

## **PART ONE**

### General information

#### **1.1 Submission of the annual report to the executive authority**

I have pleasure in submitting the annual report for the Department of Housing for the financial year 2002/2003 to minister Nomatyala Hanganana, in accordance with section 40(1)(d) of the Public Finance Management Act (PFMA). The annual report contains the activities, performance indicators, financial statements of, and the Auditor-General's report on the Department.

It is important to note that in terms of section 65(1)(a) of the PFMA you must submit the annual report to the Western Cape Legislature by 30 September 2003.

#### **1.2 Introduction by the head of the department**

For the first four months of the financial year, the Department was responsible for three line portfolios, viz, development planning, local government and housing. For this period the Department reported to three executive authorities, viz, ministers Willem Doman, David Malatsi and Nomatyala Hanganana respectively.

As a result of the departmentalisation process that was initiated by the Provincial Cabinet during the year under review, the Department of Housing separated from the other two line portfolios to become an independent department on 1 August 2002 with minister Hanganana as the executive authority. This report reflects the activities of the Department as it was before and after departmentalisation.

The Department of Housing rendered the corporate support functions of human resource management, general administration and financial management on an agency basis as from 1 August 2002 to the

Department of Local Government, which also became an independent department on this date.

The agency service placed a tremendous strain on the relevant personnel of the Department, as they had to perform to the dictates of two accounting officers. Meetings and discussions with national Treasury and relevant national line departments required that especially the chief financial officer visited Pretoria on behalf of the departments of housing and local government on a regular basis. This put further pressure on the financed directorate.

With regard to the agency service it would be appropriate to express thanks to the directors of human resource management and finance and their staff for the diligence and commitment during the period under review.

As a result of the dual role of the mentioned staff, the other directorates in the Department also operated under pressure and with frustration.

This situation was compounded by the absence of a chief director of housing as a consequence of the resignation of the previous incumbent as of 30 June 2002. The Department functioned without a chief director for the remainder of the financial year.

Various directors acted in the capacity of chief director for the period mentioned. Also they operated under pressure as a result of this arrangement.

I express my sincere thanks and appreciation to them for taking on the challenge and for persevering.

With the departmentalisation as mentioned previously some staff in the corporate services directorates had to be transferred to the Department of Local Government. The process of matching and placing these staff members in posts at the Department of Local Government, took place in terms of a personnel plan prepared in terms of Resolution 7 of 2002

of the Public Service Coordinating Bargaining Council.

Resolution 7 of 2002 came into effect on 13 June 2002 and regulated the processes of restructuring and transformation within departments. The resolution required that a departmental task team (DTT) be established, constituted of employer and labour union representatives. The DTT had the responsibility of assisting and monitoring the restructuring and transformation processes. This included the filing of vacant posts.

In terms of the processes prescribed by Resolution 7 of 2002, 194 staff members who could not be matched with, and placed in posts have been declared "in excess" to the establishment as at 31 March 2003. This figure includes 179 farm workers and workers in rural areas.

The Department's budget, excluding conditional grants, amounted to R74,402m. In addition to this budget, the Department received a conditional grant of R378,860m from the national Department of Housing for housing subsidies and a conditional grant of R13,250m for the Human Settlement Redevelopment Programme. The conditional grant of R378,860m was transferred to the Western Cape Housing Development Fund.

The Department financially assisted the City of Cape Town to address the problems arising from the flooding of occupied low-lying areas on the Cape Flats. The amount made available to the City was R2,841m.

At the end of 2002 Mohlaleng Strategy and Investment Consultants was appointed to draft a strategy for the acceleration of housing delivery. Part of this strategy was a provincial housing indaba scheduled for April 2003.

### **1.3 Information on the Ministry of Housing**

The ministry is comprised of six support staff. The staff are actively

involved in planning and arranging the activities of the MEC, especially her visits to the various communities throughout the Province. The MEC has a keen hands-on approach in ascertaining the extent of and addressing housing problems, hence she regularly has discussions and information sessions in this regard.

