

PART TWO

Programme Performance

VOTE 8: HOUSING

Voted Funds

R483881000

Responsible Minister	Provincial Minister of Housing
Administering Department	Department of Housing
Accounting Officer	Head of Department of Housing

Mission of the Vote:

The aim of the Vote is to promote and facilitate the provision of adequate housing development and sound administration.

Overview and key policy development:

2.1 Overview of service delivery environment in 2002/03

Land invasions.

Limited availability and high cost of suitable land for housing development.

Insufficient national allocation of housing funds to address ever increasing backlog.

Poor synchronisation between housing and associated developments.

Orderly rental housing market.

Upgrading of informal settlements.

Ongoing danger of robberies and hijacking on building sites.

2.2 Overview of the organisational environment in 2002/03

The Department became an independent department as the result of the departmentalisation exercise implemented by the Provincial Cabinet. This event necessitated a review of the organisational structure which was initiated in the latter part of the period under review.

2.3 Overview of key policy developments in 2002/03

During the period under review the following policies impacted upon the service delivery environment:

Municipalities having to act as developers,

- The introduction of a procurement policy for subsidised housing in respect of greenfields projects. The compulsory registration of home builders and the enrolment of projects and subsidised houses with the National Home Builders Registration Council;
- The minimum requirements for quality of the houses in the Southern Coastal Condensation Problem Area (SCCPA) that could not be met within the subsidy quantum, and
- The compulsory contribution of R2 479 before any beneficiary (except PHP beneficiaries) can access a subsidy.

All these policies came into effect on 1 April 2002.

This had a net impact of slowing down greenfields contractor-built housing, which is, historically, the fastest delivery mechanism for housing. The fact that beneficiaries were required to make a contribution of R2 479 also had an impact given the fact that beneficiaries are poor (with a household income of less than R1500 per month) and not able to readily produce the contribution.

- The implementation of Resolution 7/2002 of the PSCBC relating to transformation and restructuring as from 13 June 2002.

2.4 **Progress with the realisation of the department's strategic goals and objectives**

The following are the achievements in relation of the strategic goals and objectives:

- A total of 26182 subsidies were processed.
- The number of houses built or under construction: 20500
- Five workshops were held, attended by 274 municipal officials and councillors.
- In terms of fulfilling the Department's responsibility towards capacity building of municipal and provincial officials, formal training courses were held in respect of housing policy and management, finance and accounting.
- Pro-active disposal and marketing of Western Cape Housing Development Board properties undertaken.
- Auditing of debtor accounts was done in consultation with individual debtors. Concerted efforts were made to trace debtors and to make them aware of their obligation towards the Department.
- Through proactive monitoring of land invasions and co-ordination and co-operation with municipalities the Department saw a stabilization of land invasions and the growth of informal settlements under its control. In a number of cases the ultimate aim with settlement management, i.e. to incorporate informal settlers in the housing processes, had been met.
- The Western Cape Rental Housing Tribunal dealt with 4058 rental complaints: 3828 informal negotiations, 120 formal negotiations, 26 formal hearings and 84 unfinished cases.

- Information pamphlets on the Western Cape Rental Housing Tribunal in the three official languages were compiled and distributed.
- Wallacedene densification and upgrading started. Investigations on the rehabilitation of services were completed. Adjacent land was acquired and construction of some of the bulk services has started. Approximately 6000 families will be housed.
- The Department was instrumental in assisting to secure a significant portion of State Land in Dido Valley for land reform purposes. The land was transferred to the City of Cape Town, and will, among others, be used to settle the informal community of Redhill.
- A total of 150 WCHDB properties were transferred to various municipalities in terms of the Housing Act, 107/1997. This includes the transfer of the Parow Park flats consisting of 521 units, to the City of Cape Town.
- The process of transferring a total of 2 247 properties to various municipalities, individuals and other organisations was initiated. Included in these properties was Ptn 8 of the farm Hoek van den Berg no. 572: Hawston which was sold to the Hawston Seafarms Foundation and Diakonen

