,85          | N/A                                                                    | N/A                                              |
| The appointment of the contractor for the construction of engineering infrastructure services (water, sanitation, roads & stormwater) in Zandspruit Ext 84 (Phase 1) in the City of Johannesburg Metropolitan Municipality Gauteng Province                                                                                                                   | TCT Civils and Construction                  | Extension of time                                   | HDA/JHB/2021/009 | R61 334 836,14          | N/A                                                                    | N/A                                              |

| Project description                                                                                                                                                                                                                                                              | Name of supplier                  | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------|------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                                                                                  |                                   |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| The appointment of a service provider for construction of engineering infrastructure services (water, sanitation, roads & stormwater, attenuation ponds and fencing) at Zandspruit Extension 84 (Phase 4) in the City of Johannesburg Metropolitan Municipality Gauteng Province | RSMM Construction                 | Extension of time                                   | HDA/JHB/2021/012 | R81 208 857,12          | N/A                                                                    | N/A                                              |
| The appointment of a service provider to provide HDA with internal audit and forensic investigation services.                                                                                                                                                                    | OMA Chattered Accountants         | Extension of time and Variation Order               | HDA/JHB/2020/035 | R1 826 255,46           | N/A                                                                    | R273 938,32                                      |
| The appointment of a Professional Resource Team to undertake technical assessment on all asbestos roofed government subsidised units in all Local Municipalities in Limpopo Province                                                                                             | Ditsamai Investment and Projects  | Extension of time                                   | HDA/LIM/2022/002 | R7 426 125,00           | N/A                                                                    | N/A                                              |
| The appointment of Contractor for the upgrading of Bulk WWTW at Motetema within the Elias Motsoaledi Local Municipality                                                                                                                                                          | Dallas Business Enterprise        | Extension of time                                   | HDA/LIM/2021/025 | R31 652 824,01          | N/A                                                                    | N/A                                              |
| The Appointment of a Service Provider for the Development of Province Wide Upgrading strategy for Informal Settlement in the NW                                                                                                                                                  | TJ Dynamics Development Practices | Extension of time                                   | HDA/NW/2022/005  | R1 265 000,00           | N/A                                                                    | N/A                                              |
| Appointment of a Turnkey Contractor for Bulk Earthworks at Driftsands, City of Cape Town in the Western Cape Province                                                                                                                                                            | Narian Morula JV                  | Scope expansion utilizing contingencies             | HDA/WC/2023/044  | R5 620 300,00           | N/A                                                                    | R437 300,00                                      |
| Appointment of a Contractor for monitoring the upgrading of Motetema WWTW project within the Elias Motsoaledi Local Municipality in the Limpopo Province                                                                                                                         | Tangos Consultants Pty Ltd        | Extension of time                                   | HDA/LIM/2021/025 | R4 554 000,00           | N/A                                                                    | N/A                                              |
| Appointment for the Provision of Office Space for the KZN Programme on 25th Floor, Embassy Building, Durban                                                                                                                                                                      | Delta Property Fund               | Extension of time and Variation Order               | HDA/KZN/2019/001 | R3 801 919,92           | N/A                                                                    | R952 215,37                                      |

| Project description                                                                                                                                                                                                                                                                | Name of supplier                | Contract modification type (Expansion or Variation) | Contract number | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------|-----------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                                                                                    |                                 |                                                     |                 | R'000                   | R'000                                                                  | R'000                                            |
| Appointment of a Contractor for Construction of 20 Top Structures in the Motherwell NU12 (350) Project, situated in Motherwell of the Nelson Mandela Bay Municipality, Eastern Cape                                                                                                | Bellory Trading                 | Variation Order and Quantum Adjustment              | HDA/PE/2015/002 | R787 158,00             | N/A                                                                    | R339 467,90                                      |
| Appointment of a Contractor for Construction of 20 Top Structures in the Motherwell NU12 (350) Project, situated in Motherwell of the Nelson Mandela Bay Municipality, Eastern Cape                                                                                                | Itha Plumbing                   | Variation Order and Quantum Adjustment              | HDA/PE/2015/002 | R3 148 712,00           | N/A                                                                    | R1 169 459,80                                    |
| Appointment of a Contractor for Construction of 20 Top Structures in the Motherwell NU12 (350) Project, situated in Motherwell of the Nelson Mandela Bay Municipality, Eastern Cape                                                                                                | Lungisihle enterprise           | Variation Order and Quantum Adjustment              | HDA/PE/2015/002 | R3 148 632,00           | N/A                                                                    | R1 038 088,90                                    |
| Appointment of a Contractor for Construction of 20 Top Structures in the Motherwell NU12 (350) Project, situated in Motherwell of the Nelson Mandela Bay Municipality, Eastern Cape                                                                                                | Lilitha Project                 | Variation Order and Quantum Adjustment              | HDA/PE/2015/002 | R970 154,00             | N/A                                                                    | R34 768,40                                       |
| Appointment of a Contractor for the Construction of interim Engineering Infrastructure Services (Water, Sanitation, Roads, Stormwater, Waste Management and Electricity) in Senqu, Elundini and Walter Sisulu Local Municipality within Joe Gqabi District Municipality in Eastern | Dingatana Supplies and Services | Variation Order                                     | HDA/EC/2022/011 | R28 104 765,50          | N/A                                                                    | R4 215 714,82                                    |
| Appointment of a Contractor for Construction of 20 Top Structures in the Motherwell NU12 (350) Project, situated in Motherwell of the Nelson Mandela Bay Municipality, Eastern Cape                                                                                                | Binox Trading                   | Variation Order and Quantum Adjustment              | HDA/PE/2015/002 | R787 158,00             | N/A                                                                    | R245 262,00                                      |



| Project description                                                                                                                                                                                                                                                                                          | Name of supplier              | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------|------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                                                                                                              |                               |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Appointment of a Contractor to Undertake the Township Establishment process (Registration and proclamation of the Township) on the Farms Elandskuil 205 IP and 206 IP and R/E of Farm Roodepoort 191 IP, formally Tshing Extension 10 in the jurisdiction of JB Marks Local Municipality, Northwest Province | Mamphela Development Planners | Extension of time                                   | RFP/NW/2017/007  | R209 475,23             | N/A                                                                    | N/A                                              |
| Appointment of a Contractor to assist the Housing Development Agency obtain a Court Order from the Western Cape High Court to Deregister title deeds of 22 beneficiary owners who have not taken occupation of their properties in Mandela Park, Khayelitsha Western Cape                                    | Phaleng-Podile Attorneys      | Extension of time                                   | RFQ/CPT/2023/004 | R483 000,00             | N/A                                                                    | N/A                                              |
| Appointment of a Contractor for the Construction of 20 Top Structures in the Khayamnandi 289 Project in Eastern Cape                                                                                                                                                                                         | Amafu                         | Extension of time                                   | HDA/PE/2015/002  | R3 456 223,60           | N/A                                                                    | N/A                                              |
| Appointment of a Contractor for the Construction of 20 Top Structures in the Khayamnandi 289 Project in Eastern Cape                                                                                                                                                                                         | Anqobile                      | Extension of time                                   | HDA/PE/2015/002  | R3 456 223,60           | N/A                                                                    | N/A                                              |
| Appointment of a Contractor for the Construction of 226 Rural Housing Units and 27 Military Veterans Housing Units in Various Municipalities within Sekhukhune District                                                                                                                                      | Nhlohlori Tilo Trading        | Extension of time                                   | HDA/LIM/2021/012 | R22 196 101,60          | N/A                                                                    | R4 565 126, 57                                   |
| Appointment of a Turnkey Contractor for Design, Construction, Supervision, Monitoring and Certification for Installation of Engineering Services on 1854 sites in Engcobo Extension 11 within the DR, AB Xuma Local Municipality                                                                             | Beyond NDK                    | Variation of Scope                                  | HDA/EC/2022/016  | R109 409 526,00         | N/A                                                                    | R4 634 953,48                                    |

| Project description                                                                                                                                                                                                                      | Name of supplier                  | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------|------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                                          |                                   |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Appointment of a Contractor for the Construction of Engineering Infrastructure Services (Water, Sanitation, Roads, and Stormwater) in Zandspruit Extension 84 (Phase 4) in the City of Johannesburg Metropolitan Municipality in Gauteng | RSMM Construction                 | Extension of time                                   | HDA/JHB/2021/012 | R81 208 857,12          | N/A                                                                    | N/A                                              |
| Appointment of a Contractor for the Construction of Engineering Infrastructure Services (Water, Sanitation, Roads, and Stormwater) in Zandspruit Extension 84 (Phase 5) in the City of Johannesburg Metropolitan Municipality in Gauteng | TCT Civils and Construction CC    | Extension of time                                   | HDA/JHB/2021/020 | R79 167 851,85          | N/A                                                                    | N/A                                              |
| Appointment of a Contractor for the Construction of Engineering Infrastructure Services (Water, Sanitation, Roads, and Stormwater) in Zandspruit Extension 84 (Phase 1) in the City of Johannesburg Metropolitan Municipality in Gauteng | TCT Civils and Construction CC    | Extension of time                                   | HDA/JHB/2021/009 | R79 167 851,85          | N/A                                                                    | N/A                                              |
| The construction of interim engineering infrastructure services in Sundays River Valley and Blue Crane Route Local Municipalities within Sarah Baartman District Municipality in the Eastern Cape                                        | Baledi Re - Engineering Solutions | Extension of Time                                   | HDA/EC/2022/024  | R17 327 365,44          | N/A                                                                    | R914 850,00                                      |
| A Panel of Attorneys to Provide Conveyancing Services and legal services as and when Required Basis for a Period of 36 Months                                                                                                            | Panel                             | Extension of Time                                   | HDA/JHB/2020/012 | Rates                   | N/A                                                                    | N/A                                              |
| The Appointment of a Service Provider for Social Facilitation Services for Removal of Asbestos Roofing at Seshego within the Polokwane Local Municipality, Limpopo Province                                                              | Mahlukusi Business Enterprise     | Extension of Time                                   | RFQ/LIM/2023/005 | R530 000,00             | N/A                                                                    | N/A                                              |

| Project description                                                                                                                                                                                                     | Name of supplier                                             | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                         |                                                              |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| The Appointment as a Professional Architectural Firm for Drawing and Submission of One Thousand Five Hundred (1500) As - Built Drawings/Plans in Seshego for Approval by Polokwane Local Municipality, Limpopo Province | Vusa Africa Architects                                       | Extension of Time                                   | HDA/LIM/2023/011 | R4 699 110,98           | N/A                                                                    | N/A                                              |
| Appointment of a service provider for the township establishment on portions 28 and 37 of the farm Groenkloof 464 JQ within the Madibeng Local Municipality jurisdiction, North-West Province                           | Metro Projects Development (Pty) Ltd                         | Extension of time                                   | HDA/NW/2020/002  | R782 319,00             | N/A                                                                    | N/A                                              |
| The Appointment of a Service Provider to Undertake the Subdivision and Rezoning of Land Development Integrated Human Settlements on ERF 64 Kylemore, Stellenbosch Local Municipality                                    | Thoba Mkangisa and Associates                                | Extension of time and Variation Order               | HDA/CPT/2021/001 | R663 021,00             | N/A                                                                    | R91 778,78                                       |
| Provision of Temporary Emergency Accommodation (TEA) to Support the victims of the April 2022 Floods Disaster in KwaZulu- NATAL ("the SLA")                                                                             | Astia Investments CC                                         | Contract value adjustment                           | HDA/KZN/2022/S01 | R14 490 000,00          | N/A                                                                    | R3 498 868,80                                    |
| The Appointment of a Professional Lead Consultant to Provide Support to the HDA with Implementation of Human Settlements Projects Located in the Buffalo City Metropolitan Municipality                                 | KMSD Engineering Consultants                                 | Extension of Time                                   | HDA/EC/2022/024  | R9 976 116,13           | N/A                                                                    | N/A                                              |
| The review of the Eastern Cape Province Multi Year Human Settlements Development Plan (MYHSDP) For 2019-2024 Medium Term Strategic Framework (MTSF)                                                                     | ML Industries t/a Inguquko Development Planning and Projects | Extension of Time                                   | HDA/JHB/2022/019 | R590 000,00             | N/A                                                                    | N/A                                              |

| Project description                                                                                                                                                                                                                                                  | Name of supplier                                                                                                                    | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                                      |                                                                                                                                     |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Accredited Asbestos Inspection Authority (AIA) to undertake Assessment & Construction Monitoring for Asbestos Removal in Seshego Township within Polokwane Local Municipality in Limpopo Province                                                                    | Omogau SHEQ Solutions                                                                                                               | Extension of Time                                   | HDA/EC/2022/006  | R838 810,00             | N/A                                                                    | N/A                                              |
| The appointment of contractor for the construction of Interim Engineering Infrastructure Services (water, sanitation, roads, stormwater, waste management and electricity) in Umhlathi, Great Kei, Mquma and Mbashe Local Municipalities for the Informal Settlement | Vharanani Properties                                                                                                                | Extension of Time                                   | HDA/WC/2023/044  | R160 973 463,26         | N/A                                                                    | N/A                                              |
| The Appointment of a Turnkey Contractor for Bulk Earthworks at Driftsands, City of Cape in the Western Cape Town                                                                                                                                                     | Narian Morula JV                                                                                                                    | Extension of Time                                   | HDA/KZN/2022/005 | R5 620 300,00           | N/A                                                                    | N/A                                              |
| Appointment of a Service Provider to Undertake Stage one (1) Specialist Studies and Project Packaging for Franklin phase 2 IRDP, greater Kokstad Local Municipality KZN                                                                                              | A-M Consulting Engineers                                                                                                            | Extension of Time                                   | RFQ/CPT/2023/002 | R909 650,00             | N/A                                                                    | N/A                                              |
| Appointment of a Service Provider for the Provision of security services at ERF 38386 in Milnerton City of Cape Town for a period of twelve (12) months                                                                                                              | Akani Corporate Solutions                                                                                                           | Extension of time and variation order               | HDA/EC/2022/006  | R3 254 435,60           | N/A                                                                    |                                                  |
| Appointment of a Service Provider for Construction of 20 top structures in Khayamnandi 479 Project                                                                                                                                                                   | Lilikon Investments, Makhwemnte Trading, Yakha Woman Builders, Ikamvalethu Building Services, MW Nomnganga Trading, Siviwe Projects | Extension of time                                   | HDA/PE/2015/002  | R20 336 416,04          | N/A                                                                    | N/A                                              |



| Project description                                                                                                                                                                                                                                                                              | Name of supplier                        | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                                                                  |                                         |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Appointment of a Contractor for Construction of 20 top structures in Motherwell NU12 (350)                                                                                                                                                                                                       | Lungisihle enterprise                   | Extension of time                                   | HDA/PE/2015/002  | R4 186 729,90           | N/A                                                                    | N/A                                              |
| Appointment of Turnkey Firm to Provide Construction Monitoring Up to Close-Out Stage and Construction of the Electrical, Mechanical Civil, Structural Works on The Upgrading of Paarl Wastewater Treatment Works and Associated Infrastructure in Lephalale Local Municipality, Limpopo Province | Umthombo JV                             | Extension of time and reduction of scope            | HDA/LIM/2023/007 | R129 770 670,00         | N/A                                                                    |                                                  |
| Appointment of a Service Provider for the Transfer of 246 erven to beneficiaries in Seshego F and H within Polokwane local Municipality Limpopo Province                                                                                                                                         | Ngeno & Mteto                           | Extension of time                                   | RFP/LIM/2021/002 | R785 753,00             | N/A                                                                    | N/A                                              |
| Township establishment application to be lodged on the remaining extent of the farm Weikrans 539 KQ within Thabazimbi Local Municipality, Limpopo                                                                                                                                                | Kantey and Templer Consulting Engineers | Extension of time and reduction of contract value   | HDA/LIM/2019/003 | R1 566 310,00           | N/A                                                                    |                                                  |
| Appointment of a Consulting Firm to develop a Corporate Funding and Project Finance model for the HDA for the purpose of perusing the public sector developer role                                                                                                                               | Pholisani Capital                       | Extension of time                                   | HDA/JHB/2022/011 | R14 990 995,20          | N/A                                                                    | N/A                                              |
| Appointment of contractor for construction of Engineering Services for 1000 sites, 215 fully subsidized housing units in Vingerkraal Informal Settlement within Bela-Bela Local Municipality in Limpopo Province                                                                                 | Seedi Development Projects              | Extension of time                                   | HDA/LIM/2021/002 | R100 116 802,00         | N/A                                                                    | N/A                                              |
| The appointment of a Consulting Engineering Firm for the detailed design of Bulk & Internal Engineering Services (Water and Sewer), and Construction monitoring of engineering services and top structure at Vingerkraal in Bela- Bela Local Municipality in Limpopo Province                    | M Kona Consulting Engineers             | Extension of time                                   | HDA/LIM/2021/008 | R7 877 500,00           | N/A                                                                    | N/A                                              |

| Project description                                                                                                                                                                                                                                                  | Name of supplier                                                                                                                                                    | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                                      |                                                                                                                                                                     |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| HR Panel of consultants for the provision of Human Resources Strategic Support and Consulting                                                                                                                                                                        | 21st Century, Chrom Consulting, Distinct Learning, Letsema Consulting, Mamadi Consulting, Mogale Solutions Providers (Pty) Ltd, Ori Professionals, Phulo Consulting | Extension of time                                   | HDA/JHB/2019/027 | Rates                   | N/A                                                                    | N/A                                              |
| The appointment of contractor for the construction of Interim and Permanent services (water, sanitation, roads, storm water, temporal structures (toilets and shelters) and electricity) in Winnie Madikizela Mandela Local Municipality for the informal settlement | TCT Civils and Construction                                                                                                                                         | Variation order                                     | HDA/EC/2022/014  | R408 649 864,12         | N/A                                                                    | R19 171 202,22                                   |
| Principal agents for inception, preliminary design, detailed design, documentation & procurement, contract administration & inspection and close- out for the 491 housing units                                                                                      | Kantey and Templer Consulting Engineers                                                                                                                             | Extension of time and Quantum adjustment            | HDA/PE/2015/002  | R800 650,00             | N/A                                                                    | R362 040,00                                      |
| Construction 491 units at Chatty located within the Nelson Mandela Bay Metropolitan Municipality in the Eastern Cape                                                                                                                                                 | Matroosov Military Veterans Corporative Limited                                                                                                                     | Reduction of scope                                  | HDA/PE/2015/002  | R92 817 800,39          | N/A                                                                    | R7 323 251,39                                    |

| Project description                                                                                                                                                                                                                                                                                                                                                                   | Name of supplier                     | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                                                                                                                                                       |                                      |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Appointment of contractor for the construction of Interim Services and Permanent Engineering Infrastructure Services (water, sanitation, roads, stormwater, temporal structures (toilets and shelters) and electricity in Umzimvubu Local Municipality for the Informal settlement (Chithwa) upgrading Programme within Alfred Nzo District Municipality in the Eastern Cape Province | RSMM Construction (Pty) Ltd          | Variation order                                     | HDA/EC/2022/012  | R54 930 777,15          | N/A                                                                    | R10 996 878,24                                   |
| Provision of vetting and psychometrics assessment at the HDA for a period of 12 months                                                                                                                                                                                                                                                                                                | Managed Integrity Evaluation         | Extension of time                                   | RFQ/JHB/2023/033 | R1 000 000,00           | N/A                                                                    | N/A                                              |
| Provision of expert services on job evaluations, job grading, remuneration benchmarking and for the development of a remuneration and reward strategy.                                                                                                                                                                                                                                | Mogale Solutions Providers (Pty) Ltd | Extension of time                                   | RFP/JHB/2022/002 | Rates                   | N/A                                                                    | N/A                                              |
| Provision of storage of Office Furniture, Documents, and IT equipment                                                                                                                                                                                                                                                                                                                 | Biddulph International (Pty) Ltd     | Extension of time and Variation Order               | HDA/WC/2023/S03  | R418 872,00             | N/A                                                                    | R40 000,00                                       |
| Appointment of a Contractor to Undertake the Township Establishment process (Registration and proclamation of the Township) on the Farms Elandskuil 205 IP and 206 IP and R/E of Farm Roodepoort 191 IP, formally Tshing Extension 10 in the jurisdiction of JB Marks Local Municipality, Northwest Province                                                                          | Mamphele Development Planners        | Extension of time                                   | RFP/NW/2017/007  | R209 475,25             | N/A                                                                    | N/A                                              |
| Construction of 25 Military Veteran Housing Units, within Various Municipalities in Limpopo                                                                                                                                                                                                                                                                                           | Capotex Construction                 | Extension of time                                   | RFP/LIM/2021/012 | R6 666 545,00           | N/A                                                                    | N/A                                              |
| Appointment of a Service Provider to Assist the HDA Develop Integrated Performance Reporting and Provide Advisory Service on Reporting Integrity Management                                                                                                                                                                                                                           | QFS Consultants                      | Extension of time                                   | RFQ/JHB/2023/018 | R781 431,00             | N/A                                                                    | N/A                                              |