During July 2002, the MEC had a series of visits to the following outlying towns:

- Saldanha
- Hermanus
- Swellendam
- George
- Beaufort West

In the last quarter of the financial year, the MEC embarked on a series of mini indabas with various communities in the Province as a run-up to the main housing indaba.

The Western Cape Housing Development Board, as a provincial public entity, falls under the control of the MEC.

#### 1.4 **Mission statement**

The mission of the Department of Housing as an independent department as of 1 August 2002 is:

To promote and facilitate the provision of adequate housing development and sound administration.

#### 1.5 **Legislation**

##### **Transversal**

- Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
- Constitution of the Western Cape, 1998 (Act 1 of 1998)
- Public Finance Management Act, 1999 (Act 1 of 1999) (as amended by Act 29 of 1999) and the National Treasury Regulations

- Division of Revenue Act (Annual)
- Public Service Act, 1994 (Act 103 of 1994) and Public Service Regulations of 2000
- Skills Development Act, 1998 (Act 97 of 1998)
- Skills Levy Act, 1999 (Act 90 of 1999)
- Employment Equity Act, 1998 (Act 55 of 1998)
- Labour Relations Act, 1995 (Act 66 of 1995)
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)

### **Line Function**

- Housing Act, 1997 (Act 107 of 1997) as amended
- Western Cape Housing Development Act, 1999 (Act 6 of 1999)
- Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998)
- Rural Areas Act, 1987 (Act 9 of 1987)
- Transformation of Certain Rural Areas Act, 1998 (Act 9 of 1998)
- Rental Housing Act, 1999 (Act 50 of 1999) and Regulations
- Less Formal Township Establishment Act, 1991 (Act 113 of 1991)
- Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998 (Act 19 of 1998)
- Home Loan and Mortgage Disclosures Act, 2000 (Act 63 of 2000)
- Restitution of Land Rights Act, 1994 (Act 22 of 1994)
- Grootboom Constitutional Court judgment
- Ndlovu Appeal Court judgment

## **1.6 Public Entity**

The Western Cape Housing Development Board was established in terms of the Western Cape Housing Development Act, 1999 (Act 6 of 1999).

The functions of the Board are as follows:

- Assist and support the provincial Minister and the Department with the provision of housing and the promotion and facilitation of the integration of housing in the Province with other facets of development, within the framework of the national and provincial housing policy;
- Consider and approve the financing of any project or programme which is in accordance with any national or provincial housing programme, with money paid into the Western Cape Housing Development Fund in accordance with the multi-year programme approved by the provincial Minister;

- Investigate housing-related issues at the request of the provincial Minister or the Head of Department in order to advise the provincial Minister;
- Interpret and evaluate national and provincial policy with a view to applying it;
- Advise the provincial Minister on the granting of approval to municipalities for accreditation in terms of section 16(2) of the Western Cape Housing Development Act, 1999 (Act 6 of 1999);
- Subject to the policy determined by the provincial Minister and in accordance with section 19 of the Western Cape Housing Development Act, 1999 (Act 6 of 1999), manage the assets which pass to it in terms of section 6(2) and other assets acquired in terms of paragraph (g) or subsection (2), and dispose of the assets in a manner consistent with sections 14 and 15 of the Housing Act, 1997 (Act 107 of 1997); and
- If requested by the provincial Minister to do so, acquire immovable property.

The Board may-

- in conjunction with the Head of Department and subject to section 7(2)(a) of the Western Cape Housing Development Act, 1999 (Act 6 of 1999) and to procurement legislation, policy and practice that apply in the Province, contract in services that may reasonably be required by the WCHDB to enable it to execute its duties effectively, and the cost of such services must be met by the Head of Department out of money from the Fund;
- subject to the provisions of any law, and with the approval of the provincial Minister and the provincial Minister responsible for financial matters, raise funds by borrowing from any source in or outside the Republic by agreement or by issuing debentures, bills or stock, and funds so raised must accrue to the Fund; and
- in conjunction with the Head of Department, acquire immovable property.

The Head of Department is the Accounting Officer for the Western Cape Housing Development Fund established in terms of the Western Cape Housing Development Act, 1999 (Act 6 of 1999).