- The Department, in addition to existing debt-collecting measures, conducted personal visits to tenants who are in arrears. Agreements were entered into with such tenants for the redemption of arrears.
- A policy was adopted in respect of the sale of residential erven owned by the WCHDB to beneficiaries in desperate need of housing.
- With reference to the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1988 (Act 19 of 1988) and other related legislation, a document comprising of general notes and comments on orderly settlement management and land invasions was compiled and distributed to all municipalities and other role-players.
- The compilation of a practical, user friendly handbook for the upgrading of informal settlements was completed and officially launched by the MEC on 25 February 2003. The contents of the handbook were workshoped across the Province with role players and interested parties and a presentation was made to the National Portfolio Committee on Housing.
- An investigative report with findings and recommendations regarding sales in execution of immovable properties in Prince Albert was compiled and submitted to the National Minister of Housing.
- Under the Human Settlement Redevelopment Programme, thirteen projects were funded during the year, varying from the development of informal business areas to providing sanitation to funding repairs in disaster stricken areas. Some of these funds were also allocated to fund projects in the urban renewal nodes of Khayelitsha and Mitchells Plain.
- The Integrated Serviced Land Project (iSLP), in its tenth year of operation, demonstrated that it is still a driving force in the province by producing excellent results. 8400 sites were serviced during the year and nearly 6700 houses built, bringing the total number of

houses constructed to almost 30 000 by the year-end. The integrated nature of the project has also been sustained – 68 classrooms were built, the provision of health facilities constantly improved, and over 40 capacity-building projects operated. The iSLP has now delivered 19 new schools, 17 upgraded schools, 4 new health facilities and 11 upgraded, 11 halls, 6 sports fields, 4 libraries, 1 swimming pool and the first two of six early childhood enrichment centres. The total expenditure exceeds R1 billion.

2.5 Programme Performance

2.5.1 Summary of programme structure and expenditure by programme

Table 1: Programme aims and measurable objectives

PROGRAMME 1: ADMINISTRATION	AIM: To conduct the overall management of the Department and to ensure an effective and efficient transformed administration.
<u>Measurable objectives</u>	
1. To conduct the overall management of the Department and to ensure an effective and efficient transformed administration.	
2. To conduct and manage the Office of the Provincial Minister.	
PROGRAMME 2: HOUSING	AIM: To manage and promote the provision of affordable and acceptable housing and related infrastructure in the Province of the Western Cape.
<u>Measurable objectives</u>	
1. To administer national policy and establish and implement provincial housing policy and legislation	
2. To evaluate housing programmes undertaken by municipalities and co-ordinate development proposals to the WCHDB	
3. To manage WCHDB assets	
4. To facilitate integrated housing and related development	
5. To regulate the rental housing market	
6. To administer certain aspects of Act 9 of 1987 Rural Areas	
7. To eradicate dysfunctions in human settlements	
PROGRAMME 3: DEVELOPMENT PLANNING	Shifted to Department of Environmental Affairs and Development Planning (1 August 2002)
PROGRAMME 4: LOCAL GOVERNMENT SERVICES	Shifted to the new Department of Local Government (1 August 2002)
PROGRAMME 5: RESTRUCTURING	AIM: To provide for the management of excess staff.
<u>Measurable objective</u>	
1. To effectively manage excess staff	

Table 2: Funds allocated to programmes and actual expenditure (R'000)

Programme	Voted for 2002/03	Roll-over and adjustments	Virement	Total voted for programme	Actual expenditure	%(over) or under-spending	Funds to be rolled over in 2003/04

Prog. 1 Administration	20760	(2963)	901	18698	17273	7,62	
Prog. 2 Housing	422933	(19265)	(901)	441297	417685	5,35	19868
Prog. 3 Development Planning	17605	(12931)		4674	4674		
Prog. 4 Local Government Services	42088	(33208)		8880	8879		
Prog. 5 Restructuring	10332			10332	9667	6,44	
Total	513718	(29837)		483881	458178	5,31	19868

Table3: Evolution of expenditure by programme (R'000)

Programme	Year-3 1999/2000 (actual)	Year-2 2000/01 (actual)	Year-1 2001/02 (actual)	Year-0 2002/03 (actual)	Average annual growth% (nominal)
Prog. 1 Administration	10758	12360	19480	17273	20.18
Prog. 2 Housing	42364	379392	363879	417685	5.0
Prog. 3 Development Planning	20081	13782	15123	4674	
Prog. 4 Local Government Services	13454	18666	27473	8879	
Prog. 5 Restructuring		10847	9842	9667	(5.4)
Total	86657	435067	435797	458178	

Under-spending

Reasons for under-spending

Programme 1: Administration

Under-spending was due to the non-filling of posts resulting from work-study investigations, Resolution 7/2002 and departmentalisation and the subsequent non-buying of equipment (computers, etc.) for these posts.

