

MEDIA STATEMENT

EMBARGO: SUBJECT TO APPROVAL BY THE CHIEF ACCOUNTING OFFICER

TO : ALL MEDIA

DATE : 26 MAY 2023

SUBJECT : FACTS ON THE PURPORTED UNDERSPENDING AND OVERSPENDING BY THE DEPARTMENT

ENQUIRIES: MBULELO BALOYI - 083 320 0274

DEPARTMENT SETS THE RECORD STRAIGHT ON THE REPORTED DISTORTION OF ITS PRESENTATION BEFORE THE HUMAN SETTLEMENTS PORTFOLIO COMMITTEE

The Department of Human Settlements in KwaZulu-Natal would like to set the record straight as to the facts regarding the reported media distortion and misrepresentation of its presentation before the sitting of the Human Settlements Portfolio Committee this past Tuesday 23 May 2023

Firstly, it is incorrect to assert that the Department had underspent an amount of R360,340 million as the funds in question were part of a Human Settlements Development Grant (HSDG) which is a conditional grant from National Treasury that had been specifically ring-fenced to address the disasters that befell the Province between October 2019 and January 2022.

As the Department was about to finalise the business plans and procurement for the R360,340 million at the tail end of the 2021/2022 financial year, disaster struck again as the Province experienced the destructive April 2022 floods thus putting spanner in the work with respect to the plans that had been put in place to implement the disaster projects funded from the R360,340 million HSDG.

Damage to infrastructure and services delayed the implementation of the permanent housing projects due to the risk of rebuilding on unstable sites where some sites were washed away due to mud slides.

As a result, the Department lost approximately two quarters which then disrupted the commencement of the 2019 disaster projects thus affecting the approved business plan of the R360, 340m HSDG . There were delays in the procurement process which has since been completed. Funds are contractually committed, and Implementing Agents are currently on-site doing pre-construction activities and progress is being closely monitored.

The Department is in the process of applying for the roll-over of unspent funds amounting R360,340 million in this grant which National Treasury will not be averse to the roll-over request owing to the reasons alluded to above.

Whilst the KZN Province was seized with the issue of the April and May 2022 floods, the National Department of Human Settlements committed R360 million to assist the 2019 flood victims with permanent solution/housing. These beneficiaries had already received Temporary Residential Units and were due for permanent houses.

- Consequently, the Department had to deal with the current issues of homeless people that were staying in the halls/mass care centres whilst simultaneously attending to permanent housing solutions in response to 2019 floods.
- It should be noted that the permanent housing process is more elaborate as it requires land rezoning and other statutory approval processes prior to the construction of houses.
- It was also noted that the 2019 victims had to be relocated as they are residing in various parts of the province. The process of beneficiary identification took much longer than anticipated due to mobility challenges.
- Accessing affected communities including delivery of building material was a challenge due to infrastructure damage caused by the 2022 floods.
- The Department is awaiting approval for the roll-over to proceed with the development of the first two thousand, two hundred and twenty-four (2 224) houses. Contractors have been appointed for construction of houses and the beneficiary administration process is at 90% complete.

Meanwhile, there were six payments emphasized for the overspending in Goods and Services (R23,974 million). **The overspending was funded from savings in other items in the budget so the net effect was zero to the fiscus.**

- Payments were made for items such as catering departmental, rental and hiring and contractors to perform activities in the Community Outreach Programmes.
- Payment was made for annual licence renewal for Sophos Intrusion Detection Solution (IDS) and Intrusion Prevention Solution (IPS) to monitor and detect malicious activities or policy violations on the Department's network, the renewal of the Cyber Security Awareness licence and for the procurement of the Leave System and Persal Interface support and maintenance for a year.
- Payment made to Independent Newspapers and Igunundu Agency to publish advertorials in the newspapers (Mercury, Isolezwe and Bayede Newspapers) highlighting the Departments programmes and achievements on a quarterly basis, which was inadequately budgeted.
- Payment was made for Orgplus Software Licence used by Human Resource Development for the Review, Updating and Testing of the Department's (BCP) Business Continuity Plan.

- Payment was made for the renewal of Microsoft office licenses for the current financial year which was more than the projected amount. This is due to exchange rate fluctuations.
- Payment made for 29 Laptops and 120 desktops which was not projected for.

The reporter decided to just choose two out of the six for the headline in what can be viewed as an attempt to show lack of prioritization on our side. The other reasons, which were omitted by the reporter, are that these expenses were crucial for operations and information security as they are license renewals and protection of information in a climate of increased cyber crimes.

ENDS

Issued by the KZN Department of Human Settlements

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