| Project description                                                                                                                                                                                                                                              | Name of supplier                | Contract modification type (Expansion or Variation) | Contract number   | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                                  |                                 |                                                     |                   | R'000                   | R'000                                                                  | R'000                                            |
| Appointment of a Built Environment Consultants for the provision of professional services for informal settlements upgrading of 10 523 households in 26 Settlements in various municipalities within Amathole District Municipality in the Eastern Cape Province | KMSD Engineering Consultants CC | Extension of time and Variation Order               | HDA/EC/2021/014   | R89 331 661,61          | N/A                                                                    | R17 142 824,27                                   |
| Appointment of a Built Environment Consultants for the provision of professional services for informal settlements upgrading of 6307 households in 36 Settlements in various municipalities within Sarah Baartman Municipality in the Eastern Cape Province      | V3 Consulting                   | Extension of time                                   | HDA/EC/2021/018   | R59 604 381,00          | N/A                                                                    | N/A                                              |
| Appointment of service provider to undertake township establishment for the creation of integrated and sustainable human settlement development in the Tigane area within the jurisdiction of the City of Matlosana local municipality: Northwest Province       | Pfukani Kusile Consulting CC    | Extension of time                                   | HDA/NW/2022/001   | R5 290 000,00           | N/A                                                                    | N/A                                              |
| Appointment of a Turnkey Contractor to design and construct 624 Temporary Residential Accommodation in various Municipalities within OR Tambo District for the Emergency Housing Programme for period 12 months                                                  | RSMM Construction (Pty) Ltd     | Reduction of scope                                  | HDA/EC/2022/004   | R52 025 874,00          | N/A                                                                    | -R4 452 550,00                                   |
| Appointment of a PRT for the Greater Alexandra Development Area (GADA) programme management unit to provide programme management services for the developed with consultation with the stakeholders for a period of 4 years in the city of Johannesburg          | Bahlaphing JV Geralgino         | VAT deduction                                       | HDA/GAU/2023/04 6 | R64 959 203,31          | N/A                                                                    | R4 600 315,33                                    |
| Provision for drawing and submission of 1500 as build drawing plan in Seshego for approval by Polokwane Local Municipality                                                                                                                                       | Vusa Africa Architects          | Extension of time                                   | HDA/LIM/2023/011  | R4 699 110,01           | N/A                                                                    | N/A                                              |

| Project description                                                                                                                                                                                                                                     | Name of supplier                                        | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                         |                                                         |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Appointment of a Service Provider for Preparation of Socio - Economic Impact Study, Visual Impact Assessment, Development Framework, and Urban Design Concept Located within the Jurisdiction of City of Cape Town in the Western Cape Province         | Zutari                                                  | Scope Amendment without financial implication       | RFQ/CPT/2023/018 | R974 438,63             | N/A                                                                    | N/A                                              |
| Construction of 8 Military Veteran Housing Units, within Various Municipalities in Limpopo                                                                                                                                                              | Capotex Construction (Main Contractor)                  | Variation Order                                     | HDA/LIM/2021/012 | R3 635 994, 84          | N/A                                                                    | R144 851,21                                      |
| Construction of 17 Military Veteran Housing Units, within Various Municipalities in Limpopo                                                                                                                                                             | Ixplore (The Cessionary)                                | Variation Order                                     | HDA/LIM/2021/012 | R3 030 550,16           | N/A                                                                    | R254 663,92                                      |
| Appointment of service provider for the provision of document management service and off-site storage facilities for a period of 36 months                                                                                                              | SNGCA South Africa (PTY) LTD T/A AGS Records Management | Extension of Time and Variation Order               | HDA/JHB/2020/023 | R615 000,00             | N/A                                                                    | R121 075,62                                      |
| Appointment of a service provider to undertake a township establishment for the creation of integrated and sustainable Human Settlement Development in Majakaneng area within the jurisdiction of Madibeng Local Municipality in the Northwest Province | Metro Projects Development                              | Variation Order                                     | HDA/NW/2020/002  | R782 319,00             | N/A                                                                    | R117 304,31                                      |
| Appointment of a service provider for the Scheme Amendments and Re- Layout of the General of Modelkloof Ext 18 Housing Development Project                                                                                                              | Delta Built Environment Consultants                     | Extension of Time                                   | HDA/KZN/2019/001 | R1 923 915,50           | R952 215, 37                                                           |                                                  |
| Provision of storage of Office Furniture, Documents, and IT equipment                                                                                                                                                                                   | Biddulph International (Pty) Ltd                        | Extension of Time and Variation Order               | HDA/WC/2023/S03  | R418 872,00             | R40 000, 00                                                            | R270 000,00                                      |



| Project description                                                                                                                                                                                                 | Name of supplier                 | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                     |                                  |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Provision of emergency accommodation to the victims' of 2022 floods in KZN                                                                                                                                          | Astia Investment CC              | Extension of Time and Variation Order               | HDA/KZN/2022/S01 | R17 988 868,80          | R3 498 868, 80                                                         | R1 384 830,28                                    |
| Construction of 08 Military Veteran Housing Units, within Various Municipalities in Limpopo                                                                                                                         | Capotex Construction             | Extension of Time                                   | HDA/LIM/2021/012 | R3 635 994, 84          | R144 851,21                                                            | R0,00                                            |
| Construction of 450 top structures and associated engineering services in Reeston phase 3, stage 2A in Buffalo City Metropolitan Municipality, Eastern Cape Province                                                | Zookie Construction and Projects | Extension of Time                                   | HDA/EC/2021/011  | R95 642 235,00          |                                                                        | R0,00                                            |
| Spatial Data Acquisition and Interpretation                                                                                                                                                                         | GeoTerraImage SA                 | Expansion of Scope and Variation Order              | HDA/JHB/2021/020 | R1 483 500,00           |                                                                        | R222 525,00                                      |
| Appointment of a service provider to undertake stage 1 (one) specialist studies and project packaging for the Thokomala rural housing project, wards 5 & 9 Ubuhlebezwe municipality KwaZulu natal province          | Nkanivo Development Consultants  | Extension of Time                                   | HDA/KZN/2021/014 | R3 408 636,80           |                                                                        | R0,00                                            |
| Appointment of a Service Provider to Undertake Stage 1 (One) Specialist Studies and Project Packaging for The Ufafa Extension Rural Housing Project, Ward 3, Ubuhlebezwe Municipality Kwa Zulu Natal Province       | Accra Group                      | Variation Amount                                    | HDA/KZN/2023/045 | R1 587 000,00           |                                                                        | R136 200,00                                      |
| Town Planning for Simultaneous Application for the subdivision and rezoning of ERF 677 in Motetema, Limpopo                                                                                                         | Accra Group                      | Extension of Time                                   | RFQ/LIM/2023/003 | R304 557,72             |                                                                        | R0,00                                            |
| Appointment of a service provider to undertake stage 1 (one) specialist studies and project packaging for the Mhlabashane Phungashe rural housing project, ward 10, Ubuhlebezwe municipality KwaZulu natal province | Ganwa Consulting and Development | Extension of Time                                   | HDA/KZN/2021/013 | R2 830 106,88           |                                                                        | R0,00                                            |

| Project description                                                                                                                                                                                                                                 | Name of supplier              | Contract modification type (Expansion or Variation) | Contract number   | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                     |                               |                                                     |                   | R'000                   | R'000                                                                  | R'000                                            |
| Provision of emergency accommodation to the victims of 2022 floods in KZN                                                                                                                                                                           | Astia Investment CC           | Extension of time and Variation Amount              | HDA/HO/2023/S08   | R11 127 610,96          |                                                                        | R7 729 791,91                                    |
| Appointment of a service provider to undertake the development of pre- feasibility studies for the remainder of portion 156 of the Farm Uitzoek no. 1104-ft, in Manderston, Mkhambathini Local Municipality in KwaZulu-Natal                        | Vuba Imagineers               | Extension of time and Variation Amount              | HDA/KZN/2021/016  | R1 650 000,00           |                                                                        | R239 675,50                                      |
| The appointment of a service for to undertake Various Technical Studies for the development of the Vyfhoek township establishment Project in the Potchefstroom area under the jurisdiction of the JB Marks Local Municipality in Northwest Province | Muanowashu SHEQ               | Variation Amount                                    | HDA/NW/2023/S01 1 | R1 189 148,00           |                                                                        | R91 000,00                                       |
| Registration and Proclamation of Subdivided Erven within erf 1491 Warmbath Extension 25 within Bela-Bela Municipality, Limpopo Province                                                                                                             | Pfukani Kusile Consulting CC  | Extension of Time                                   | RFQ/LIM/2023/002  | R495 529,25             |                                                                        | R0,00                                            |
| Provision to conduct VAT review recovery as well as Tax advisory services                                                                                                                                                                           | EMS Solution (Pty) Ltd        | Extension of Time                                   | RFQ/JHB/2023/211  | R1 000 000,00           |                                                                        | R0,00                                            |
| Provision of Dismantling, Transportation and Storage of office furniture and equipment for a 6-month period                                                                                                                                         | Joel Transportation (Pty) Ltd | Extension of time and Variation Amount              | RFQ/NW/2024/003   | R67 850,00              |                                                                        | R7 590,00                                        |
| Provision of Tactical Security Intervention for 162 Shifts for Driftsands Land Preparation and Relocation Projects, Western Cape Province                                                                                                           | Security Consortium SA cc     | Variation Amount                                    | HDA/WC/2024/SO4   | R3 888 000,00           |                                                                        | R1 440 000,00                                    |
| Provision of Security Guarding Services on erven 3994, 4220, 4222 and 4335 Ladysmith Extension 18 Kwa-Zulu Natal for a period of 12 months                                                                                                          | Siyabulela Trading cc         | Extension of time and Variation Amount              | RFQ/KZN/2023/002  | R320 201,12             |                                                                        | R26 683,43                                       |

| Project description                                                                                                                                                                                                                                          | Name of supplier               | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                              |                                |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Lease Agreement for Free State Office Space                                                                                                                                                                                                                  | Spitskop Ontwikkeling          | Extension of time and Variation Amount              | N/A              | R5 059 200,00           | N/A                                                                    | R1 508 030,00                                    |
| Provision of Dolomite stability Study (Phase 1) for ERF 1981 Kuruman in Gasegonyana in Northwest                                                                                                                                                             | Vhuluvhi Group (Pty) Ltd       | Variation Amount                                    | RFQ/HO/2024/074  | R782 000,00             |                                                                        | R114 500,00                                      |
| Provision to undertake various technical studies as part of township establishment process in North-West Province                                                                                                                                            | Vhuluvhi Group (Pty) Ltd       | Variation Amount                                    | RFQ/NW/2024/001  | R650 000,00             |                                                                        | R82 500,00                                       |
| Construction of 786 top structures (598 in Peelton and 188 in Tyutyu)                                                                                                                                                                                        | Leungo Construction Enterprise | Extension of Time                                   | HDA/EC/2021/012  | R123 491 864,10         |                                                                        |                                                  |
| The appointment of contractor for the Construction of Water, Sewer, Roads, and Storm water networks in Zandspruit ext. 84 (Phase 1)                                                                                                                          | TCT Civil and Construction CC  | Extension of Time                                   | HDA/JHB/2021/009 | R61 334 836,14          |                                                                        |                                                  |
| The appointment of contractor for the Construction of Engineering Infrastructure Services (water, sanitation, roads, stormwater and Package Plant) in Zandspruit ext. 84 in the City of Johannesburg Metropolitan Municipality in Gauteng Province (Phase 5) | TCT Civil and Construction CC  | Extension of Time                                   | HDA/JHB/2021/020 | R79 167 851,85          |                                                                        |                                                  |
| Appointment of a service provider to undertake township establishment for the creation of integrated and sustainable Human settlements Development in Jouberton area within the jurisdiction of Matlosana Local Municipality                                 | Ditsamai Investment & Projects | Extension of Time                                   | RFP/NW/2021/002  | R4 316 664,15           |                                                                        |                                                  |

| Project description                                                                                                                                                                                                                                                      | Name of supplier                    | Contract modification type (Expansion or Variation) | Contract number  | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
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|                                                                                                                                                                                                                                                                          |                                     |                                                     |                  | R'000                   | R'000                                                                  | R'000                                            |
| Accredited Asbestos Inspection Authority (AIA) to undertake Assessment & Construction Monitoring for Asbestos Removal in Seshego Township within Polokwane Local Municipality in Limpopo Province                                                                        | Omogau SHEQ Solution                | Extension of Time and Variation amount              | RFQ/LIM/2023/015 | R838 810,00             |                                                                        | R94 346,58                                       |
| The appointment of Professional Resource Team for the design, tender documentation, construction monitoring and supervision for the construction of engineering infrastructure services at Zandspruit extension 84 in the City of Johannesburg Metropolitan Municipality | Kitso Botlhale Consulting Engineers | Extension of Time                                   | HDA/LIM/2020/024 | R32 591 075,79          |                                                                        | R0,00                                            |
| The appointment of contractor for the Construction of Engineering Infrastructure Services (water, sanitation, roads, storm water) in Zandspruit ext. 84 in the City of Johannesburg Metropolitan Municipality in Gauteng Province (Phase 3)                              | Re A Letamisa Trading & Projects    | Extension of Time                                   | HDA/JHB/2021/019 | R69 936 118,07          |                                                                        | R0,00                                            |
| Appointment of contractor for the Construction of Water, Sewer, Roads and Stormwater networks and Package Plant in Zandspruit ext. 84 (Phase 4)                                                                                                                          | RSMM Construction (Pty) Ltd         | Extension of Time and Variation amount              | HDA/JHB/2021/012 | R81 208 857,18          |                                                                        | R5 680 974,98                                    |
| Appointment of an Accredited Contractors to Undertake Asbestos Removal, Disposal, Undertake Minor Repairs, and replacement of roofs on assessed housing structures within Seshego Township in Polokwane Local Municipality in Limpopo Province                           | Rem-Mams Construction and Project   | Expansion of Time and Variation Order               | HDA/LIM/2023/009 | R21 527 942,50          |                                                                        | R1 680 750,00                                    |
| Appointment of a Professional Resource Team to Undertake Construction Monitoring on all Asbestos Roofed Government Subsidized Units at Seshego Township within Polokwane Local Municipality in Limpopo Province                                                          | Nemorango Consulting Engineers      | Expansion of Time and Variation Order               | HDA/LIM/2023/023 | R1 689 218,00           |                                                                        | R166 635,00                                      |

| Project description                                                                                                                                                                                                                                                                   | Name of supplier                                          | Contract modification type (Expansion or Variation)     | Contract number   | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|-------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                                                                                       |                                                           |                                                         |                   | R'000                   | R'000                                                                  | R'000                                            |
| Appointment of a service provider to Undertake Registration and Transfer of 130 Deeds of grant of subdivided portions of ERF 8188, Seshego B to approved Beneficiaries within the Jurisdiction of Polokwane Local Municipality Limpopo Province                                       | Maphaha Attorneys                                         | Adjustment of contract milestones and Extension of time | RFQ/LIM/2023/004  | R499 456,50             |                                                                        | R0,00                                            |
| The appointment of a service provider to provide travel management, implementation, and support services for a period of 36 Months                                                                                                                                                    | BE Travel                                                 | Extension of Time with Financial Implications           | HDA/JHB/2021/015  | Rates                   |                                                                        | Rates                                            |
| Turnkey Firm to provide construction monitoring up to close-out stage and construction of the electrical, mechanical. Civil and structural works on the upgrading of Paarl Wastewater Treatment Works and associated infrastructure in Lephalale Local Municipality, Limpopo Province | Umthombo JV                                               | Extension of Time and Variation Amount                  | HDA/LIM/2023/007  | R129 770 670,00         | -R99 830 703,30                                                        | R1 827 900,99                                    |
| Appointment of a Service Provider for Social Facilitation Services for Removal of Asbestos Roofing at Seshego Within the Polokwane Local Municipality, Limpopo Province                                                                                                               | Mahlukusi Business Enterprise                             | Extension of Time and Variation Amount                  | RFQ/LIM/2023/005  | R530 000,00             |                                                                        | R79 500,00                                       |
| Appointment of professional multi- disciplinary team led by a professional town planner for the submission of a simultaneous land use/ development rights application and concept design approval on erven 157, 158 and 228 in Bendor Polokwane                                       | Superior Quality Engineering & Technologies 8 (Pty)Ltd JV | RFP/LIM/2022/001                                        | Extension of Time | R460 000, 00            | R460 000, 00                                                           | R460 000, 00                                     |
| The Appointment of Attorneys to provide Legal and Conveyancing Services                                                                                                                                                                                                               | STBB Attorneys                                            | HDA/JHB/2020/012                                        | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services                                                                                                                                                                                                               | Ngeno and Mteto Incorporated                              | HDA/JHB/2020/012                                        | Extension of time | Rates                   | Rates                                                                  | Rates                                            |



| Project description                                                     | Name of supplier                  | Contract modification type (Expansion or Variation) | Contract number   | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|-------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------|-------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                         |                                   |                                                     |                   | R'000                   | R'000                                                                  | R'000                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Mothle Jooma Sabdia Inc           | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | MMMG Attorneys                    | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Malebye Motaung Mtembu Attorneys  | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Z & Z Ngogodo Inc                 | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Taleni Godi Kupiso Inc            | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Phungo Incorporated               | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Maphoso Mokoena Attorneys         | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Thejane Attorneys                 | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Poswa Incorporated                | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services | Tembe Kheswa Nxumalo Incorporated | HDA/JHB/2020/012                                    | Extension of time | Rates                   | Rates                                                                  | Rates                                            |

| Project description                                                                                                                                                                                                                               | Name of supplier                     | Contract modification type (Expansion or Variation) | Contract number                        | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------|----------------------------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                                                   |                                      |                                                     |                                        | R'000                   | R'000                                                                  | R'000                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services                                                                                                                                                                           | Molefi Thoabala Inc                  | HDA/JHB/2020/012                                    | Extension of time                      | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services                                                                                                                                                                           | Nandi Bulabula Inc                   | HDA/JHB/2020/012                                    | Extension of time                      | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services                                                                                                                                                                           | Matthew Francis Inc                  | HDA/JHB/2020/012                                    | Extension of time                      | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services                                                                                                                                                                           | Popela Maake                         | HDA/JHB/2020/012                                    | Extension of time                      | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services                                                                                                                                                                           | Magagula George Mcetywa Inc          | HDA/JHB/2020/012                                    | Extension of time                      | Rates                   | Rates                                                                  | Rates                                            |
| The Appointment of Attorneys to provide Legal and Conveyancing Services                                                                                                                                                                           | Mathopo Moshimane Mulangaphuma (DM5) | HDA/JHB/2020/012                                    | Extension of time                      | Rates                   | Rates                                                                  | Rates                                            |
| The appointment of service provider to Undertake town planning, land surveying and conveyancing services for simultaneous applications of road closure, rezoning, consolidation, and subdivision and undertake technical studies on various erven | Plan Associates Development Planners | HDA/JHB/2021/017                                    | Extension of time                      | R2 818 374, 00          | R0,00                                                                  | R0,00                                            |
| Provision of security services for a period of 12 months at Cape Town                                                                                                                                                                             | Fullserve Services (Pty) Ltd         | RFQ/CPT/2023/016                                    | Extension of time and variation amount | R808 174, 04            |                                                                        | R67 347, 83                                      |
| Provision of Emergency accommodation to the victims of 2022 floods in KZN                                                                                                                                                                         | Concost Development (Pty) Ltd        | HDA/HO/2023/S09                                     | Extension of time and variation amount | R10 950 841,17          |                                                                        | R3 434 616,15                                    |