Programme 2: Housing

Under-spending was due to the non-filling of posts resulting from work-study investigations, Resolution 7/2002 and departmentalisation and the subsequent

non-buying of equipment (computers, etc.) for these posts, late approval of business plans for the Human Settlement Redevelopment Programme and capacity building courses not finalised before year end.

Programme 5: Restructuring

The under-spending was due to the phasing out of supernumeraries.

The virements drawn between Programmes 1 and 2 were necessary to cover over-expenditure on administrative expenditure and stores and livestock. This over-expenditure on Programme 1: Administration was because of the shifting of centralised funds to other departments with the departmentalisation, an unexpected overseas trip to Cuba by two officials and the costs of printing of various reports.

2.5.2 Programme 1: Administration

This programme consists of the following sub-programmes:

Corporate affairs

- human resource development
- personnel management and administration
- labour relations
- general administration and logistical support
- record management
- procurement administration
- financial administration and management
- payments owing to redundancy of ex-Development Board Members (Pensions)

Office of the Provincial Minister of Housing

- rendering of advisory, secretarial, administrative and office support services

Office of the Provincial Minister of Local Government (1 April – 31 July 2002)

- rendering of advisory, secretarial, administrative and office support services

2.5.2.1 Programme policy developments:

This programme implements mostly the transversal national and provincial administrative policies and legislation.

Departmental policy development processes focussed on the following functional areas during the year:

- Temporary disability leave
- Smoking policy
- Working hours
- Hiv/Aids
- Implementation of various Bargaining Council Collective agreements
- Implementation of Resolution 7/2002

2.5.2.2 Delivery against performance targets

Table 4: Programme 1: Administration performance in 2002/03

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Corporate services	Provision of timely and accurate flow of financial and other operational information necessary for strategic decision making and for assessing the performance of the Department	Timely and accurate financial, personnel and other statistical reports	Predetermined timeframes and prescribed formats to adhered to	All reports/statistics were submitted timeous and accurate in the prescribed formats
	Effective and efficient systems of internal control, including appropriate segregation of duties and budgetary control	Report of the Auditor-General. Annual financial statements	Unqualified report Noun authorised expenditure	Unqualified report The Department stayed within the budget allocation

Programme 1: Administration: Trends in performance

This is an administrative programme. The performance against the objectives set is thus not easily measurable. The outputs above are prescribed by law or other regulations and were achieved over the past year.

This programme rendered an agency service in respect of support services to the Department of Local Government. This, together with a high vacancy rate on the establishment, caused an extra burden on the personnel to meet all the predetermined deadlines. In order to deliver an acceptable service level, personnel worked overtime on certain projects and contract workers were appointed for specific tasks.

The new establishment (after departmentalisation) for the support services of the Department was approved on 30 January 2003. After following the process of matching and placing of the personnel of the previous Department of Planning, Local Government and Housing, in the new establishments of housing and local government, the Department embarked on the filling of the vacant posts in accordance of Resolution 7/2002. As no supernumeraries could be taken up, all posts had to be job evaluated before they could be advertised for filling from outside the Public Service. The results of the job evaluations had not been received at year-end.

2.5.2.3 Use of appropriated funds

Table 5: Funds allocated to sub-programmes and actual expenditure (R'000)

Prog. 1: Administration	Voted for 2002/03	Roll-over and adjustments	Virement	Total voted for programme	Actual expenditure	% (over) or under-spending	Funds to be rolled over in 2003/04
Sub.Prog. 1.1 Corporate affairs	16782	(1414)	764	16132	14708	8.83	

Sub.Prog. 1.2 Office of the Provincial Minister of Housing	1787		137	1924	1923	.05	
Sub.Prog. 1.3 Office of the Provincial Minister of Local Govern- ment	2191	(1549)		642	642		
Total	20760	(2963)	901	18698	17273	7.62	