| Project description                                                                                                                                                                                                          | Name of supplier                     | Contract modification type (Expansion or Variation) | Contract number                        | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------|----------------------------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                              |                                      |                                                     |                                        | R'000                   | R'000                                                                  | R'000                                            |
| Provision of emergency accommodation to the victims of 2022 floods in KZN                                                                                                                                                    | Astia Investment                     | HDA/HO/2023/S08                                     | Extension of time and Variation Amount | R11 127 610,96          |                                                                        | R7 818 342,18                                    |
| Provision of emergency accommodation to the victims of 2022 floods in KZN                                                                                                                                                    | Astia Investment                     | HDA/KZN/2022/S01                                    | Extension of time and Variation Amount | R17 988 868,80          |                                                                        | R2 117 413, 42                                   |
| Appointment of a professional team to undertake township establishment process on portion 49 (of 15) of Bethulie no. 303, Bethulie Regional District, Kopanong Local Municipality, Free State Province                       | Plan Associates Development Planners | HDA/FS/2022/004                                     | Extension of time                      | R2 442 600, 00          | R0,00                                                                  | R0,00                                            |
| Appointment of a Built Environment Consultant for the Provision of Professional Service for Informal Settlement Upgrading of 2999 Household in 4 Settlement in Various Municipalities                                        | Zenawe Consulting                    | HDA/EC/2023/021                                     | Extension of time                      | R19 331 647, 90         | R0,00                                                                  | R0,00                                            |
| The appointment of a Contractor for the construction of 226 Rural Housing units and 27 Military Veterans housing units at various municipalities within the greater Sekhukhune District Municipality in the Limpopo Province | Nhlohloli Tilo Trading               | HDA/LIM/2021/012                                    | Extension of time and Variation Amount | R22 196 101,60          | R4 565 126, 57                                                         | R429 084, 68                                     |
| Construction of 25 Military Veteran Housing Units, within Various Municipalities in Limpopo                                                                                                                                  | Capotex Construction                 | HDA/LIM/2021/012                                    | Extension of time                      | R3 635 994, 84          | R144 851,21                                                            | R0,00                                            |
| Construction of 25 Military Veteran Housing Units, within Various Municipalities in Limpopo                                                                                                                                  | Capotex Construction                 | HDA/LIM/2021/012                                    | Expansion of Scope and Variation Order | R3 635 994, 84          | R144 851,21                                                            | R1 037 153, 61                                   |
| Construction of 25 Military Veteran Housing Units, within Various Municipalities in Limpopo                                                                                                                                  | Ixplore (The Cessionary)             | HDA/LIM/2021/012                                    | Expansion of Scope and Variation Order | R3 030 550,16           | R254 663,92                                                            | -R637 638, 48                                    |

| Project description                                                                                                                                                                                                          | Name of supplier                | Contract modification type (Expansion or Variation) | Contract number                        | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------|----------------------------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                              |                                 |                                                     |                                        | R'000                   | R'000                                                                  | R'000                                            |
| Lease Agreement for Free State Office Space                                                                                                                                                                                  | Spitskop Ontwikkeling           |                                                     | Extension of time and Variation Amount | R5 059 200, 00          | R1 508 030,00                                                          | R440 247, 60                                     |
| Provision of cleaning services at Northern Cape                                                                                                                                                                              | Tiney Cleaning Services         | RFP/NC/2021/005                                     | Extension of time and Variation Amount | R371 894, 40            | N/A                                                                    | R41 321, 00                                      |
| Appointment of a Consulting Firm to develop a Corporate Funding and Project Finance model for the HDA for the purpose of perusing the public sector developer role                                                           | Thoba Mkgangisa & Associates    | HDA/CPT/2021/001                                    | Extension of time                      | R663 021, 00            | N/A                                                                    | N/A                                              |
| Appointment of a Consulting Firm to develop a Corporate Funding and Project Finance model for the HDA for the purpose of perusing the public sector developer role                                                           | Pholisani Capital (Pty)Ltd      | HDA/JHB/2022/011                                    | Extension of time                      | R14 990 995,20          | N/A                                                                    | N/A                                              |
| Appointment of a consulting engineer for provision of professional services and project management for installation of bulk and internal civil engineering services for Model Kloof Extension 18 in Ladysmith, KwaZulu-Natal | Thembekele Consulting Engineers | RFP/KZN/2021/01                                     | Extension of time                      | R7 597 145, 64          | N/A                                                                    | N/A                                              |
| Township establishment application to be lodged on the remaining extent of the farm Weikrans 539 KQ within Thabazimbi Local Municipality, Limpopo                                                                            | Kantey and Templer (Pty) Ltd    | HDA/LIM/2019/003                                    | Extension of time                      | R1 566 310, 00          | N/A                                                                    | N/A                                              |
| Provision of legal services with conveyancing expertise for a period of five (5) months                                                                                                                                      | Phaleng Podile Attorneys        | RFQ/CT/2023/004                                     | Extension of time                      | R483 000, 00            | N/A                                                                    | N/A                                              |
| Appointment of professional service provider for subdivision of remainder of portion 2 of the farm Michel Heyns Kraal 755 situated within the Jurisdiction of Swartland local Municipality in WC for a period of 12 months   | Rondo Group (Pty)Ltd            | RFQ/HO/2024/047                                     | Extension of time                      | R172 000, 00            | N/A                                                                    | N/A                                              |

| Project description                                                                                                                                                                                                                                                   | Name of supplier                   | Contract modification type (Expansion or Variation) | Contract number                          | Original contract value | Value of previous contract expansion /s or variation/s (if applicable) | Value of current contract expansion or variation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------|------------------------------------------|-------------------------|------------------------------------------------------------------------|--------------------------------------------------|
|                                                                                                                                                                                                                                                                       |                                    |                                                     |                                          | R'000                   | R'000                                                                  | R'000                                            |
| Transfer of 246 erven to beneficiaries in Seshego F and H within Polokwane local Municipality Limpopo Province                                                                                                                                                        | Ngeno and Mteto Incorporated       | RFP/LIM/2021/002                                    | Extension of time and Reduction of scope | R785 753, 50            | N/A                                                                    | R332 189, 88                                     |
| The appointment of a Consulting Engineering Firm for the detailed design of Bulk & Internal Engineering Services (Water and Sewer), and Construction monitoring of engineering services and top structure at Vingerskraal in Bela- Bela Local Municipality in Limpopo | M Kona Consulting Engineers        | HDA/LIM/2021/008                                    | Extension of time                        | R7 877 500, 00          | N/A                                                                    | N/A                                              |
| Appointment of contractor for construction of Engineering Services for 1000 sites, 215 fully subsidized housing units in Vingerskraal Informal Settlement within Bela-Bela Local Municipality in Limpopo Province                                                     | Seedi Construction                 | HDA/LIM/2021/002                                    | HDA/LIM/2021/002                         | R70 831 905, 00         | N/A                                                                    | N/A                                              |
| Provision of Security Services for the TRA Welmoed transitional relocation area for a period of 5 months                                                                                                                                                              | Tyrant Security Services (Pty) Ltd | RFQ/WC/2024/180                                     | Extension of time                        | R3 000 000, 00          | N/A                                                                    | N/A                                              |
| Provision of cleaning services at Western Cape for a period of 5 months                                                                                                                                                                                               | Reyavaya Cleaning Services         | RFQ/WC/2024/181                                     | Extension of time and Variation Amount   | R691 700, 00            | N/A                                                                    | R103 755, 00                                     |
| Provision of Professional management and maintenance services for the Temporary Relocation Area (TRA) Welmoed Transitional Relocation Area for a period of 5 months                                                                                                   | Sanitech (Pty) Ltd                 | RFQ/WC/2024/182                                     | Extension of time and Variation Amount   | R1 840 901, 99          | N/A                                                                    | R211 710, 15                                     |
| Provision of Legal Services                                                                                                                                                                                                                                           | Edward Nathan Sonnerberg Inc       | HDA/JHB/2023/015                                    | Extension of time                        | Rates                   | Rates                                                                  | Rates                                            |
| Provision of Cleaning and Hygiene Services for a period of three (3) years at Head Office                                                                                                                                                                             | Capriqorn Solution                 | HDA/JHB/2023/005                                    | Expansion of Scope and Variation Order   | R1 670 904, 00          | N/A                                                                    | R20 700, 00                                      |





# **PART F**

## **Annual Financial Statements**



## General Information

|                                             |                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Country of Incorporation                    | South Africa                                                                                                                                                                                                                                                                                                                                             |
| Legal Form of Entity                        | Public Entity (PFMA) Schedule 3A entity                                                                                                                                                                                                                                                                                                                  |
| 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 scope of operations includes to identify, acquire, hold, develop and release well-located land and buildings, provide project management support and housing development services. |
| Members                                     | Hosi P Ngove (Board Chairperson)<br>Ms N Baai (Deputy Chairperson)<br>Ms N Maharaj<br>Mr V Rabothata<br>Dr M Myeza<br>Mr B Khenisa (Chief Executive Officer)<br>Ms J Masemola (Chief Financial Officer)                                                                                                                                                  |
| Registered office                           | 4 Kikuyu Road<br>Sunninghill<br>Sandton<br>Johannesburg<br>2157                                                                                                                                                                                                                                                                                          |
| Business address                            | 4 Kikuyu Road<br>Sunninghill<br>Sandton<br>Johannesburg<br>2157                                                                                                                                                                                                                                                                                          |
| Controlling entity                          | Department of Human Settlements                                                                                                                                                                                                                                                                                                                          |
| Bankers                                     | First National Bank Ltd                                                                                                                                                                                                                                                                                                                                  |
| Auditors                                    | Auditor General South Africa<br>Chartered Accountants (S.A.)<br>Registered Auditors                                                                                                                                                                                                                                                                      |
| Company Secretary                           | Ms Z Mbanjwa                                                                                                                                                                                                                                                                                                                                             |
| Preparer                                    | The annual financial statements were independently compiled by: HDA Management                                                                                                                                                                                                                                                                           |



## Accounting Authority's Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

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

The members have reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the external auditors and their report is presented on pages 107-113.

The annual financial statements set out on pages 107 - 177, which have been prepared on the going concern basis, were approved by the accounting authority on 29 May 2025 and were signed on its behalf by:

Board Chairperson  
**Hosi P. Ngove**



# Auditor-General's Report

## Report of the auditor-general to Parliament on the Housing Development Agency

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Housing Development Agency set out on pages 114 to 177, which comprise of the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended as at 31 March 2025, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Development Agency as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International Code of ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter

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

#### Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2025.

#### Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 111, forms part of my auditor's report.



## Auditor-General's Report

### Report on the audit of the annual performance report

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

13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

| Programme                                                                                                                  | Page numbers | Purpose                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Programme 2 - Land assembly and PDAs                                                                                       | 29 - 30      | This programme facilitates access to well- located land for human settlements development, through land acquisition and rezoning within PDAs.                 |
| Programme 3 - Programme planning and design and regional coordination and human settlement implementation support services | 31 - 33      | This programme plans, designs, manages, and implements special and priority programmes and provides access to adequate housing through arrange of programmes. |

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

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

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





# Auditor-General's Report

## Other matter

18. I draw attention to the matter below.

### Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.

20. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets in the annual performance report on page 32.

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

| Key service delivery indicators not achieved                                   | Planned target                                                      | Reported achievement                                               |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|
| Targets achieved: 86%<br>Budget spent: 73%                                     |                                                                     |                                                                    |
| 3.2.1 Number of housing units delivered i.r.o. projects implemented by the HDA | 2901 Housing units delivered i.r.o. projects implemented by the HDA | 873 Housing units delivered i.r.o. projects implemented by the HDA |

### Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

24. I did not identify any material non-compliance with the selected legislative requirements.

### Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

26. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.



## Auditor-General's Report

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

### Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. I did not identify any significant deficiencies in internal control.

### Other reports

31. I draw attention to the following engagements. The reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

32. On 15 January 2024, the former Minister of Human Settlements: Ms MT Kubayi requested the Housing Development Agency to conduct lifestyle audits on the following employees: Executive management, Senior managers and SCM employees as at 31 March 2024, the matter has been referred to Special Investigating Unit (SIU) to conduct the audit by the former Chairperson of the Audit and Risk Committee. The investigation was concluded in June 2025, and the report was not finalised at the reporting date.

33. On 30 May 2025, the President of the Republic of South Africa issued Proclamation No. 52750, authorising the SIU to conduct a comprehensive investigation into allegations of corruption, maladministration, and financial irregularities within the Housing Development Agency and all provincial departments of human settlements.

The investigation covers activities from April 2016 to May 2025 on issues related to land acquisition and development, procurement and contracting processes, irregular and wasteful expenditure, and possible misappropriation of funds. This follows concerns raised about inflated payments and questionable procurement practices in housing projects. The investigation was still in progress at the reporting date.

Auditor-General



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

Pretoria  
06 August 2025



## Annexure to the Auditor's Report

The annexure includes the following:

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

### Auditor general's responsibility for the audit

#### Professional judgement and professional skepticism

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

#### Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to

events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause 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

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

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



## Auditor-General's Report

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation                                                    | Sections or regulations                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Finance Management Act No. 1 of 1999                    | <ul style="list-style-type: none"><li>Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2) (c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)</li></ul>                                                                                                                                                                                                                                                                 |
| Treasury Regulations, 2005                                     | <ul style="list-style-type: none"><li>Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A 6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 6A.7.1; 16A.7.3;16A.7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1 (d);16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1©; 33.1.1; 33.1.3</li></ul> |
| Construction Industry Development Board Act No. 38 of 2000     | <ul style="list-style-type: none"><li>Section 18(1)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                             |
| Construction Industry Development Board Regulations, 2004      | <ul style="list-style-type: none"><li>Regulation 17; 25(7A)</li></ul>                                                                                                                                                                                                                                                                                                                                                                                     |
| National Treasury Instruction No. 5 of 2020/21                 | <ul style="list-style-type: none"><li>Paragraph 4.8; 4.9; 5.3</li></ul>                                                                                                                                                                                                                                                                                                                                                                                   |
| Second Amendment National Treasury Instruction No. 5 of 202/21 | <ul style="list-style-type: none"><li>Paragraph 1</li></ul>                                                                                                                                                                                                                                                                                                                                                                                               |
| Erratum National Treasury Instruction No. 5 of 202/21          | <ul style="list-style-type: none"><li>Paragraph 2</li></ul>                                                                                                                                                                                                                                                                                                                                                                                               |
| National Treasury Instruction No. 1 of 2021/22                 | <ul style="list-style-type: none"><li>Paragraph 4.1</li></ul>                                                                                                                                                                                                                                                                                                                                                                                             |
| National Treasury Instruction No. 4 of 2015/16                 | <ul style="list-style-type: none"><li>Paragraph 3.4</li></ul>                                                                                                                                                                                                                                                                                                                                                                                             |
| National Treasury SCM Instruction No. 4A of 2016/17            | <ul style="list-style-type: none"><li>Paragraph 6</li></ul>                                                                                                                                                                                                                                                                                                                                                                                               |
| National Treasury SCM Instruction No. 03 of 2021/22            | <ul style="list-style-type: none"><li>Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; 7.6</li></ul>                                                                                                                                                                                                                                                                                                                                                   |
| National Treasury SCM Instruction No. 11 of 2020/21            | <ul style="list-style-type: none"><li>Paragraph 3.4(a); 3.4(b); 3.9</li></ul>                                                                                                                                                                                                                                                                                                                                                                             |
| National Treasury SCM Instruction No. 2 of 2021/22             | <ul style="list-style-type: none"><li>Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1</li></ul>                                                                                                                                                                                                                                                                                                                                                                   |
| National Treasury Practice Note 5 of 2009/10                   | <ul style="list-style-type: none"><li>Paragraph 3.3</li></ul>                                                                                                                                                                                                                                                                                                                                                                                             |



## Auditor-General's Report

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation                                                   | Sections or regulations                                                                                                                                                          |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Treasury Practice Note 5 of 2009/10                  | <ul style="list-style-type: none"><li>Paragraph 3.3</li></ul>                                                                                                                    |
| National Treasury Practice Note 7 of 2009/10                  | <ul style="list-style-type: none"><li>Paragraph 4.1.2</li></ul>                                                                                                                  |
| Preferential Procurement Policy Framework Act 5 of 2000       | <ul style="list-style-type: none"><li>Section 1; 2.1(a); 2.1(f)</li></ul>                                                                                                        |
| Preferential Procurement Regulations, 2022                    | <ul style="list-style-type: none"><li>Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4</li></ul>                                                                                |
| Preferential Procurement Regulations, 2017                    | <ul style="list-style-type: none"><li>Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2</li></ul> |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | <ul style="list-style-type: none"><li>Section 34(1)</li></ul>                                                                                                                    |





# Statement of Financial Position

| Figures in R`000                            | Note(s) | 2025             | Restated 2024    |
|---------------------------------------------|---------|------------------|------------------|
| <b>Assets</b>                               |         |                  |                  |
| <b>Current Assets</b>                       |         |                  |                  |
| Agency funds: Trust Accounts                | 5       | 111 847          | 596 144          |
| Receivables from exchange transactions      | 6       | 542 638          | 299 089          |
| Cash and cash equivalents                   | 7       | 404 711          | 871 797          |
|                                             |         | <b>1 059 196</b> | <b>1 767 030</b> |
| <b>Non-Current Assets</b>                   |         |                  |                  |
| Property, plant and equipment: depreciation | 3       | 150 063          | 142 488          |
| Intangible assets                           | 4       | 1 809            | 254              |
|                                             |         | <b>151 872</b>   | <b>142 742</b>   |
| <b>Total Assets</b>                         |         | <b>1 211 068</b> | <b>1 909 772</b> |
| <b>Liabilities</b>                          |         |                  |                  |
| <b>Current Liabilities</b>                  |         |                  |                  |
| Finance lease obligation                    | 8       | 585              | 351              |
| Operating lease liability                   | 9       | 1 053            | 672              |
| Payables from exchange transactions         | 10      | 822 636          | 1 585 594        |
| Provisions                                  | 11      | 30 082           | 19 012           |
|                                             |         | <b>854 356</b>   | <b>1 605 629</b> |
| <b>Non-Current Liabilities</b>              |         |                  |                  |
| Finance lease obligation                    | 8       | 874              | 1 459            |
| Payables from exchange transactions         | 10      | -                | 32 038           |
|                                             |         | <b>874</b>       | <b>33 497</b>    |
| <b>Total Liabilities</b>                    |         | <b>855 230</b>   | <b>1 639 126</b> |
| <b>Net Assets</b>                           |         | <b>355 838</b>   | <b>270 646</b>   |
| Accumulated surplus                         |         | 355 838          | 270 646          |
| <b>Total Net Assets</b>                     |         | <b>355 838</b>   | <b>270 646</b>   |



# Statement of Financial Position

| Figures in R`000                                | Note(s) | 2025             | Restated 2024    |
|-------------------------------------------------|---------|------------------|------------------|
| <b>Revenue</b>                                  |         |                  |                  |
| <b>Revenue from exchange transactions</b>       |         |                  |                  |
| Rental income                                   | 14      | 3 569            | 3 489            |
| Agency income: Management fees                  | 15      | 34 883           | 54 893           |
| Province support operational revenue            | 16      | 175 891          | 131 800          |
| Other income                                    | 17      | 14 337           | 6 359            |
| Interest income                                 | 18      | 12 547           | 24 184           |
| <b>Total revenue from exchange transactions</b> |         | <b>241 227</b>   | <b>220 725</b>   |
| <b>Revenue from non-exchange transactions</b>   |         |                  |                  |
| <b>Transfer revenue</b>                         |         |                  |                  |
| Operational grant                               | 19      | 254 591          | 243 649          |
| <b>Total revenue</b>                            |         | <b>495 818</b>   | <b>464 374</b>   |
| <b>Expenditure</b>                              |         |                  |                  |
| Employee related costs                          | 20      | (199 373)        | (187 675)        |
| Impairments, depreciation and amortisation      | 22      | (7 307)          | (74 615)         |
| Finance costs                                   | 28      | (868)            | (78)             |
| Lease rentals on operating lease                | 21      | (51 893)         | (51 844)         |
| Land and related costs                          | 26      | (34 442)         | (19 780)         |
| Technical and project services                  | 27      | (31 910)         | (15 756)         |
| Loss on disposal of assets                      |         | (30)             | (283)            |
| General expenses                                | 25      | (84 802)         | (114 055)        |
| <b>Total expenditure</b>                        |         | <b>(410 625)</b> | <b>(464 086)</b> |
| <b>Surplus for the year</b>                     |         | <b>85 193</b>    | <b>288</b>       |



## Statement of Changes in Net Assets

| Figures in R`000                          | Accumulated surplus | Total          |
|-------------------------------------------|---------------------|----------------|
| <b>Balance at 01 April 2023</b>           | <b>270 358</b>      | <b>270 358</b> |
| Changes in net assets                     |                     |                |
| Surplus for the year                      | 288                 | 288            |
| Total changes                             | 288                 | 288            |
| <b>Restated* Balance at 01 April 2024</b> | <b>270 645</b>      | <b>270 645</b> |
| Changes in net assets                     |                     |                |
| Surplus for the year                      | 85 193              | 85 193         |
| Total changes                             | 85 193              | 85 193         |
| <b>Balance at 31 March 2025</b>           | <b>355 838</b>      | <b>355 838</b> |
| Note(s)                                   |                     |                |



# Cash Flow Statement

| Figures in R`000                                            | Note(s) | 2025                    | Restated 2024             |
|-------------------------------------------------------------|---------|-------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                 |         |                         |                           |
| <b>Receipts</b>                                             |         |                         |                           |
| Operational grant                                           |         | 254 591                 | 243 649                   |
| Project receipts                                            |         | 415 016                 | 52 632                    |
| Interest income                                             |         | 12 547                  | 24 184                    |
| Management fees                                             |         | 34 883                  | 54 893                    |
| Rental income                                               |         | 3 569                   | 3 489                     |
| Other receipts                                              |         | 2 931                   | 5 955                     |
|                                                             |         | <u>723 537</u>          | <u>384 802</u>            |
| <b>Payments</b>                                             |         |                         |                           |
| Employee costs                                              |         | (186 656)               | (174 467)                 |
| Suppliers                                                   |         | (177 458)               | (210 155)                 |
| Finance costs                                               |         | (868)                   | (78)                      |
| Project payments                                            |         | (819 863)               | (587 194)                 |
| Surplus payments                                            |         | -                       | (395 128)                 |
|                                                             |         | <u>(1 184 845)</u>      | <u>(1 367 022)</u>        |
| <b>Net cash flows from operating activities</b>             | 29      | <u><b>(461 308)</b></u> | <u><b>(982 220)</b></u>   |
| <b>Cash flows from investing activities</b>                 |         |                         |                           |
| Purchase of property, plant and equipment: depreciation     | 3       | (3 422)                 | (111 186)                 |
| Purchase of other intangible assets                         | 4       | (2 005)                 | (271)                     |
| <b>Net cash flows from investing activities</b>             |         | <u><b>(5 427)</b></u>   | <u><b>(111 457)</b></u>   |
| <b>Cash flows from financing activities</b>                 |         |                         |                           |
| Finance lease payments                                      |         | <u>(351)</u>            | <u>1 810</u>              |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <u><b>(467 086)</b></u> | <u><b>(1 091 867)</b></u> |
| Cash and cash equivalents at the beginning of the year      |         | 871 797                 | 1 963 664                 |
| <b>Cash and cash equivalents at the end of the year</b>     | 7       | <u><b>404 711</b></u>   | <u><b>871 797</b></u>     |

The accounting policies on pages 120 to 140 and the notes on pages 141 to 177 form an integral part of the annual financial statements.



# Statement of Comparison of Budget and Actual Amounts

Figures in R`000

Budget on Cash Basis

|                                                                                                      | Approved budget  | Adjustments     | Final Budget     | Actual amounts on comparable basis | Difference between final budget and actual | Note Reference |
|------------------------------------------------------------------------------------------------------|------------------|-----------------|------------------|------------------------------------|--------------------------------------------|----------------|
| <b>Statement of Financial Performance</b>                                                            |                  |                 |                  |                                    |                                            |                |
| <b>Revenue</b>                                                                                       |                  |                 |                  |                                    |                                            |                |
| <b>Revenue from exchange transactions</b>                                                            |                  |                 |                  |                                    |                                            |                |
| Rental of facilities and equipment                                                                   | -                | -               | -                | 3 569                              | 3 569                                      | 44             |
| Agency income: Management fees                                                                       | 52 620           | (12 113)        | 40 507           | 34 883                             | (5 624)                                    | 44             |
| Province support operational grant                                                                   | 204 906          | (7 195)         | 197 711          | 175 891                            | (21 820)                                   | 44             |
| Other income                                                                                         | 1 000            | 2 338           | 3 338            | 14 337                             | 10 999                                     | 44             |
| Interest income                                                                                      | 5 000            | 2 842           | 7 842            | 12 547                             | 4 705                                      | 44             |
| <b>Total revenue from exchange transactions</b>                                                      | <b>263 526</b>   | <b>(14 128)</b> | <b>249 398</b>   | <b>241 227</b>                     | <b>(8 171)</b>                             |                |
| <b>Revenue from non-exchange transactions</b>                                                        |                  |                 |                  |                                    |                                            |                |
| <b>Transfer revenue</b>                                                                              |                  |                 |                  |                                    |                                            |                |
| Transfer from Controlling Entity                                                                     | 254 591          | -               | 254 591          | 254 591                            | -                                          | 44             |
| <b>Total revenue</b>                                                                                 | <b>518 117</b>   | <b>(14 128)</b> | <b>503 989</b>   | <b>495 818</b>                     | <b>(8 171)</b>                             |                |
| <b>Expenditure</b>                                                                                   |                  |                 |                  |                                    |                                            |                |
| Employee related costs                                                                               | (283 495)        | 13 581          | (269 914)        | (199 373)                          | 70 541                                     | 44             |
| Depreciation and amortisation                                                                        | (910)            | 148             | (762)            | (7 307)                            | (6 545)                                    | 44             |
| Finance costs                                                                                        | (145)            | (10)            | (155)            | (868)                              | (713)                                      | 44             |
| Lease rentals on operating lease                                                                     | (40 197)         | 2 154           | (38 043)         | (51 893)                           | (13 850)                                   | 44             |
| Land and related costs                                                                               | (26 360)         | 1 083           | (25 277)         | (34 442)                           | (9 165)                                    | 44             |
| Technical and project services                                                                       | (37 976)         | 5 098           | (32 878)         | (31 910)                           | 968                                        | 44             |
| General expenses                                                                                     | (118 289)        | (7 926)         | (126 215)        | (84 802)                           | 41 413                                     | 44             |
| <b>Total expenditure</b>                                                                             | <b>(507 372)</b> | <b>14 128</b>   | <b>(493 244)</b> | <b>(410 595)</b>                   | <b>82 649</b>                              |                |
| <b>Operating surplus</b>                                                                             | <b>10 745</b>    | <b>-</b>        | <b>10 745</b>    | <b>85 223</b>                      | <b>74 478</b>                              |                |
| Loss on disposal of assets and liabilities                                                           | -                | -               | -                | (30)                               | (30)                                       | 44             |
| Capital expenditure                                                                                  | (10 745)         | -               | (10 745)         | -                                  | 10 745                                     | 44             |
|                                                                                                      | <b>(10 745)</b>  | <b>-</b>        | <b>(10 745)</b>  | <b>(30)</b>                        | <b>10 715</b>                              |                |
| <b>Surplus before taxation</b>                                                                       | <b>-</b>         | <b>-</b>        | <b>-</b>         | <b>85 193</b>                      | <b>85 193</b>                              |                |
| <b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b> | <b>-</b>         | <b>-</b>        | <b>-</b>         | <b>85 193</b>                      | <b>85 193</b>                              |                |





# Significant Accounting Policies

## 1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

### 1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

### 1.2 Presentation currency

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

### 1.3 Going concern assumption

Management considers key financial metrics and approved medium-term budgets, together with the Agency's dependency on the grants from national and provincial departments, to conclude that the going concern assumptions used in the compilation of its annual financial statements, is appropriate. These annual financial statements have been prepared based on the expectation that the entity will continue to operate as going concern for at least the next 12 months.

### 1.4 Materiality

Items are considered to be material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of

the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item or a combination of both could be the determining factor.

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

### 1.5 Significant judgements and sources of estimation uncertainty

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

Estimates are informed by historical experience, information currently available to management, assumptions and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

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

#### Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.



## Significant Accounting Policies

Trade receivables are classified on the financial statements as project receivables or trade and other receivables. Project receivables are made up of receivables where a customer account is maintained based on a funding agreement and invoices are issued from the billing module.

Trade and other debtors comprise amounts due from third parties in the ordinary course of operations. This includes rental receivables arising from lease agreements, as well as other project-related receivables associated with services rendered or recoverable costs incurred on behalf of project stakeholders.

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

### Contingent liabilities

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

### Useful lives of Property Plant and Equipment

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

### Going concern

Management considers key financial metrics and approved medium-term budgets, together with the Agency's dependency on the grants from national and provincial departments, to conclude that the going concern assumptions used in the compilation of its annual financial statements, is appropriate. These annual financial statements were prepared based on the expectation that the Entity will continue to operate as going concern for at least the next 12 months.

### Effective interest rate

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

### Impairment of trade and other receivables

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

### Accounting by principals and agent

The entity makes assessments on whether it is the principal or agent in principal-agent relationships. HDA assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.



## Significant Accounting Policies

### Impairment properties, plant and equipment

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

### Cash generating and Non-cash generating assets

The entity is not a profit-oriented entity, as its primary objective is service delivery. Services are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of management fees and revenue for services. Management has determined that the entity does not have any assets that meet the definition of cash generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all other entity assets.

### Commitments

Capital commitments represent future capital expenditure. The Entity is obligated to spend these amounts due to signed contracts with suppliers and operational commitments relate to all other expenditures not identified as capital.

### Budget information

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

### Incidental Revenue

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

### Segment Reporting

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

### Services in-kind

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

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

### Operating lease commitments-Agency as lessor or lessee

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

### Materiality

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing the financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.



## Significant Accounting Policies

Applying materiality in the preparation of annual financial statements requires the entity to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

### Additional text

- Identification of users and their information needs.
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds.
- Application of materiality in preparing the financial statements.
- Developing accounting policies.
- Deciding what information to disclose and how to present information.
- Assessing omissions, misstatements and errors.

The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

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

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

### 1.6 Property, plant and equipment: depreciation

Property, plant and equipment are tangible non-current 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: depreciation is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.
- Property, plant and equipment: depreciation is initially measured at cost.

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

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

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

Recognition of costs in the carrying amount of an item of property, plant and equipment: depreciation ceases when the item is in the 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 reducing balance basis over their expected useful lives to their estimated residual values. Depreciation commences when the asset is ready for its intended use.

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



## Significant Accounting Policies

The useful lives of items of property, plant and equipment: depreciation have been assessed as follows:

| Item                                | Depreciation method | Average useful life |
|-------------------------------------|---------------------|---------------------|
| Land                                |                     | Infinite            |
| Buildings                           |                     | 5-100 years         |
| Leasehold property                  |                     | 5-100 years         |
| Furniture and fixtures              | Diminishing balance | 2-30 years          |
| Office equipment                    |                     | 2-30 years          |
| IT equipment                        |                     | 2-30 years          |
| Leasehold improvements              |                     | 2-30 years          |
| Other property, plant and equipment |                     | 2-30 years          |
| Other equipment                     |                     | 2-30 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.

### 1.7 Intangible assets

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

An intangible asset is recognised when:

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

An asset is identifiable if it is either:

- Separable - capable of being separated or divided from an entity and sold, transferred, licenced, rented or exchanged, either individually or together with a related contract, identifiable assets or liability regardless as to whether the entity intends to do so; or

- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the group or from other rights and obligation.

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

Intangible assets are initially recognised at cost.

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

| Item                     | Depreciation method | Average useful life |
|--------------------------|---------------------|---------------------|
| Computer software, other | Straight-line       | 2-30 years          |





## Significant Accounting Policies

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

Intangible assets :

\* 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:

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

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

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

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

### 1.8 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or,



## Significant Accounting Policies

when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.



## Significant Accounting Policies

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

#### Agency funds: Trust Accounts

Financial asset measured at amortised cost

#### Receivables from exchange transactions

Financial asset measured at amortised cost

#### Cash and cash equivalents

Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

#### Payables from exchange transactions

Financial liability measured at amortised cost

### 1.9 Tax

#### 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.

### 1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.



## Significant Accounting Policies

### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and 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 on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

### 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.

### Operating leases - lessee

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 asset or liability.

### 1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

### 1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.



## Significant Accounting Policies

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

### Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.





## Significant Accounting Policies

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash generating assets, are as follows:

### Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:



## Significant Accounting Policies

### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an over designed or overcapacity asset. Over designed assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying

amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## 1.14 Employee benefits

### Identification

#### Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.



## Significant Accounting Policies

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:

- (a) an entity's decision to terminate an employee's employment before the normal retirement date; or
- (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

### Short-term employee benefits

#### Recognition and measurement

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

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

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

### Retirement benefits

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

#### (a) Liberty Corporate Selection Umbrella Provident Fund

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

#### (b) Government Employees Pension Fund (GEPF)

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

### Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

- (a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- (b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.



## Significant Accounting Policies

### 1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is 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.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is

recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity / operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.



## Significant Accounting Policies

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions 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 should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer
- or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore
- salary commitments relating to employment contracts or social security benefit commitments are excluded.
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.





## Significant Accounting Policies

### Provincial support revenue

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

### Management fees

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

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

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

The management fees is recognised in terms of the funding agreement.

### Interest income

Interest earned on short term investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment.

### Other revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, other revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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



## Significant Accounting Policies

### 1.18 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity 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.

#### Transfers

Transfer from controlling entity allocations are recognised in revenue when they are appropriated and received by the entity.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable)

### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited

to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.22 Irregular expenditure

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

- PFMA
- Treasury Regulations
- National Treasury Instruction, issued in terms of section 76 of the PFMA
- Provincial Treasury Instruction issued in terms of section 18(2)(a) of the PFMA

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

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

### 1.23 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.



## Significant Accounting Policies

### Measurement

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

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

### 1.24 Budget information

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

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

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are 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.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

### 1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.



## Significant Accounting Policies

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.26 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).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.27 Principal Agent Arrangements: HDA as Agent

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

Where these arrangements exist, it is important to identify which entity should account for the transactions arising from these activities, and what resulting revenue, expenses, assets and/or liabilities should be recognised. Examples of typical arrangements where one entity undertakes activities on behalf of another entity in the public sector may include:

-The collection of revenue, including taxes, fees and other charges from specific parties, e.g. motor vehicle licence fees collected by municipalities for the provincial government, and taxes collected by the Revenue Authority for the national government.

-The provision of goods and services to recipients, e.g. the provision of water to specific communities by municipalities on behalf of water service authorities.

-Property management services, which may include the maintenance of properties and collection of revenue, for the Department of Public Works and/or municipalities.

When an entity directs another entity to undertake an activity on its behalf, it must consider whether it is a party to a principal-agent arrangement. The definition of a principal-agent arrangement refers to an entity acting on behalf of another entity in relation to transactions with third parties.



## Significant Accounting Policies

In the absence of transactions with third parties, the arrangement is not a principal-agent arrangement, and the entity then acts in another capacity rather than as an agent. This type of assessment may be particularly relevant to the following two scenarios that are often encountered in the public sector:

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

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

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

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

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

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

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

### Identifying whether HDA is a principal or an agent.

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

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

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

### Assessing which entity benefits from the transactions with third parties.

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





## Significant Accounting Policies

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

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

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

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

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

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

The assumption of the rights and obligations of the provincial governments, government entities and municipalities exposes the HDA to liquidity, interest rate, credit and market risks.

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

The HDA accounts for the following transactions as an Agent:

### Properties held on behalf of others

Properties held on behalf of others are properties that the Agency does not have control over in terms of iGRAP18, these properties are only disclosed in the financial statements and not recognised by the HDA.

### Cash and cash equivalent

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

### Project payables

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

### Project receivables

HDA recognise receivables for all the expenditure incurred on behalf of provincial governments, government entities and municipalities for purchase of properties. The HDA accounts for the Principal Payables in terms of GRAP 104 (Financial Instruments).



# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                              | Note(s)               | 2025           | Restated 2024       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------|---------------------|
| <b>2. New standards and interpretations</b>                                                                                                                                                                   |                       |                |                     |
| <b>2.1 Standards and interpretations effective and adopted in the current year</b>                                                                                                                            |                       |                |                     |
| In the current year, there are no new standards and interpretations that are effective for the current financial year that are relevant to the operations of the entity:                                      |                       |                |                     |
| <b>2.2 Standards and Interpretations early adopted</b>                                                                                                                                                        |                       |                |                     |
| The entity did not early adopt any standards and interpretations in the current year.                                                                                                                         |                       |                |                     |
| <b>2.3 Standards and interpretations issued, but not yet effective</b>                                                                                                                                        |                       |                |                     |
| The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods: |                       |                |                     |
| <b>GRAP Standard</b>                                                                                                                                                                                          | <b>Effective Date</b> | <b>Changes</b> | <b>Impact</b>       |
| GRAP 1: Presentation of Financial Statements                                                                                                                                                                  | Not yet set           | Ammendment     | Unlikely            |
| GRAP 103: Heritage Assets                                                                                                                                                                                     | Not yet set           | Ammendment     | Unlikely            |
| GRAP 104: Financial Instruments                                                                                                                                                                               | 1 April 2025          |                |                     |
| GRAP 105: Transfer of Functions Between Entities Under Common Control                                                                                                                                         | Not yet set           | Ammendment     | Cannot be estimated |
| GRAP 106: Transfer of Functions Between Entities not Under Common Control                                                                                                                                     | Not yet set           | Ammendment     | Unlikely            |
| GRAP 107: Mergers                                                                                                                                                                                             | Not yet set           | Ammendment     | Unlikey             |



Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 3. Property, plant and equipment: depreciation

|                           | 2025                |                                                                 |                | 2024                |                                                                 |                |
|---------------------------|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
|                           | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value |
| Land                      | 90 443              | -                                                               | 90 443         | 92 143              | -                                                               | 92 143         |
| Buildings                 | 55 877              | (4 614)                                                         | 51 263         | 55 877              | (14 184)                                                        | 41 693         |
| Electronic hardware       | 3 374               | (2 438)                                                         | 936            | 3 374               | (1 871)                                                         | 1 503          |
| Furniture and fixtures    | 5 739               | (2 364)                                                         | 3 375          | 3 525               | (2 000)                                                         | 1 525          |
| Office equipment          | 1 696               | (944)                                                           | 752            | 1 152               | (752)                                                           | 400            |
| IT equipment              | 8 821               | (6 698)                                                         | 2 123          | 8 259               | (4 851)                                                         | 3 408          |
| Leasehold improvements    | 3 531               | (3 531)                                                         | -              | 3 531               | (3 531)                                                         | -              |
| Capitalised leased assets | 1 832               | (661)                                                           | 1 171          | 1 832               | (51)                                                            | 1 781          |
| Paintings                 | 35                  | (35)                                                            | -              | 35                  | -                                                               | 35             |
| <b>Total</b>              | <b>171 348</b>      | <b>(21 285)</b>                                                 | <b>150 063</b> | <b>169 728</b>      | <b>(27 240)</b>                                                 | <b>142 488</b> |



## Notes to the Annual Financial Statements

### Figures in Rand thousand

#### 3. Property, plant and equipment: depreciation (continued)

##### Reconciliation of property, plant and equipment: depreciation - 2025

|                           | Opening<br>balance | Additions    | Disposals      | Depreciation   | Impairment<br>loss | Impairment<br>reversal | Total          |
|---------------------------|--------------------|--------------|----------------|----------------|--------------------|------------------------|----------------|
| Land                      | 92 143             | -            | (1 700)        | -              | -                  | -                      | 90 443         |
| Buildings                 | 41 693             | -            | -              | (2 246)        | -                  | 11 816                 | 51 263         |
| Electronic hardware       | 1 503              | -            | -              | (567)          | -                  | -                      | 936            |
| Furniture and fixtures    | 1 525              | 2 214        | -              | (364)          | -                  | -                      | 3 375          |
| Office equipment          | 400                | 544          | -              | (192)          | -                  | -                      | 752            |
| IT equipment              | 3 408              | 664          | -              | (1 927)        | (22)               | -                      | 2 123          |
| Capitalised leased assets | 1 781              | -            | -              | (610)          | -                  | -                      | 1 171          |
| Paintings                 | 35                 | -            | -              | (35)           | -                  | -                      | -              |
|                           | <b>142 488</b>     | <b>3 422</b> | <b>(1 700)</b> | <b>(5 941)</b> | <b>(22)</b>        | <b>11 816</b>          | <b>150 063</b> |

On the 18th of March 2025, the Agency transferred various erven in Knysna Local Municipality (erven RE/ 17845, 17847, RE/18093 and 20524 measuring 31.0019 hectares) valued at R1.7m to the Knysna Local municipality in a form of a donation. The land parcels has been removed from the Agency's books upon transfer and registration of the land parcels in the name of the Knysna Local municipality.

Impairment reversal of R11.8 million was recognised at year-end in respect of the Braamfontein building. This asset had previously been impaired by R12.5 million in the prior financial year. The reversal was based on an increase in the building's recoverable amount, which resulted from repairs completed during the current period and an updated valuation performed by an independent professional valuer. The revised valuation indicated that the conditions leading to the prior impairment had improved, thereby justifying the reversal of the impairment loss.



Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

### Figures in Rand thousand

#### 3. Property, plant and equipment: depreciation (continued)

##### Reconciliation of property, plant and equipment: depreciation - 2024

|                           | Opening<br>balance | Additions      | Disposals    | Depreciation   | Impairment<br>loss | Reclassification | Total          |
|---------------------------|--------------------|----------------|--------------|----------------|--------------------|------------------|----------------|
| Land                      | 41 436             | 50 707         | -            | -              | -                  | -                | 92 143         |
| Buildings                 | -                  | 55 877         | -            | (1 695)        | (12 489)           | -                | 41 693         |
| Electronic hardware       | 1 649              | 939            | (8)          | (505)          | (160)              | (412)            | 1 503          |
| Furniture and fixtures    | 2 312              | 303            | (160)        | (359)          | (158)              | (413)            | 1 525          |
| Office equipment          | 600                | 169            | (26)         | (116)          | (23)               | (204)            | 400            |
| IT equipment              | 3 003              | 1 360          | (85)         | (1 926)        | -                  | 1 056            | 3 408          |
| Leasehold improvements    | 32                 | -              | -            | (32)           | -                  | -                | -              |
| Capitalised leased assets | 35                 | 1 831          | -            | (85)           | -                  | -                | 1 781          |
| Paintings                 | 35                 | -              | -            | -              | -                  | -                | 35             |
|                           | <b>49 102</b>      | <b>111 186</b> | <b>(279)</b> | <b>(4 718)</b> | <b>(12 830)</b>    | <b>27</b>        | <b>142 488</b> |

##### Pledged as security

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

##### Assets subject to finance lease (Net carrying amount)

|                           |       |       |
|---------------------------|-------|-------|
| Capitalised leased assets | 1 171 | 1 781 |
|---------------------------|-------|-------|

##### Review of useful lives

In accordance with the requirements of GRAP 17 – Property, Plant and Equipment, the entity conducted a review of the useful lives of all items of property, plant and equipment as part of the year-end verification and revaluation procedures. This review included a physical verification and an assessment of the condition of the assets.

The outcome of this assessment for the 2025 financial year did not indicate any material changes or deterioration that would necessitate a revision of the remaining useful lives as currently recorded in the asset register. Accordingly, the estimated useful lives of assets remained unchanged for the reporting periods.





## Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                | Note(s) | 2025   | Restated 2024 |
|---------------------------------------------------------------------------------------------------------------------------------|---------|--------|---------------|
| <b>3. Property, plant and equipment: depreciation (continued)</b>                                                               |         |        |               |
| <b>Details of properties</b>                                                                                                    |         |        |               |
| <b>SABC Sea Point land</b>                                                                                                      |         |        |               |
| Full title land owned by HDA                                                                                                    |         |        |               |
| - Purchase price: September 2023                                                                                                |         |        |               |
|                                                                                                                                 |         | 46 200 | 46 200        |
| <b>Eskom Braamfontein Building</b>                                                                                              |         |        |               |
| Full title land and buildings owned by HDA                                                                                      |         |        |               |
| - Purchase price: August 2023                                                                                                   |         |        |               |
|                                                                                                                                 |         | 60 300 | 60 300        |
| <b>Expenditure incurred to repair and maintain property, plant and equipment</b>                                                |         |        |               |
| <b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance</b> |         |        |               |
| Repairs and maintenance                                                                                                         |         |        |               |
|                                                                                                                                 |         | 4 347  | 463           |



Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 4. Intangible assets

| 2025                |                                                                 |                | 2024                |                                                                 |                |
|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
| Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value |
| 3 383               | (1 574)                                                         | 1 809          | 1 378               | (1 124)                                                         | 254            |

#### Reconciliation of intangible assets - 2025

|                                | Opening<br>balance | Additions | Amortisation | Total |
|--------------------------------|--------------------|-----------|--------------|-------|
| Computer software and licenses | 254                | 2 005     | (450)        | 1 809 |

#### Reconciliation of intangible assets - 2024

|                                | Opening<br>balance | Additions | Amortisation | Total |
|--------------------------------|--------------------|-----------|--------------|-------|
| Computer software and licenses | 718                | 271       | (735)        | 254   |

#### Pledged as security

The entity does not have any Intangible Assets that have restricted title or have been pledged as security.

### 5. Agency funds: Trust Accounts

#### At amortised cost



# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Note(s) | 2025           | Restated 2024  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|----------------|
| <b>5. Agency funds: Trust Accounts (continued)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         |                |                |
| Agency funds: Trust accounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         | 111 847        | 596 144        |
| Trust funds represent amounts deposited into trust accounts administered by conveyancers as part of land acquisition processes conducted on behalf of principals. These funds are held in a fiduciary capacity and are measured at amortised cost, pending the finalisation of the associated property transactions. In line with the requirements of GRAP 104 – <i>Financial Instruments</i> , the amounts are recognised as receivables where the entity has a right to reimbursement or recovery from the conveyancer as at the end of the financial year. These balances reflect the Agency's role in facilitating transactions on behalf of third parties and are disclosed separately to distinguish them from the Agency's own assets and liabilities.. |         |                |                |
| <b>Current assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         |                |                |
| At amortised cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         | 111 847        | 596 144        |
| <b>6. Receivables from exchange transactions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |                |                |
| Trade and other debtors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |         | 192 374        | 177 007        |
| Staff debtors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         | 2 019          | 2 367          |
| Deposits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 905            | 967            |
| Project Receivables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |         | 343 217        | 114 329        |
| Prepaid expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | 4 123          | 4 419          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         | <b>542 638</b> | <b>299 089</b> |
| Trade and other debtors comprise amounts due from third parties in the ordinary course of operations. This includes rental receivables arising from lease agreements, as well as other project-related receivables associated with services rendered or recoverable costs incurred on behalf of project stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                          |         |                |                |
| <b>Reconciliation of receivables from exchange transactions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |                |                |
| <b>Reconciliation of Project receivables</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         |                |                |
| Project receivables gross amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | 397 809        | 168 921        |
| Provision for impairment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | (54 592)       | (54 592)       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         | <b>343 217</b> | <b>114 329</b> |
| <b>Reconciliation of Trade and other receivables</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |                |                |
| Trade debtors gross amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         | 199 101        | 182 817        |
| Provision for impairment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | (6 727)        | (5 810)        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         | <b>192 374</b> | <b>177 007</b> |

## Receivables from exchange transactions not impaired

Due to the revised arrangements entered into between the HDA and the relevant third parties, as part of the formal Intergovernmental Relations (IGR) process, the timeline for when each financial asset becomes due for payment has been substantively extended. These revised commitments, although not yet concluded through final settlement, reflect a legally recognised and enforceable framework for payment that supersedes the initial terms.

Moreover, as the IGR process is a regulated and binding intergovernmental mechanism, none of the parties involved—neither the HDA nor the affected stakeholders—could pursue legal enforcement of the outstanding debt until the revised payment dates are reached. As such, the amounts outstanding as at year-end were due to the HDA, but did not meet the criteria for classification as “past due”, given the active and binding nature of the IGR mediation process and the existence of agreed future payment terms

Effectively, the HDA, has moved away from original payment terms “Past due” criteria and is now implementing the revised payment terms entered into before year end, as a result this leaves the debtors not past due because of the revised new payment terms agreed upon with each stakeholder before year end.



# Notes to the Annual Financial Statements

| Figures in R`000 | Note(s) | 2025 | Restated 2024 |
|------------------|---------|------|---------------|
|------------------|---------|------|---------------|

## 6. Receivables from exchange transactions (continued)

Accordingly, the classification of these receivables as not past due is both substantively and procedurally justified, in line with the principles of GRAP 104: Financial Instruments and the Agency's adopted accounting policies

### Trade and other receivables impaired

Trade and other receivables that are less than three months past due are not considered to be impaired. This assessment is based on historical payment patterns, current financial performance of the debtors, and the probability of recovery.

As at 31 March 2025 and 31 March 2024, all receivables that were past due were individually assessed for impairment in accordance with GRAP 104 – *Financial Instruments*. Where objective evidence of impairment existed, appropriate provisions were recognised.

As at 31 March 2025, trade and other receivables amounting to R61,319 (2024: R60,402) were considered impaired and fully provided for. The total impairment provision recognised amounted to R61,319 as at 31 March 2025 (2024: R60,402)

|               |        |        |
|---------------|--------|--------|
| Over 6 months | 61 319 | 60 402 |
|---------------|--------|--------|

### Reconciliation of provision for impairment of trade and other receivables

|                          |               |               |
|--------------------------|---------------|---------------|
| Opening balance          | 60 402        | 4 070         |
| Provision for impairment | 917           | 56 332        |
|                          | <b>61 319</b> | <b>60 402</b> |

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 23).

## 7. Cash and cash equivalents

Cash and cash equivalents consist of:

|               |                |                |
|---------------|----------------|----------------|
| Petty Cash    | 166            | 172            |
| Bank balances | 131 237        | 226 865        |
| Project funds | 273 308        | 644 760        |
|               | <b>404 711</b> | <b>871 797</b> |

The HDA holds cash on behalf of provinces and municipalities as disclosed above. Cash held is based on commitments between the agency and its funders on agreed projects and operational plans. Amounts disclosed excludes payables as at 31 March 2025 which still needs to be honoured.

### Cash and cash equivalents pledged as collateral

The entity does not have any Cash and cash equivalents that have restricted title or have been pledged as security

### Restricted cash balances

The entity does not have any Cash and cash equivalents that have restrictions.



# Notes to the Annual Financial Statements

| Figures in R`000                                   | Note(s) | 2025                | Restated 2024       |
|----------------------------------------------------|---------|---------------------|---------------------|
| <b>8. Finance lease obligation</b>                 |         |                     |                     |
| <b>Minimum lease payments due</b>                  |         |                     |                     |
| - within one year                                  |         | 1 219               | 1 219               |
| - in second to fifth year inclusive                |         | 1 118               | 2 338               |
|                                                    |         | <u>2 337</u>        | <u>3 557</u>        |
| less: future finance charges                       |         | (878)               | (1 747)             |
| <b>Present value of minimum lease payments</b>     |         | <u><b>1 459</b></u> | <u><b>1 810</b></u> |
| <b>Present value of minimum lease payments due</b> |         |                     |                     |
| - within one year                                  |         | 585                 | 351                 |
| - in second to fifth year inclusive                |         | 874                 | 1 459               |
|                                                    |         | <u><b>1 459</b></u> | <u><b>1 810</b></u> |
| Non-current liabilities                            |         | 874                 | 1 459               |
| Current liabilities                                |         | 585                 | 351                 |
|                                                    |         | <u><b>1 459</b></u> | <u><b>1 810</b></u> |

It is entity policy to lease equipment under finance leases.

The average lease term was 1-3 years and the average effective borrowing rate was 6% (2024: 6%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 28.

## Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:

|      |       |       |
|------|-------|-------|
| Rand | 1 459 | 1 810 |
|------|-------|-------|

For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 34.

The fair value of finance lease liabilities approximates their carrying amounts.

## 9. Operating lease asset (liability)

|                     |              |            |
|---------------------|--------------|------------|
| Current liabilities | <u>1 053</u> | <u>672</u> |
|---------------------|--------------|------------|

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

Lessee obligations under operating leases

The future minimum office lease payments





# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                                                                      | Note(s) | 2025           | Restated 2024    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|------------------|
| <b>9. Operating lease asset (liability) (continued)</b>                                                                                                                                                                                               |         |                |                  |
| <b>Offices</b>                                                                                                                                                                                                                                        |         |                |                  |
| Not later than one year                                                                                                                                                                                                                               |         | 11 838         | 12 044           |
| Later than one year but not later than five years                                                                                                                                                                                                     |         | 22 014         | 32 482           |
|                                                                                                                                                                                                                                                       |         | <b>33 852</b>  | <b>44 526</b>    |
| Significant leasing arrangements                                                                                                                                                                                                                      |         |                |                  |
| Lease arrangements range from three to five years with average escalations of 5% to 10%, with no contingent rent payable. The lease arrangements do not have renewal or purchase options and there are no restrictions imposed by lease arrangements. |         |                |                  |
| <b>10. Payables from exchange transactions</b>                                                                                                                                                                                                        |         |                |                  |
| Trade payables                                                                                                                                                                                                                                        |         | 28 949         | 17 794           |
| Agency payable: Trust accounts                                                                                                                                                                                                                        |         | 111 847        | 596 144          |
| Retentions                                                                                                                                                                                                                                            |         | 79 264         | 31 536           |
| Project payables                                                                                                                                                                                                                                      |         | 75 326         | 323 829          |
| Accrued leave pay                                                                                                                                                                                                                                     |         | 12 241         | 12 009           |
| Accruals                                                                                                                                                                                                                                              |         | 241 701        | 22 352           |
| Project obligations                                                                                                                                                                                                                                   |         | 273 308        | 581 930          |
|                                                                                                                                                                                                                                                       |         | <b>822 636</b> | <b>1 585 594</b> |
| <b>Non current payables from exchange transactions</b>                                                                                                                                                                                                |         |                |                  |
| Retentions                                                                                                                                                                                                                                            |         | -              | 32 038           |
| <b>Analysis of Retentions</b>                                                                                                                                                                                                                         |         |                |                  |
| Payable within 2-5 years                                                                                                                                                                                                                              |         | -              | 32 038           |
| Payable within 1 year                                                                                                                                                                                                                                 |         | 79 264         | 31 536           |
|                                                                                                                                                                                                                                                       |         | <b>79 264</b>  | <b>63 574</b>    |

The agency raised retention fees on the value of work done as at 31 March 2025. There are two types of contracts in use for the agency's projects that is JBCC and GCC contracts. The retention fee rate for JBCC and GCC is 5% and 10% of the contract value respectively.

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

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



# Notes to the Annual Financial Statements

| Figures in R`000                                           | Note(s) | 2025          | Restated 2024 |
|------------------------------------------------------------|---------|---------------|---------------|
| <b>10. Payables from exchange transactions (continued)</b> |         |               |               |
| <b>Reconciliation of accrued leave pay</b>                 |         |               |               |
| Carrying amount beginning of year                          |         | 12 009        | 11 104        |
| Increase/decrease in leave payable                         |         | 232           | 5 068         |
| Amounts incurred and charged against the leave account     |         | -             | (4 163)       |
| <b>Carrying amount at end of the period</b>                |         | <b>12 241</b> | <b>12 009</b> |

The leave payable on termination is expected to realise during the 2025 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 2025 financial year, it may realise at the employees' new salary scales as per the HDA Human Resources policy

## Project obligations .

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

## Project payables

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

## 11. Provisions

### Reconciliation of provisions - 2025

|                      | Opening Balance | Additions     | Utilised during the year | Total         |
|----------------------|-----------------|---------------|--------------------------|---------------|
| Bonus provision      | 11 430          | 23 886        | (11 401)                 | 23 915        |
| Audit fees provision | 7 582           | 7 554         | (8 969)                  | 6 167         |
|                      | <b>19 012</b>   | <b>31 440</b> | <b>(20 370)</b>          | <b>30 082</b> |

### Reconciliation of provisions - 2024

|                 | Opening Balance | Additions     | Utilised during the year | Total         |
|-----------------|-----------------|---------------|--------------------------|---------------|
| Bonus Provision | -               | 11 430        | -                        | 11 430        |
| Audit Fees      | 6 709           | 7 032         | (6 159)                  | 7 582         |
|                 | <b>6 709</b>    | <b>18 462</b> | <b>(6 159)</b>           | <b>19 012</b> |

## Bonus provision

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

## Audit fees provision

The HDA is statutorily required to have an audit performed annually. The provision is based on the audit fee carried forward from the prior year provision and adjusted for payments made during the year and any outstanding amounts. The audit fee is provided for work to be performed after year end. The HDA is statutorily required to have an audit performed annually.



# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Note(s) | 2025           | Restated 2024  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|----------------|
| <b>12. Employee benefit obligations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         |                |                |
| <b>Defined benefit plans - General information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         |                |                |
| <b>Defined Contribution plan : Liberty Provident Fund</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |         |                |                |
| All Fixed-Term contract employees of the HDA are members of Liberty Life Umbrella Provident Fund. This is a defined contribution fund. A total employer contribution of 10% of the employee's total cost of employment is made to the fund. Approximately 110 HDA employees belong to this fund. The normal retirement age of the fund is 65 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         |                |                |
| <b>Defined Benefit plan : Government Employees Pension Fund (GEPF)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |                |                |
| All Permanent employees of the HDA are members of the GEPF. The entity accounts for this defined benefit state plan as a defined contribution plan, as there is no consistent and reliable basis for allocating the obligation, plan assets and cost to the individual employers participating in the plan and the plan exposes the participating employers to actuarial risks associated with the current and former employees of other employers. The only obligation of the entity with respect to this state plan is to pay over the contributions in accordance with the fund rules. A total contribution of 21.5% of the employees pensionable salary is made to the fund : the employer contributes 13%, the employee contributes 7.5%. Approximately 69 DA employees belong to this fund. The normal retirement age of the fund is 60 years. |         |                |                |
| <b>Net expense recognised in the statement of financial performance are as follows:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         |                |                |
| Total Contributions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         | 17 673         | 17 770         |
| -Contributions to the Liberty Provident funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |         | 9 792          | 9 327          |
| -Contributions to the GEPF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         | 7 881          | 8 443          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         | <b>17 673</b>  | <b>17 770</b>  |
| <b>13. Revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         |                |                |
| Rental of facilities and equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         | 3 569          | 3 489          |
| Agency income: management fees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 34 883         | 54 893         |
| Provincial support operational grant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         | 175 891        | 131 800        |
| Other Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 14 337         | 6 359          |
| Interest received                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         | 12 547         | 24 184         |
| Transfer from controlling entity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         | 254 591        | 243 649        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         | <b>495 818</b> | <b>464 374</b> |
| <b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |                |                |
| Rental of facilities and equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         | 3 569          | 3 489          |
| Agency income: Management fees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 34 883         | 54 893         |
| Provincial support operational grant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         | 175 891        | 131 800        |
| Other income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 14 337         | 6 359          |
| Interest received                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         | 12 547         | 24 184         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         | <b>241 227</b> | <b>220 725</b> |
| <b>The amount included in revenue arising from non-exchange transactions is as follows:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         |                |                |
| <b>Taxation revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         |                |                |
| <b>Transfer revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         |                |                |
| Government grants and subsidies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         | 254 591        | 243 649        |
| <b>14. Rental of facilities and equipment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |         |                |                |
| <b>Properties</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |                |                |
| Land                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         | 3 569          | 3 489          |



# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                | Note(s) | 2025          | Restated 2024 |
|-----------------------------------------------------------------------------------------------------------------|---------|---------------|---------------|
| <b>14. Rental of facilities and equipment (continued)</b>                                                       |         |               |               |
| There is no operating lease rentals straight-lined amounts and contingent rentals Included in the above rentals |         |               |               |
| <b>15. Agency fees: management fees</b>                                                                         |         |               |               |
| Buffalo City Municipality                                                                                       |         | 6 729         | 1 577         |
| Eastern Cape Provincial Government                                                                              |         | 19 109        | 31 184        |
| Free State Provincial Government                                                                                |         | -             | 2 691         |
| Gauteng Provincial Government                                                                                   |         | 1 129         | 6 158         |
| Western Cape Provincial Government                                                                              |         | 2 573         | -             |
| Gauteng: Sanitation                                                                                             |         | 2 937         | 8 883         |
| KwaZulu-Natal Floods                                                                                            |         | 1 903         | 1 906         |
| Eastern Cape fund management fees                                                                               |         | 503           | 2 494         |
|                                                                                                                 |         | <b>34 883</b> | <b>54 893</b> |

Project management and fund management fees are earned in accordance with the signed agreements between the HDA and its project funders. These agreements regulate the implementation and oversight of human-settlement projects for which the HDA acts as implementing agent.

The fees have two distinct elements:

- **Fund Management Fees** – Compensation for the HDA's fiduciary responsibilities in administering third-party funds. These services include financial oversight, disbursement control, and compliance reporting in line with applicable funding agreements and public-finance regulationsx
- **Project Management Fees** – Compensation for planning, coordinating and delivering project outputs, including procurement oversight, construction supervision, stakeholder engagement, and overall project-lifecycle management.

The HDA recognises revenue from both fund management and project management fees over time, based on the stage of completion of services rendered. Revenue is recognised when it can be reliably measured and it is probable that the economic benefits will flow to the Agency, in accordance with the specific terms of each funding agreement.

## 16. Provinces support operational revenue

|                                                 |                |                |
|-------------------------------------------------|----------------|----------------|
| KwaZulu-Natal Provincial Government             | 15 264         | 14 184         |
| KwaZulu-Natal Floods                            | 38 054         | 38 113         |
| North West Provincial Government                | 11 282         | 10 035         |
| Northern Cape Provincial Government             | 9 268          | -              |
| Limpopo Provincial Government                   | 21 443         | 17 163         |
| Western Cape Provincial Government              | 41 596         | 19 610         |
| Western Cape Stellenbosch municipality          | 789            | 526            |
| Free State Provincial Government                | 18 700         | 23 248         |
| Western Cape Provincial Department of Transport | 5 313          | 5 688          |
| Gauteng Provincial Government-GADA              | 14 182         | 3 233          |
|                                                 | <b>175 891</b> | <b>131 800</b> |

This revenue comprises medium-term operational funding received from provincial departments and municipalities in terms of Medium-Term Operational Plans (MTOPs). The funding is provided to support the Agency's execution of its mandate at the provincial and municipal levels.

Revenue recognised under this category relates to amounts earned through MTOP agreements and similar arrangements, where the Agency performs services as an implementing agent. In accordance with GRAP 9 – Revenue from Exchange Transactions, revenue is recognised when the related services are rendered, the amount can be reliably measured, and it is probable that the economic benefits will flow to the entity.

These agreements typically cover planning, coordination, and execution of human settlements programmes and are recognised as exchange transactions due to the service delivery obligations imposed on the Agency.



# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Note(s) | 2025          | Restated 2024 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------|---------------|
| <b>17. Other revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |               |               |
| Other recoveries                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 14 337        | 6 359         |
| Incidental income from the properties owned by the agency's stakeholders and the remaining rental income is from the properties owned by the agency.                                                                                                                                                                                                                                                                                                                                   |         |               |               |
| Impairment reversal of R11.8 million was recognised at year-end in respect of the Braamfontein building. This asset had previously been impaired by R12.5 million in the prior financial year.                                                                                                                                                                                                                                                                                         |         |               |               |
| The reversal was based on an increase in the building's recoverable amount, which resulted from repairs completed during the current period and an updated valuation performed by an independent professional valuer. The revised valuation indicated that the conditions leading to the prior impairment had improved, thereby justifying the reversal of the impairment loss.                                                                                                        |         |               |               |
| <b>The amount included in other revenue arising from exchanges of goods or services are as follows:</b>                                                                                                                                                                                                                                                                                                                                                                                |         |               |               |
| Other recoveries                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 2 521         | 6 359         |
| <b>18. Interest income</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         |               |               |
| <b>Interest revenue</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |               |               |
| Interest earned on operational grant                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         | 12 540        | 24 171        |
| Interest received-provincial bank accounts                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | 7             | 13            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |         | <b>12 547</b> | <b>24 184</b> |
| Interest income primarily relates to the operational grant received from the national Department of Human Settlements, which was temporarily invested in money market instruments and call accounts in line with the Agency's approved investment policy.                                                                                                                                                                                                                              |         |               |               |
| <b>19. Operational grant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |               |               |
| <b>Operational grant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |               |               |
| Transfer from Department of Human Settlements                                                                                                                                                                                                                                                                                                                                                                                                                                          |         | 254 591       | 243 649       |
| <b>Unconditional grant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         |               |               |
| During the year ended 31 March 2025, the entity received operational grant from the National Department of Human Settlements, amounting to R254.591 million (2024: R243.649 million).                                                                                                                                                                                                                                                                                                  |         |               |               |
| The full amount received comprised unconditional grants, with no specified conditions attached that would necessitate repayment or deferment of revenue recognition. In accordance with GRAP 23 – <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i> , these transfers have been recognised as revenue in the Statement of Financial Performance upon receipt, as the recognition criteria were met and the inflow of resources was probable and reliably measurable: |         |               |               |
| Unconditional grants received                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         | 254 591       | 243 649       |





# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Note(s) | 2025           | Restated 2024  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|----------------|
| <b>20. Employee related costs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |                |                |
| Basic salary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         | 147 604        | 147 984        |
| Performance Bonus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         | 23 886         | 11 430         |
| Employers contributions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         | 18 202         | 18 133         |
| Leave paid and accrued                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         | 4 415          | 5 066          |
| Allowances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         | 3 641          | 3 837          |
| COVIDA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         | 1 079          | 1 225          |
| Labour settlement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         | 546            | -              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | <b>199 373</b> | <b>187 675</b> |
| Labour settlement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |                |                |
| The labour settlement relates to a payment made in resolution of an employee dispute referred to the Commission for Conciliation, Mediation and Arbitration (CCMA). The matter was concluded during the financial year through a formal conciliation process, and the settlement amount was paid in terms of the agreement reached between the parties. The expenditure is recognised in accordance with framework, as the obligation arose from a past event and the settlement was both probable and reliably measurable. |         |                |                |
| <b>Remuneration of Chief Executive Officer: Mr Khenisa B (Executive Member)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                             |         |                |                |
| Annual Remuneration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 3 079          | 2 916          |
| Car Allowance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | 389            | -              |
| Performance Bonuses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 353            | 324            |
| Contributions to UIF, Medical and Pension Funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | 64             | 72             |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 22             | 22             |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 132            | -              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | <b>4 039</b>   | <b>3 334</b>   |
| <b>Remuneration of Chief Finance Officer: Ms Masemola J (Executive Member)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                              |         |                |                |
| Annual Remuneration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 2 533          | 2 398          |
| Car Allowance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | 240            | -              |
| Performance Bonuses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 290            | 266            |
| Contributions to UIF, Medical and Pension Funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | 53             | 58             |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 22             | 22             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | <b>3 138</b>   | <b>2 744</b>   |
| <b>Regional Head Region C: Mr Khoza BM</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         |                |                |
| Annual Remuneration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 2 110          | 1 998          |
| Car Allowance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | 195            | -              |
| Performance Bonuses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 178            | 169            |
| Contributions to UIF, Medical and Pension Funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | 44             | 42             |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 22             | 22             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | <b>2 549</b>   | <b>2 231</b>   |
| <b>Regional Head-Region B: Ms Mashiane VM</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |                |                |
| Annual Remuneration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 2 568          | 2 432          |
| Car Allowance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | 243            | -              |
| Performance Bonuses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         | 294            | 270            |
| Contributions to UIF, Medical and Pension Funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | 54             | 60             |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 22             | 22             |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         | 3              | -              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | <b>3 184</b>   | <b>2 784</b>   |



# Notes to the Annual Financial Statements

| Figures in R`000                                                            | Note(s) | 2025         | Restated 2024 |
|-----------------------------------------------------------------------------|---------|--------------|---------------|
| <b>20. Employee related costs (continued)</b>                               |         |              |               |
| <b>Regional Head-Region A: Mr Mbulawa P</b>                                 |         |              |               |
| Annual Remuneration                                                         |         | 1 657        | 1 569         |
| Car Allowance                                                               |         | 170          | -             |
| Performance Bonuses                                                         |         | 140          | 133           |
| Contributions to UIF, Medical and Pension Funds                             |         | 35           | 31            |
| Other                                                                       |         | 22           | 22            |
|                                                                             |         | <b>2 024</b> | <b>1 755</b>  |
| <b>Head Spatial Information Analysis: Mr Minnie JB (until 31 July 2024)</b> |         |              |               |
| Annual Remuneration                                                         |         | 660          | 1 876         |
| Car Allowance                                                               |         | 204          | -             |
| Performance Bonuses                                                         |         | 56           | 159           |
| Contributions to UIF, Medical and Pension Funds                             |         | 14           | 39            |
| Other                                                                       |         | 7            | 22            |
|                                                                             |         | <b>941</b>   | <b>2 096</b>  |
| <b>Head: Land Management: Mr Rakgoale LS</b>                                |         |              |               |
| Annual Remuneration                                                         |         | 1 972        | 1 867         |
| Car Allowance                                                               |         | 91           | -             |
| Performance Bonuses                                                         |         | 167          | 158           |
| Contributions to UIF, Medical and Pension Funds                             |         | 41           | 39            |
| Other                                                                       |         | 22           | 22            |
| Other                                                                       |         | 51           | -             |
|                                                                             |         | <b>2 344</b> | <b>2 086</b>  |
| <b>Chief Executive Audit: Ms Gumbu B (until 30 April 2024)</b>              |         |              |               |
| Annual Remuneration                                                         |         | 106          | 1 194         |
| Car Allowance                                                               |         | 60           | -             |
| Performance Bonuses                                                         |         | 11           | 133           |
| Contributions to UIF, Medical and Pension Funds                             |         | 2            | 31            |
| Other                                                                       |         | 2            | 22            |
|                                                                             |         | <b>181</b>   | <b>1 380</b>  |
| <b>Head SPPC: Mr Chainee N</b>                                              |         |              |               |
| Annual Remuneration                                                         |         | 2 262        | 2 161         |
| Car Allowance                                                               |         | 216          | -             |
| Performance Bonuses                                                         |         | 262          | 240           |
| Contributions to UIF, Medical and Pension Funds                             |         | 48           | 54            |
| Other                                                                       |         | 42           | 22            |
| Other                                                                       |         | 98           | -             |
|                                                                             |         | <b>2 928</b> | <b>2 477</b>  |
| <b>Head Corporate Support: Ms Kgatla N</b>                                  |         |              |               |
| Annual Remuneration                                                         |         | 1 996        | 1 890         |
| Performance bonus                                                           |         | 189          | -             |
| Car Allowance                                                               |         | 229          | 210           |
| Performance Bonuses                                                         |         | 43           | 47            |



# Notes to the Annual Financial Statements

| Figures in R`000                                                              | Note(s) | 2025          | Restated 2024 |
|-------------------------------------------------------------------------------|---------|---------------|---------------|
| <b>20. Employee related costs (continued)</b>                                 |         |               |               |
| Contributions to UIF, Medical and Pension Funds                               |         | 22            | 22            |
| Other                                                                         |         | 86            | -             |
|                                                                               |         | <u>2 565</u>  | <u>2 169</u>  |
| <b>Acting Allowances</b>                                                      |         |               |               |
| Acting Head SPPC: Ms Sejane TP                                                |         | 9             | -             |
| Acting Chief Audit Executive: Ms Nemukula F                                   |         | 175           | -             |
|                                                                               |         | <u>184</u>    | <u>-</u>      |
| <b>Head Spatial Information Analysis: Ms Mahlangu BE (from 03 March 2025)</b> |         |               |               |
| Annual Remuneration                                                           |         | 146           | -             |
| Pension/Provident fund                                                        |         | 17            | -             |
| Risk benefits and company contributions                                       |         | 2             | -             |
| Allowances                                                                    |         | 2             | -             |
|                                                                               |         | <u>167</u>    | <u>-</u>      |
| <b>21. Lease rentals on operating lease</b>                                   |         |               |               |
| <b>Premises</b>                                                               |         |               |               |
| Contractual amounts                                                           |         | <u>51 893</u> | <u>51 844</u> |
| <b>22. Impairment, depreciation and amortisation</b>                          |         |               |               |
| Property, plant and equipment: depreciation                                   |         | 5 941         | 4 718         |
| Intangible assets: amortisation                                               |         | 450           | 735           |
| Property plant and equipment: impairment                                      |         | -             | 12 830        |
| Receivables: impairment                                                       |         | 916           | 56 332        |
|                                                                               |         | <u>7 307</u>  | <u>74 615</u> |
| <b>24. Auditors remuneration</b>                                              |         |               |               |
| Fees                                                                          |         | <u>7 554</u>  | <u>8 550</u>  |



# Notes to the Annual Financial Statements

| Figures in R`000                             | Note(s) | 2025          | Restated 2024  |
|----------------------------------------------|---------|---------------|----------------|
| <b>25. General expenses</b>                  |         |               |                |
| Accounting other services                    |         | -             | 479            |
| Advertising and Marketing                    |         | 2 787         | 1 091          |
| Contractors - operational                    |         | 3 774         | 3 143          |
| Auditors remuneration                        |         | 7 554         | 8 550          |
| Bank charges                                 |         | 162           | 159            |
| Agency support: outsourcing                  |         | 1 245         | 1 021          |
| Board costs                                  |         | 824           | 1 337          |
| Computer expenses                            |         | 8 996         | 15 659         |
| Consulting and professional fees             |         | 14 160        | 23 517         |
| Donations                                    |         | 1 700         | -              |
| Staff welfare                                |         | 213           | 136            |
| Other expenses                               |         | 64            | 1 029          |
| Insurance                                    |         | 793           | 1 601          |
| Office refurbishment                         |         | 171           | 238            |
| Temporary staff                              |         | 13 682        | 14 968         |
| Staff recruitment                            |         | 149           | 1 468          |
| Printing and stationery                      |         | 676           | 937            |
| Repairs and maintenance                      |         | 292           | 291            |
| Subscriptions and membership fees            |         | 188           | 155            |
| Communications                               |         | 456           | 490            |
| Training and staff development               |         | 1 248         | 1 314          |
| Travel - local                               |         | 16 336        | 16 239         |
| Expensed assets (below R5 000)               |         | 227           | 89             |
| Legal fees                                   |         | 4 106         | 13 000         |
| Leasing charges                              |         | 160           | 457            |
| Other office expense                         |         | 1 545         | 3 874          |
| Conferences and Catering                     |         | 3 294         | 2 813          |
|                                              |         | <b>84 802</b> | <b>114 055</b> |
| <b>26. Land and related costs</b>            |         |               |                |
| Insurance                                    |         | -             | 13             |
| Maintenance costs                            |         | 22 744        | 4 687          |
| Conveyancing and valuation costs             |         | 1 901         | 4 775          |
| Security services                            |         | 7 976         | 8 224          |
| Development planning and feasibility studies |         | 1 821         | 2 081          |
|                                              |         | <b>34 442</b> | <b>19 780</b>  |

The expenditure incurred under this category relates to properties under the custodianship of the Agency, specifically the Braamfontein and Kimberley buildings. The notable increase in maintenance costs during the reporting period is primarily attributable to the Braamfontein building, where extensive repair and refurbishment activities were undertaken.

## 27. Technical and project services

|                       |        |        |
|-----------------------|--------|--------|
| Technical Consultants | 31 910 | 15 756 |
|-----------------------|--------|--------|

The above expenditure relates to technical and consulting costs that are covered by the Province support operational revenue.



# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Note(s) | 2025             | Restated 2024    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------|------------------|
| <b>28. Finance costs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         |                  |                  |
| Finance Leases                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         | 868              | 78               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         | <b>868</b>       | <b>78</b>        |
| Finance Lease – Photocopier Machines                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         |                  |                  |
| The HDA entered into a finance lease agreement for photocopier machines, effective 01 March 2024, for a lease term of three years.                                                                                                                                                                                                                                                                                                                                                                |         |                  |                  |
| In accordance with the reporting framework, the lease is classified as a finance lease as substantially all the risks and rewards incidental to ownership of the asset have been transferred to the Agency. The finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. Lease payments are apportioned between finance charges and the reduction of the outstanding liability, using the effective interest rate method. |         |                  |                  |
| <b>29. Cash used in operations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |                  |                  |
| Surplus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         | 85 193           | 288              |
| <b>Adjustments for:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |                  |                  |
| Depreciation and amortisation                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         | 7 307            | 74 615           |
| Gain on sale of assets and liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                            |         | 30               | 283              |
| Impairment reversal                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | (11 816)         | -                |
| Non-cash donations and other in-kind benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         | 1 700            | 36               |
| Other non-cash items                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         | (9)              | -                |
| <b>Changes in working capital:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |                  |                  |
| Movement in receivables from exchange transactions                                                                                                                                                                                                                                                                                                                                                                                                                                                |         | (244 465)        | (78 764)         |
| Movements in Trust Funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         | 484 297          | (104 099)        |
| Payables from exchange transactions                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | (794 996)        | (886 493)        |
| Payables from exchange transactions                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         | 381              | (389)            |
| Movements in provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         | 11 070           | 12 303           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         | <b>(461 308)</b> | <b>(982 220)</b> |

Reclassifications have been made to certain prior year figures to ensure consistency with the current year's presentation. These adjustments have no impact on the overall cash and cash equivalents reported but affect the classification of cash flows among operating, investing, and financing activities. The reclassifications were made to enhance comparability and align with the nature and function of the related transactions.

Details of the reclassified items are disclosed in Note [40] to the financial statements. It was impractical to disclose the impact of these reclassifications on the cash flow statement due to the number and nature of the reclassifications, as well as the effect they have on the activities as presented in the cash flow statement. These changes do not constitute corrections of errors but are the result of enhanced presentation arising from updated interpretations and internal policy reviews.

Province support revenue has been reclassified and included in project receipts on the cashflow statement, this has been done to enhance comparability and align with the nature and function of the related transactions.





# Notes to the Annual Financial Statements

| Figures in R`000                                       | Note(s) | 2025             | Restated 2024    |
|--------------------------------------------------------|---------|------------------|------------------|
| <b>30. Financial instruments disclosure</b>            |         |                  |                  |
| <b>Categories of financial instruments</b>             |         |                  |                  |
| <b>2025</b>                                            |         |                  |                  |
| <b>Financial assets</b>                                |         | At cost          | Total            |
| Trust Funds                                            |         | 111 847          | 111 847          |
| Trade and other receivables from exchange transactions |         | 542 638          | 542 638          |
| Cash and cash equivalents                              |         | 404 711          | 404 711          |
|                                                        |         | <b>1 059 196</b> | <b>1 059 196</b> |
| <b>Financial liabilities</b>                           |         | At cost          | Total            |
| Trade and other payables from exchange transactions    |         | 810 395          | 810 395          |
| <b>2024</b>                                            |         |                  |                  |
| <b>Financial assets</b>                                |         | At cost          | Total            |
| Trust Funds                                            |         | 596 715          | 596 715          |
| Trade and other receivables from exchange transactions |         | 299 087          | 299 087          |
| Cash and cash equivalents                              |         | 871 797          | 871 797          |
|                                                        |         | <b>1 767 599</b> | <b>1 767 599</b> |
| <b>Financial liabilities</b>                           |         | At cost          | Total            |
| Trade and other payables from exchange transactions    |         | 1 605 623        | 1 605 623        |



# Notes to the Annual Financial Statements

| Figures in R`000                                                     | Note(s) | 2025           | Restated 2024    |
|----------------------------------------------------------------------|---------|----------------|------------------|
| <b>31. Commitments</b>                                               |         |                |                  |
| <b>Authorised capital expenditure</b>                                |         |                |                  |
| • Capex Expenditure: Purchase Orders for multi-year contracts        |         | 68 616         | 1 528 906        |
| • Capex Expenditure: Purchase Orders:within 1 year                   |         | 444 392        | -                |
|                                                                      |         | <b>513 008</b> | <b>1 528 906</b> |
| <b>Total capital commitments</b>                                     |         |                |                  |
| Capex Expenditure                                                    |         | 513 008        | 1 528 906        |
| <b>Authorised operational expenditure</b>                            |         |                |                  |
| • Operational Expenditure: Purchase Orders for Multi- year Contracts |         | 57 047         | 58 343           |
| • Operational Expenditure: Purchase Orders:within 1 year             |         | 27 758         | -                |
|                                                                      |         | <b>84 805</b>  | <b>58 343</b>    |
| <b>Operating leases -as lessee expense</b>                           |         |                |                  |
| • Minimum lease payments due within one year                         |         | 11 838         | 12 044           |
| • Minimum lease payments due in second to fifth year inclusive       |         | 22 014         | 32 482           |
|                                                                      |         | <b>33 852</b>  | <b>44 526</b>    |
| <b>Total operational commitments</b>                                 |         |                |                  |
| Already contracted for but not provided for                          |         | 84 805         | 58 343           |
| Not yet contracted for and authorised by members                     |         | 33 852         | 44 526           |
|                                                                      |         | <b>118 657</b> | <b>102 869</b>   |
| <b>Total commitments</b>                                             |         |                |                  |
| <b>Total commitments</b>                                             |         |                |                  |
| Authorised capital expenditure                                       |         | 513 008        | 1 528 906        |
| Authorised operational expenditure                                   |         | 118 657        | 102 869          |
|                                                                      |         | <b>631 665</b> | <b>1 631 775</b> |

The year-on-year decline primarily reflects the successful completion of major Eastern Cape projects during the current financial year. As at 31 March 2025, operational-related commitments show only a modest increase, underscoring disciplined resource management and an efficient project close-out process.

## Operating leases - as lessor (income)

### Minimum lease payments due

|                                     |              |              |
|-------------------------------------|--------------|--------------|
| - within one year                   | 2 132        | 2 268        |
| - in second to fifth year inclusive | 1 520        | 1 111        |
|                                     | <b>3 652</b> | <b>3 379</b> |

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



# Notes to the Annual Financial Statements

| Figures in R`000              | Note(s) | 2025          | Restated 2024  |
|-------------------------------|---------|---------------|----------------|
| <b>32. Contingencies</b>      |         |               |                |
| <b>Contingent liabilities</b> |         |               |                |
| Litigations                   |         | 28 769        | 28 019         |
| Surrender of surpluses        |         | 64 224        | 129 362        |
|                               |         | <b>92 993</b> | <b>157 381</b> |

## Litigations

This category primarily comprise potential liabilities from matters relating to litigation and proceedings relating to service providers/suppliers.

HDA is not able to determine with any certainty the timing and amounts related to the litigations

HDA is not able to determined the possibilty of any reimbursements related to litigations.

## Surrender of surpluses

The entity annually declares all surpluses or deficits to the relevant Treasury from the period 1 August to 30 September of each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

The entity submits requests to the relevant Treasury to retain surpluses in terms of section 53(3) of the PFMA, as and when appropriate. Unless exempted by the National Treasury, the entity invests surplus funds with the Corporation for Public Deposits.

The entity surrenders for re-depositing into the relevant Revenue Fund, all surpluses that were realised in a particular financial year –

(a) which were not approved for retention by the relevant Treasury in terms of section 53(3) of the PFMA; or

(b) where no application was made to the relevant Treasury to accumulate the surplus in terms of section 53(3) of the PFMA.

The surpluses are surrendered for re-depositing into the relevant Revenue by no later than 30 November of each year, as prescribed.

Failure by the entity to submit a surplus retention request to the relevant Treasury by 30 September each year will result in the entity having to surrender the surplus to the relevant Revenue Fund by 30 November, unless there has been a delay in the finalisation of the audit.

In the case of a delay in the finalisation of the audit –

(a) a letter is sent to the relevant Treasury by the 30th September explaining the delay.

(b) a surplus retention request is submitted to the relevant Treasury within 30 days of finalising the audit.

The Agency submitted the declaration to National Treasury / National Department of Human Settlements in September 2024. The outcome of the declaration requests is still pending.



# Notes to the Annual Financial Statements

| Figures in R`000                                    | Note(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2025 | Restated 2024 |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------------|
| <b>33. Related parties</b>                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |               |
| Relationships                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |               |
| Controlling entity                                  | Department of Human Settlements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |               |
| Board members                                       | Hosi P Ngove (Board Chairperson) (reappointed on 13 January 2025 to date)<br>Ms N Baai (Deputy Chairperson started 25 February 2025 to date)<br>Ms N Maharaj (reappointed on 13 January 2025 to date)<br>Mr MV Rabothata (reappointed on 28 January 2025 to date)<br>Dr A Mahapa (reappointed on 04 December 2024 to 08 March 2025)<br>Dr M Myeza (started 14 February 2025)<br>Hosi P Ngove (Board Chairperson) (started July 2023 to 30 November 2024)<br>Ms M Dumakude (Deputy Chairperson started 14 December 2021 to 30 November 2024)<br>Ms N Maharaj (started 14 December 2021 to 30 November 2024)<br>Mr R Makan (started 14 December 2021 to 30 November 2024)<br>Mr V Rabothata (started 25 April 2023 to 30 November 2024)<br>Dr A Mahapa (started 11 June 2023 to 30 November 2024) |      |               |
| Audit and Risk Committee                            | Ms SY Boulton (Chairperson started 14 December 2021 to 30 November 2024)<br>Ms M Dumakude (started 14 December 2021 to 30 November 2024)<br>Ms N Maharaj (started 14 December 2021 to 30 November 2024)<br>Mr R Makan (started 14 December 2021 to 30 November 2024)<br>Mr V Rabothata (started 25 April 2023 to 30 November 2024)                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |               |
| Corporate Support and Remuneration Committee        | Dr A Mahapa (Chairperson) (started 11 June 2023 to 30 November 2024)<br>Ms M Dumakude (started 14 December 2021 to 30 November 2024)<br>Mr R Makan (started 14 December 2021 to 30 November 2024)<br>Mr V Rabothata (started 25 April 2023 to 30 November 2024)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |               |
| Land, Properties and Projects Development Committee | Ms M Dumakude (Chairperson started 14 December 2021 to 30 November 2024)<br>Ms N Maharaj (started 14 December 2021 to 30 November 2024)<br>Hosi P Ngove (started July 2023 to 30 November 2024)<br>Mr V Rabothata (started 25 April 2023 to 30 November 2024)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |      |               |
| Social and Ethics Committee                         | Ms N Maharaj (chairperson started 14 December 2021 to 30 November 2024)<br>Mr R Makan (started 14 December 2021 to 30 November 2024)<br>Hosi P Ngove (started 12 July 2023 to 30 November 2024)<br>Dr A Mahapa (started 11 June 2023 to 30 November 2024)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |      |               |
| Members of key management                           | Mr B Khenisa (Chief Executive Officer)<br>Ms J Masemola (Chief Finance Officer)<br>Mr JB Minnie (Head of Spatial Information Analysis) until 31 July 2024<br>Mr LS Rakgoale (Head of Land)<br>Mr BM Khoza (Region C Regional Head)<br>Mr P Mbulawa (Region A Regional Leader)<br>Ms VM Mashiane (Region B Regional Head)<br>Ms BC Gumbu (Chief Audit Executive) (resigned 30 April 2024)<br>Mr N Chainee (Head SPPC)                                                                                                                                                                                                                                                                                                                                                                            |      |               |



# Notes to the Annual Financial Statements

| Figures in R`000 | Note(s) | 2025 | Restated 2024 |
|------------------|---------|------|---------------|
|------------------|---------|------|---------------|

## 33. Related parties (continued)

|                                |                                                                                                                                                                                                             |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                | Ms Kgatla N (Head of Corporate Support)                                                                                                                                                                     |
|                                | Ms Mahlangu BE (Head of Spatial Information Analysis) (from 03 March 2025)                                                                                                                                  |
| Entities under common control* | National Housing Finance Corporation<br>Community Schemes Ombud Services<br>National Home Builders Registration Council<br>Social Housing Regulatory Authority<br>Property Practitioner Regulator Authority |

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

By virtue of the HDA being a national public entity, it is presumed that all other government entities within the national sphere are related to it. However, only transactions that occurred outside the normal terms available to the broader public are disclosed in accordance with GRAP 20: Related Party Disclosures. All other entities in the National Sphere of Government are considered to be related, but have not been disclosed unless transactions with those entities took place on terms that were not on ordinary terms or not course of business.

The Board was appointed for a three-year term that commenced in November 2021 and terminated on 30 November 2024. The Executive Authority began appointing the new Board on 4 December 2024.

### Related party transactions

#### Operational grant received from related parties

|                                 |         |         |
|---------------------------------|---------|---------|
| Department of Human Settlements | 254 591 | 243 649 |
|---------------------------------|---------|---------|

#### Conditional grant from related parties

|                                     |     |     |
|-------------------------------------|-----|-----|
| Social Housing Regulatory Authority | 643 | 876 |
|-------------------------------------|-----|-----|

Department of Human Settlements

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

Social Housing Regulatory Authority

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

### Remuneration of management

#### Non-executive members of the accounting authority

| 2025                            | Board Fees | Other benefits received | Total      |
|---------------------------------|------------|-------------------------|------------|
| <b>Name</b>                     |            |                         |            |
| Hosi P Ngove: Board Chairperson | 176        | 18                      | 194        |
| Ms M Dumakude                   | 111        | 15                      | 126        |
| Ms N Maharaj                    | 101        | 18                      | 119        |
| Ms SY Boulton                   | 82         | -                       | 82         |
| Dr A Mahapa                     | 88         | 17                      | 105        |
|                                 | <b>558</b> | <b>68</b>               | <b>626</b> |

## 2024

|                                              | Board fees | Total |
|----------------------------------------------|------------|-------|
| <b>Name</b>                                  |            |       |
| Hosi P Ngove Board Chair (from 12 July 2023) | 246        | 246   |





# Notes to the Annual Financial Statements

| Figures in R`000                                                   | Note(s) | 2025       | Restated 2024 |
|--------------------------------------------------------------------|---------|------------|---------------|
| <b>33. Related parties (continued)</b>                             |         |            |               |
| Dr M Soni (Interim chairperson from 07 March 2023 to 11 June 2023) |         | 62         | 62            |
| Ms M Dumakude                                                      |         | 138        | 138           |
| Ms N Maharaj                                                       |         | 130        | 130           |
| Ms SY Boulton                                                      |         | 89         | 89            |
| Dr A Mahapa (from 11 June 2023)                                    |         | 109        | 109           |
|                                                                    |         | <u>774</u> | <u>774</u>    |

## Management class: Board Members

### 2025

|               | Board fees | Other benefits received | Total |
|---------------|------------|-------------------------|-------|
| <b>Name</b>   |            |                         |       |
| Board members | 558        | 68                      | 626   |

### 2024

|               | Board fees | Total |
|---------------|------------|-------|
| <b>Name</b>   |            |       |
| Board members | 774        | 774   |

## Management class: Executive committee

\*Refer to note "Employee related costs"

## Audit and Risk Committee

### 2025

|               | Fees       | Total      |
|---------------|------------|------------|
| <b>Name</b>   |            |            |
| Ms SY Boulton | 64         | 64         |
| Ms M Dumakude | 35         | 35         |
| Ms N Maharaj  | 31         | 31         |
|               | <u>130</u> | <u>130</u> |

### 2024

|               | Fees       | Total      |
|---------------|------------|------------|
| <b>Name</b>   |            |            |
| Ms SY Boulton | 97         | 97         |
| Ms M Dumakude | 32         | 32         |
| Ms N Maharaj  | 37         | 37         |
|               | <u>166</u> | <u>166</u> |



# Notes to the Annual Financial Statements

| Figures in R`000 | Note(s) | 2025 | Restated 2024 |
|------------------|---------|------|---------------|
|------------------|---------|------|---------------|

## 34. Risk management

### Financial risk management

The Entity's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the City's financial performance.

Risk management is carried out by the risk management department under policies approved by the accounting officer. The Entity's treasury identifies, evaluates and hedges financial risks in close co-operation with the Entity's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

### Liquidity risk

Liquidity risk refers to the risk that the entity may not be able to meet its financial obligations as they fall due. The entity's exposure to liquidity risk arises from its funding requirements to meet current and future operational and capital commitments.

The HDA manages liquidity risk through proactive monitoring of forecasted cash flows, maintaining adequate cash reserves, and reviewing its funding requirements on an ongoing basis. This includes maintaining relationships with financial institutions to ensure access to credit facilities if required.

The entity's liquidity position is assessed regularly to ensure that sufficient resources are available to meet both short- and long-term obligations as they arise.

The table below analyses the entity's financial liabilities and into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|                          |                  |                       |
|--------------------------|------------------|-----------------------|
| At 31 March 2025         | Less than 1 year | Between 1 and 2 years |
| Trade and other payables | 810 395          |                       |
| At 31 March 2024         | Less than 1 year | Between 1 and 2 years |
| Trade and other payables | 1 573 585        | 32 038                |

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and receivables from exchange transactions. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal assessments.

Financial assets exposed to credit risk at year end were as follows:

|                                        |         |         |
|----------------------------------------|---------|---------|
| Financial instrument                   |         |         |
| Cash and cash equivalents              | 404 711 | 871 797 |
| Trust funds                            | 111 847 | 596 144 |
| Receivables from exchange transactions | 542 638 | 299 089 |



# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                                                                                                                                                                                     | Note(s) | 2025 | Restated 2024 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------|---------------|
| <b>34. Risk management (continued)</b>                                                                                                                                                                                                                                                                                                                               |         |      |               |
| There are no changes from previous year in respect of objectives, policies and processes for managing risks and in methods to measure the risks.                                                                                                                                                                                                                     |         |      |               |
| <b>Market risk</b>                                                                                                                                                                                                                                                                                                                                                   |         |      |               |
| <b>Interest rate risk</b>                                                                                                                                                                                                                                                                                                                                            |         |      |               |
| Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.                                                                                                                                                                                                            |         |      |               |
| The HDA is not significantly exposed to interest rate risk, as it does not hold material interest-bearing financial assets. As such, the entity's income and operational cash flows are largely unaffected by fluctuations in market interest rates. Surplus cash is invested in short-term call and fixed deposits, which earn interest at prevailing market rates. |         |      |               |
| Similarly, the entity's financial liabilities consist primarily of non-interest-bearing obligations, limiting exposure to interest rate volatility.                                                                                                                                                                                                                  |         |      |               |
| <b>Foreign exchange risk</b>                                                                                                                                                                                                                                                                                                                                         |         |      |               |
| The entity is not exposed to foreign-exchange rates fluctuations                                                                                                                                                                                                                                                                                                     |         |      |               |
| <b>Price risk</b>                                                                                                                                                                                                                                                                                                                                                    |         |      |               |
| The entity is not exposed to price risk as it does not trade in equity-securities and commodity price risk.                                                                                                                                                                                                                                                          |         |      |               |
| <b>35. Unauthorised, Irregular and Fruitless and Wasteful Expenditure</b>                                                                                                                                                                                                                                                                                            |         |      |               |
| Irregular expenditure                                                                                                                                                                                                                                                                                                                                                |         | -    | 36 087        |
| Fruitless and wasteful expenditure                                                                                                                                                                                                                                                                                                                                   |         | -    | 742           |
| <b>Closing balance</b>                                                                                                                                                                                                                                                                                                                                               |         | -    | <b>36 829</b> |

The agency has not incurred unauthorised, irregular and fruitless and wasteful expenditure in the current financial year.

**\*Refer to reconciling notes in the annual report**

## 36. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

**Details of the arrangement(s) is/are as follows:**

HDA is party to Principal-Agent arrangements. The HDA has various funding agreements detailing project implementation protocols entered into with provincial governments, government entities and municipalities. The agency received funds from stakeholders for the purchase to carry out the following activities on behalf of the stakeholders (Principal).

- Land identification and acquisition
- Land holding
- Land development and implementation of human settlement projects



# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                 | Note(s) | 2025           | Restated 2024    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|------------------|
| <b>36. Accounting by principals and agents (continued)</b>                                                                                                       |         |                |                  |
| <b>Entity as agent</b>                                                                                                                                           |         |                |                  |
| <b>Resources held on behalf of the principal(s), but recognised in the entity's own financial statements</b>                                                     |         |                |                  |
| The following resources are held on behalf of the principal                                                                                                      |         |                |                  |
| Trust funds                                                                                                                                                      |         | 111 847        | 596 144          |
| Cash and cash equivalents                                                                                                                                        |         | 273 308        | 644 760          |
|                                                                                                                                                                  |         | <b>385 155</b> | <b>1 240 904</b> |
| <b>Revenue recognised</b>                                                                                                                                        |         |                |                  |
| The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is 34 776 (2024: 54 893). |         |                |                  |
| <b>Liabilities and corresponding rights of reimbursement recognised as assets</b>                                                                                |         |                |                  |
| Liabilities incurred on behalf of the principal(s) that have been recognised by the entity                                                                       |         |                |                  |
| Project receivables                                                                                                                                              |         | 343 217        | 114 329          |
| <b>Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement</b>                                |         |                |                  |
| <b>Amount of expenses paid on behalf of the principal during the reporting period</b>                                                                            |         |                |                  |
| Project expenses                                                                                                                                                 |         | 738 819        | 1 550 363        |
| <b>Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)</b>                                      |         |                |                  |
| <b>Reconciliation of the carrying amount of receivables</b>                                                                                                      |         |                |                  |
| <b>Project receivables</b>                                                                                                                                       |         |                |                  |
| Opening balance                                                                                                                                                  |         | 114 329        | 65 988           |
| Current year transactions                                                                                                                                        |         | 228 888        | 48 341           |
|                                                                                                                                                                  |         | <b>343 217</b> | <b>114 329</b>   |
| <b>All categories</b>                                                                                                                                            |         |                |                  |
| Opening balance                                                                                                                                                  |         | 114 329        | 65 988           |
| Other                                                                                                                                                            |         | 228 888        | 48 341           |
|                                                                                                                                                                  |         | <b>343 217</b> | <b>114 329</b>   |
| <b>Reconciliation of the carrying amount of payables</b>                                                                                                         |         |                |                  |
| <b>Project payables</b>                                                                                                                                          |         |                |                  |
| Opening balance                                                                                                                                                  |         | 323 829        | 464 639          |
| Current year transactions                                                                                                                                        |         | (261 983)      | (140 810)        |
|                                                                                                                                                                  |         | <b>61 846</b>  | <b>323 829</b>   |
| <b>Project obligations</b>                                                                                                                                       |         |                |                  |
| Opening balance                                                                                                                                                  |         | 581 930        | 745 329          |
| Current year transactions                                                                                                                                        |         | (308 622)      | (163 399)        |



# Notes to the Annual Financial Statements

| Figures in R`000                                    | Note(s) | 2025           | Restated 2024  |
|-----------------------------------------------------|---------|----------------|----------------|
| 36. Accounting by principals and agents (continued) |         | 273 308        | 581 930        |
| <b>All categories</b>                               |         |                |                |
| Opening balance                                     |         | 905 759        | 1 209 968      |
| Other                                               |         | (570 605)      | (304 209)      |
|                                                     |         | <b>335 154</b> | <b>905 759</b> |

## Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Properties held on behalf of others

Additional disclosure (Non-Grap 109)



# Notes to the Annual Financial Statements

| Figures in R`000 | Note(s) | 2025 | Restated 2024 |
|------------------|---------|------|---------------|
|------------------|---------|------|---------------|

## 36. Accounting by principals and agents (continued)

| Property Description                                                                                                                                      | Acquisition Amount as at 31 March 2025 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| Portion 0 of Erf 1491 Warmbad Ext 25, Bela Bela                                                                                                           | 65 400                                 |
| Erf 1816 Bethlehem township                                                                                                                               | 4 400                                  |
| Erf 4919 Kroonstad Pres.Steyn Hostel                                                                                                                      | 3 300                                  |
| Portion 5,6,7 and 8 of Erf 5246 Kroonstad                                                                                                                 | 1 733                                  |
| Portion 20 (of Portion 7) of Erf 4049, Bethlehem                                                                                                          | 2 100                                  |
| Portion 59 of Erf 229, Kroonstad                                                                                                                          | 2 338                                  |
| Portion 37 of Welkom 41                                                                                                                                   | 4 366                                  |
| Portion 406 of Portion 1 of farm Bloemfontein 654, Liquinda                                                                                               | 10 200                                 |
| Portion 3 of Erf 2116, Hamilton                                                                                                                           | 2 500                                  |
| Erf 3726 De Aar                                                                                                                                           | 10 000                                 |
| Portion 0 of Erf 635 De Aar                                                                                                                               | 7 700                                  |
| Rem of Portion 9 of Farm 787 Weltevreden Valley, Philippi- Rem of Ptn 34 of Farm Schultz Vley no.807 (Cape Rd)                                            | 7 854                                  |
| Portion 0 of Erf 925 Township Gugulethu, Western Cape,Erf 921- 924,927-938, 940-941 Gugulethu, Western Cape , Portion 0 of Erf 177135 & Erf172883 Cape RD | 15 569                                 |
| RE of Farm 700 Cape Rd                                                                                                                                    | 4 552                                  |
| RE of Ptn 9 of Farm Schultz Vley 807,Portion 0 of Erf 3108 and Portion 0 ofErf 21399 Philippi, Cape RD                                                    | 39 195                                 |
| Erf 4061 Hout Bay , Erf 4062, Hout Bay , 5636 and 5637 Hout Bay, Western Cape                                                                             | 45 354                                 |
| RE Farm 791 & RE Farm 793 Cape Town, Western Cape                                                                                                         | 10 842                                 |
| Rem of Ptn 64 of Farm 787 Cape Rd, Cape Town, Western Cape                                                                                                | 6 365                                  |
| Erf 35163 - 35174, 35148, 38368 Milnerton, Western Cape                                                                                                   | 64 965                                 |
| Portion 34 of farm Schultz Vley No. 807                                                                                                                   | 12 388                                 |
| Portion 0 of Erf 40076 & 40077 Goodwood City of Cape Town, Western Cape                                                                                   | 8 546                                  |
| Ptn 2 of Farm 1540 Stellenbosch RD                                                                                                                        | 2 507                                  |
| Portion 0 of Farm Elite 2630                                                                                                                              | 45 000                                 |
| Portion 0 of Erf 11839 Kimberley, Sol Plaatjie                                                                                                            | 16 273                                 |
| Rem of Ptn 22, 64 and 65 and Portion 23 of the Farm                                                                                                       | 5 245                                  |
| Strathsomers Estate No 42, Uitenhage (Approved for transfer to Stakeholder) 5 245 Portion 24 and 290 of the Farm Strathsomers Estate No42                 | 6 025                                  |
| Rem of farm 790 Cape RD                                                                                                                                   | 9 598                                  |
| Rem of Portion 23 and Portion 41,42 and 43 of FarmSouth Gorah No. 397 (Approved for transfer to Stakeholder)                                              | 4 617                                  |
| Remainder of Farm Schultz Vley number 807                                                                                                                 | 8 960                                  |
| 200 Erven in Elliras Ext 97 Township                                                                                                                      | 41 100                                 |
| Rem of Erf 799, Bloemfontein                                                                                                                              | 25 173                                 |
| Rem of Ptn 19 farm Geeelhoutenboom 688 Humansdorp                                                                                                         | 15 000                                 |
|                                                                                                                                                           | <b>509 165</b>                         |

## Reconciliation of 2024 and 2025 Properties

|                                                     | Acquisition Amount |
|-----------------------------------------------------|--------------------|
| 2024 Properties closing balance                     | 442 829            |
| 2025 Addition: 200 Erven in Elliras Ext 97 Township | 41 100             |
| 2025 Addition: Rem of Erf 799, Bloemfontein         | 25 713             |
| 2025 Closing balance                                | 509 165            |

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





# Notes to the Annual Financial Statements

| Figures in R`000 | Note(s) | 2025 | Restated 2024 |
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## 36. Accounting by principals and agents (continued)

To achieve the secondary mandate, Implementation Protocols are entered between the Agency and Provincial governments /Municipalities (clients). Some agreements include transfers of land from the clients to the Agency. Other agreements involve the transfer of funds from the client to the HDA to facilitate the identification, acquisition, holding, development and transfer of the land and the attached properties to beneficiaries. The agreements with the clients are such that the Agency has no right of use of the land or the right to the economic benefits or service potential that arises from using the land. Instructions as to when to develop or dispose are given by the client through a signed funding agreement. Development plans and decisions are borne by the client. In addition, while the Agency holds the land, operational expenses of insurance, security and rates borne by the client. For these reasons, management concludes that it is an Agent and the Clients are the Principal as defined by GRAP 109

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

### Rapid Land Release Programme

This relates to commitments undertaken by the Agency in its capacity as a facilitator for the acquisition and administration of properties on behalf of stakeholders. Where the Agency is appointed to oversee the transfer of serviced stands to beneficiaries, the associated commitments are disclosed until such time as all obligations related to the transfer process have been fully discharged. This approach ensures transparency and reflects the Agency's continued role in supporting land reform and tenure security initiatives.

| 2025                                     | Total number of stands | Number of stands registered to date | Number of stands in the process of registration | Number of stands pending registration to date |
|------------------------------------------|------------------------|-------------------------------------|-------------------------------------------------|-----------------------------------------------|
| Palm Ridge Ext 14, 15, 16, 17, 34 and 35 | 1 392                  | 196                                 | 145                                             | 1 051                                         |
| Palm Ridge 38                            | 548                    | -                                   | -                                               | 548                                           |
| Westonaria                               | 342                    | 221                                 | -                                               | 121                                           |
| Elijah Barayi Village                    | 495                    | -                                   | 312                                             | 183                                           |
|                                          | <b>2 777</b>           | <b>417</b>                          | <b>457</b>                                      | <b>1 903</b>                                  |
| 2024                                     | Total number of stands | Number of stands registered to date | Number of stands in the process of registration | Number of stands pending registration to date |
| Palm Ridge Ext 14, 15, 16, 17, 34 and 35 | 1 392                  | 118                                 | 774                                             | 500                                           |
| Palm Ridge 38                            | 548                    | -                                   | -                                               | 548                                           |
| Westonaria                               | 342                    | 103                                 | 239                                             | -                                             |
| Elijah Barayi Village                    | 495                    | -                                   | 495                                             | -                                             |
|                                          | <b>2 777</b>           | <b>221</b>                          | <b>1 508</b>                                    | <b>1 048</b>                                  |



# Notes to the Annual Financial Statements

| Figures in R`000 | Note(s) | 2025 | Restated 2024 |
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## 37. Segment information

### General information

#### Identification of segments

The Agency is organised and reports to management on the basis of 9 major funding areas::

- Head Office
- Eastern Cape
- Western Cape
- Limpopo
- Northern Cape
- Gauteng
- North West
- KwaZulu Natal
- Free State

The segments were identified based on the source of funding and geographical locations. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of informationn about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The segments have been aggregated on the basis of revenue generated by the segments. All segments with generating revenue of less than R20million have been consolidated into 1 segment as indicated below:

#### Types of goods and/or services by segment

| Reportable Segment | Segment       | Source of funding                 |
|--------------------|---------------|-----------------------------------|
| Head Office        | Head Office   | Operational Grants                |
| Region A           | Eastern Cape  | Eastern Cape operational funding  |
| Region A           | Western Cape  | Western Cape operationalfunding   |
| Region A           | Northern Cape | Northern Cape operational funding |
| Region B           | Limpopo       | Limpopo operational funding       |
| Region B           | North West    | North West operational funding    |
| Region B           | Gauteng       | Gauteng operationall funding      |
| Region C           | KwaZulu Natal | KwaZulu Natal operational funding |
| Region C           | Free State    | Free State operational funding    |

These reportable segments as well as the goods and/or services for each segment are set out below:

| Reportable segment | Goods and/or services                      |
|--------------------|--------------------------------------------|
| Head office        | Human setttlement related service delivery |
| Region A           | Human setttlement related service delivery |
| Region B           | Human setttlement related service delivery |
| Region C           | Human setttlement related service delivery |



Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

### Figures in Rand thousand

#### 37. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2025

##### Revenue

Revenue from non-exchange transactions

Revenue from exchange transactions

Interest revenue

**Total segment revenue**

**Entity's revenue**

##### Expenditure

Interest expense

Depreciation and amortisation

Repairs and maintenance

Other expenses

**Total segment expenditure**

**Total segmental surplus/(deficit)**

##### Assets

Total non-current assets

Current year asset additions

Total assets

**Total segment assets**

**Total assets as per Statement of financial Position**

##### Liabilities

Total liabilities

**Total liabilities as per Statement of financial Position**

|                                                                 | Head Office      | Region A       | Region B      | Region C      | Total            |
|-----------------------------------------------------------------|------------------|----------------|---------------|---------------|------------------|
| Revenue from non-exchange transactions                          | 254 591          | -              | -             | -             | 254 591          |
| Revenue from exchange transactions                              | 27 136           | 79 058         | 48 037        | 74 449        | 228 680          |
| Interest revenue                                                | 12 540           | 1              | 3             | 3             | 12 547           |
| <b>Total segment revenue</b>                                    | <b>294 267</b>   | <b>79 059</b>  | <b>48 040</b> | <b>74 452</b> | <b>495 818</b>   |
| <b>Entity's revenue</b>                                         |                  |                |               |               | <b>495 818</b>   |
| Interest expense                                                | 503              | 183            | 91            | 91            | 868              |
| Depreciation and amortisation                                   | 5 405            | 376            | 274           | 336           | 6 391            |
| Repairs and maintenance                                         | 345              | 17             | -             | 99            | 461              |
| Other expenses                                                  | 204 192          | 80 147         | 46 544        | 72 022        | 402 905          |
| <b>Total segment expenditure</b>                                | <b>210 445</b>   | <b>80 723</b>  | <b>46 909</b> | <b>72 548</b> | <b>410 625</b>   |
| <b>Total segmental surplus/(deficit)</b>                        | <b>83 822</b>    | <b>(1 664)</b> | <b>1 131</b>  | <b>1 904</b>  | <b>85 193</b>    |
| Total non-current assets                                        | 151 872          | -              | -             | -             | 151 872          |
| Current year asset additions                                    | 5 426            | -              | -             | -             | 5 426            |
| Total assets                                                    | 1 211 068        | -              | -             | -             | 1 211 068        |
| <b>Total segment assets</b>                                     | <b>1 368 366</b> | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>1 368 366</b> |
| <b>Total assets as per Statement of financial Position</b>      |                  |                |               |               | <b>1 368 366</b> |
| Total liabilities                                               | 855 230          | -              | -             | -             | 855 230          |
| <b>Total liabilities as per Statement of financial Position</b> |                  |                |               |               | <b>855 230</b>   |



Annual Financial Statements for the year ended 31 March 2025

## Notes to the Annual Financial Statements

### Figures in Rand thousand

#### 37. Segment information (continued)

##### 2024

##### Revenue

Revenue from non-exchange transactions

Revenue from exchange transactions

Interest revenue

**Total segment revenue**

**Entity's revenue**

##### Expenditure

Interest expense

Other expenses

Impairment

Repairs and maintenance

Other expenses

**Total segment expenditure**

**Total segmental surplus/(deficit)**

##### Assets

Total non-current assets

Current year asset additions

Total assets

**Total segment assets**

**Total assets as per Statement of financial Position**

##### Liabilities

Total liabilities

**Total liabilities as per Statement of financial Position**

| Head Office      | Region A       | Region B      | Region C       | Total            |
|------------------|----------------|---------------|----------------|------------------|
| <b>4 393 189</b> | <b>100 789</b> | <b>95 086</b> | <b>143 363</b> | <b>9 001 058</b> |
| 243 649          | -              | -             | -              | 243 649          |
| 23 687           | 47 490         | 58 058        | 67 306         | 196 541          |
| 24 175           | -              | 7             | 2              | 24 184           |
| <b>291 511</b>   | <b>47 490</b>  | <b>58 065</b> | <b>67 308</b>  | <b>464 374</b>   |
|                  |                |               |                | <b>464 374</b>   |
| 53               | 13             | 4             | 8              | 78               |
| 4 908            | 278            | 77            | 189            | 5 452            |
| 69 163           | -              | -             | -              | 69 163           |
| 184              | 17             | 87            | 2              | 290              |
| 223 402          | 52 991         | 36 853        | 75 856         | 389 102          |
| <b>297 710</b>   | <b>53 299</b>  | <b>37 021</b> | <b>76 055</b>  | <b>464 085</b>   |
| <b>(6 199)</b>   | <b>(5 809)</b> | <b>21 044</b> | <b>(8 747)</b> | <b>289</b>       |
| 142 742          | -              | -             | -              | 142 742          |
| 111 186          | -              | -             | -              | 111 186          |
| 1 910 343        | -              | -             | -              | 1 910 343        |
| <b>2 164 271</b> | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>2 164 271</b> |
|                  |                |               |                | <b>2 164 271</b> |
| 1 639 697        | -              | -             | -              | 1 639 697        |
|                  |                |               |                | <b>1 639 697</b> |

There is no change in the composition of the reportable segments of the entity from the prior year.



# Notes to the Annual Financial Statements

| Figures in R`000                                                                       | Note(s) | 2025    | Restated 2024 |
|----------------------------------------------------------------------------------------|---------|---------|---------------|
| <b>38. Operating surplus (deficit)</b>                                                 |         |         |               |
| Operating surplus (deficit) for the year is stated after accounting for the following: |         |         |               |
| <b>Operating lease charges</b>                                                         |         |         |               |
| Premises                                                                               |         |         |               |
| • Contractual amounts                                                                  |         | 51 893  | 51 844        |
| Loss on sale of property, plant and equipment: depreciation                            |         | (30)    | (283)         |
| Amortisation on intangible assets                                                      |         | 450     | 735           |
| Impairment on property, plant and equipment                                            |         | -       | 12 830        |
| Impairment on receivables                                                              |         | 916     | 56 332        |
| Depreciation on property, plant and equipment                                          |         | 5 941   | 4 718         |
| Employee costs                                                                         |         | 199 373 | 187 675       |

## 39. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

### Errors

The following prior period errors adjustments occurred:

### Financial instruments disclosure

The comparative amount for Payables from exchange transactions was restated by R12 009 000 to account for Accrued leave pay included in the 2024 Financial Statements where categories of financial instruments were disclosed by reference to the Financial Statements line item. In the current year the Agency opted for fairer presentation of categories of financial instruments using category balances which resulted in the exclusion of Accrued leave pay. The 2025 comparative amount was restated accordingly.

The restatement done does not have any impact on the Statement of Financial Performance, Statement of Financial Position, Cashflow Statement or any other part of the financial statements.

## 40. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

| 2024 Classification                 | 2025 Reclassification                     | Reason for Reclassification                                     | Amount  |
|-------------------------------------|-------------------------------------------|-----------------------------------------------------------------|---------|
| Fund Management Fee                 | Management Fees                           | Fair and consistent presentation in line with GRAP 1            | 2 494   |
| Other Income                        | Rental Income                             | Fair and consistent presentation in line with GRAP 1            | 3 489   |
| Depreciation                        | Impairments depreciation and amortisation | Fair and consistent presentation in line with GRAP 1            | 4 717   |
| Amortisation                        | Impairments depreciation and amortisation |                                                                 | 735     |
| Impairment                          | Impairments depreciation and amortisation | Fair and consistent presentation in line with GRAP 1            | 69 162  |
| Technical and project services      | Lease rentals on operating lease          | Fair and consistent presentation in line with GRAP 1            | 38 112  |
| Other receivables                   | Trade receivables                         | Fair and consistent presentation in line with GRAP 1            | 121 753 |
| Cash flow from operating activities | Cash flow from financing activities       | Fair and consistent presentation in line with GRAP 1 and GRAP 2 | 1 811   |



# Notes to the Annual Financial Statements

| Figures in R`000 | Note(s) | 2025 | Restated 2024 |
|------------------|---------|------|---------------|
|------------------|---------|------|---------------|

## 41. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Agency to continue as a going concern is dependent on many factors and indicators. The Board and Management has considered, among other, the following relating to financial, operating and legislation towards the assessment of going concern:

### Financial indicators

- The budgets for the 2025/26 financial year indicate that the ongoing operation will be return a surplus and positive cash flows
- The Agency has a positive net asset position of approximately R356 million (2024: R271 million)
- The Agency has positive cash balances at year end, is in a net current asset position and has a favourable current ratio of 1:1 (2024: 1:1)
- The Agency has secured the necessary fiscal backing as supported by the approved MTEF allocation and various signed funding agreements and implementation protocols in place to fund the HDA and to continue in operation for the foreseeable future

### Operational indicators

- The Entity is looking to strengthen relationships further and venture into new areas of revenue generation by engaging in its primary mandate in future

### Legislative and other factors

- Compliance with all laws and regulations applicable to the Agency is currently a priority for the Board. All identified risks on compliance are continuously being dealt with and appropriate controls are being put in place to detect and act upon any compliance requirements which might arise.
- There is no known or reported intention by Parliament to repeal the HDA Act that may cast any real material uncertainty onto the Agency's continued existence.

Consequently, the Board does not expect any material uncertainty over the Agency's ability to continue as going concern in the foreseeable future

## 42. Events after the reporting date

There were no significant events after the reporting date:

## 43. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting authority and includes a note to the annual financial statements.

The entity did not have any deviations from supply chain management regulations.





# Notes to the Annual Financial Statements

| Figures in R`000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Note(s) | 2025 | Restated 2024 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------|---------------|
| <b>44. Budget differences</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |      |               |
| <b>Material differences between budget and actual amounts</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |      |               |
| Variances of 10% and above are considered as significant and explained.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         |      |               |
| Revenue Analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |               |
| Province support revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |      |               |
| <ul style="list-style-type: none"> <li>Decrease in province support revenue is mainly driven by North West and Free State as a result of a downward adjustment in the budgets of the provinces.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                       |         |      |               |
| Project Management fees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         |      |               |
| <ul style="list-style-type: none"> <li>Gauteng has decreased its budget mainly due to the merger between Gauteng &amp; GADA, as a result of both programmes being located within the Gauteng Province.</li> <li>The underspending is mainly driven by Eastern Cape projects were Some of the projects initially budgeted for did not generate the management fee expected.</li> </ul>                                                                                                                                                                                                                            |         |      |               |
| Interest income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         |      |               |
| <ul style="list-style-type: none"> <li>Interest income came in higher than expected, this is as a result high levels of cash held during the year originating from slow spending of the operational grant received in the current year.</li> </ul>                                                                                                                                                                                                                                                                                                                                                               |         |      |               |
| Rental income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |      |               |
| <ul style="list-style-type: none"> <li>Renting out properties is an ancillary business that is done only to protect the properties; additional rental income is the result of additional unexpected tenants</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                           |         |      |               |
| Other income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         |      |               |
| <ul style="list-style-type: none"> <li>Other income is due to ancillary activities done as part of main service delivery activities. The additional other income is a result of unforeseen ancillary activities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                      |         |      |               |
| Expenditure Analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         |      |               |
| Leases – Rental on Operating Lease                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |      |               |
| <ul style="list-style-type: none"> <li>This expenditure relates to office rental costs for both the Head Office and regional offices.</li> <li>The over-expenditure recorded was primarily driven by urgent project requirements in KwaZulu-Natal, specifically related to the housing of flood victims. These unplanned operational needs necessitated additional space and resources beyond the original budget.</li> </ul>                                                                                                                                                                                    |         |      |               |
| Land and Related Costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |      |               |
| <ul style="list-style-type: none"> <li>This category includes expenditure related to security services, property valuations, municipal rates, insurance premiums, and maintenance for both properties owned by the Agency and those managed on behalf of provincial departments</li> <li>The increase in costs was primarily driven by elevated maintenance, security, and municipal rates associated with the Braamfontein, Eskom Kimberley, and Sea Point properties.</li> </ul>                                                                                                                               |         |      |               |
| Technical and Project Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         |      |               |
| <ul style="list-style-type: none"> <li>This expenditure relates to consultancy services engaged for project implementation under various MTOP agreements. These costs exclude capital expenditure (CAPEX) consultancy, which is not covered by MTOP funding.</li> <li>This expenditure relates to consultancy services engaged for project implementation under various MTOP agreements. These costs exclude capital expenditure (CAPEX) consultancy, which is not covered by MTOP funding.</li> </ul>                                                                                                           |         |      |               |
| General Expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |               |
| <ul style="list-style-type: none"> <li>General expenses include a wide range of operational support costs such as travel and accommodation, stationery, legal fees, catering, conferences, computer services, operational consultants, advertising and marketing, agency support services, communications, and Board-related costs. Cost savings and underspending in this category were mainly the result of:</li> <li>Cost containment measures implemented during the year; and</li> <li>Deferred implementation of core mandate-related activities, pending approval from the Executive Authority</li> </ul> |         |      |               |



# Notes to the Annual Financial Statements

| Figures in R`000 | Note(s) | 2025 | Restated 2024 |
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## 44. Budget differences (continued)

### Asset Purchases

- This expenditure pertains to the acquisition of computer equipment, office hardware, furniture, fittings, and software essential for supporting the Agency's operational efficiency.
- The spending was in line with the procurement activities planned and executed during the financial year.

### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. The differences between the approved and final budget for the year ended 31 March 2025 are attributed to the following adjustments:

#### Reduction in Conditional Grants.

- A decrease of R7.2 million in conditional grant funding was recorded, attributable to midyear budget revisions by the North West and Free State provinces.
- These provinces adjusted their budgets downward to align with revised allocations. As a result, both revenue and related expenditure were reduced accordingly.

#### Reduction in Management Fees

- A reduction of R13.2 million in management fee revenue occurred due to the consolidation of the Gauteng Department of Human Settlements (GADA) and related Gauteng programmes.
- The merger, aimed at improving operational efficiency through centralisation of resources, led to a decline in revenue and a corresponding decrease in programme expenditure.

#### Increase in Interest Income:

- Interest income exceeded initial projections due to higher cash balances held in the early part of the financial year.
- The delay in spending the operational grant resulted in more funds being available for investment in short term money market and call deposit accounts.

#### Increase in Other Revenue

- An additional R2.3 million was received as a reimbursement for prior year asbestos project costs in Limpopo, which had initially been covered using the Agency's operational grant.
- Approximately R1 million was earned through management fees related to the chemical toilets and honey suckers project, recognised during the mid-term.

#### Impact on Expenditure

- The additional inflows in other income resulted in increased expenditure, particularly in legal fees, audit fees, and property management costs, to support project execution, compliance, and administration.
- These changes reflect the dynamic adjustments made to the original budget to respond to operational developments and funding confirmations during the course of the financial year.