Table6:Evolutionofexpenditurebysub-programme(R'000)

Prog.1: Admini-strat ion	Year-3 1999/2000 (actual)	Year-2 2000/01 (actual)	Year-1 2001/02 (actual)	Year-0 2002/03 (actual)	Average annual growth (nominal)
Sub.Prog. 1.1 Office of the Provincial Minister of Housing	1151	866	1730	1923	22.36%
Sub.Prog. 1.2 Corporate services	8488	10222	15645	14708	24.43%
Sub.Prog. 1.3 Office of the Provincial Minister of Local Government	1119	1272	2105	642	
Total	10758	12360	19480	17273	

2.5.3 Programme2:Housing

Thisprogrammeconsistsofthefollowingsub-programmes:

Sub-programme2.1:Administration

ManagetheadministrationofthechiefdirectorateandadviseMEC

Sub-programme2.2:HousingManagement

- Facilitate and manage housing subsidy applications in terms of national and provincial policy

- ❑ Develop policy and legislation and disseminate information in respect of housing related matters.
- ❑ Maintain a regulatory framework in respect of the Western Cape Housing Development Fund

Sub-programme 2.3: Housing Settlement

- ❑ Updating (and restructuring, where necessary) of debtors records and the presentation of financial accounts.
- ❑ Maintenance and updating of assets register for WCHDB properties.
- ❑ Dealing with (land) invasions of WCHB properties.
- ❑ Administrative and technical support to the Western Cape Rental Housing Tribunal.
- ❑ Transfer of WCHDB properties on an on-going, demand-driven basis to municipalities, other institutions and individuals.

Sub-programme 2.4: Professional and Technical Services

- ❑ Technical support and advice to municipalities and other development bodies in the upgrading of bulk infrastructure, internal services and housing delivery.
- ❑ The maintenance of WCHDB assets.
- ❑ The promotion, facilitation and monitoring of the Municipal Services Partnerships with municipalities in the Western Cape.
- ❑ The management of the Human Settlement Redevelopment Programme

2.5.3.1 Programme policy developments

The relevant policy developments are indicated in paragraph 2.3

2.5.3.2 Delivery against performance targets

Table 7: Housing performance in 2002/2003

Sub-programme	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Quantity	
			Target	Actual
Housing Management	Administration of national policies and the establishment and implementation of provincial housing policy and legislation.	Updated and new policies and legislation. Informed and capable municipalities familiar with aspects of housing policy and legislation	Four workshops and briefing sessions with every municipality.	5 workshops
	The evaluation of housing programmes undertaken by municipalities and co-ordination of development proposals to the WCHDB.	The effective and efficient approval of housing subsidy project applications.	Not target set.	33 applications evaluated and submitted to the WCHDB. 33 Approvals
	The provision of secretariat services to the WCHDB.	The effective and efficient approval of housing subsidy projects and relevant agreements.	Arrange approximately 18 meetings per year and conclude/amend agreements if and when required.	14 meetings. 50 project agreements/amendments concluded.
	Processing of subsidy beneficiary applications.	Effective and efficient provision of housing	Processing of 20000 subsidy applications.	26182 subsidies processed
	Management of the Housing Development Fund	Effective and efficient administration of the Western Cape Housing Development Fund	Spend the annual budget allocation of R378,860m received from the national Department of Housing.	R348,182m spent (92%)
Housing Settlement	Ensure the provision of up to date accounts, effective communication to debtors and the timely application of the credit control policy	Percentage debt reduction.	10% reduction.	2.5%
Housing Settlement	Maintenance of provincial housing stock and vacant tenement	Properly maintained assets and client satisfaction.	Target not set – demand driven	R2,9m spent on maintenance.

	Inspection of WCHDB properties to prevent unlawful occupation	The eradication of unlawful occupation of WCHDB properties	No target could be set (on-going)	No new unlawful settlements.
	Updating and maintenance of WCHDB property register	Percentage updated records	25%.	Target achieved
	Upgrading of identified informal settlements	Improved living conditions Availability of/ access to basic services	Spent R5 322m	R1,971m
	The de-densification and formal development of Wallacedene informal settlement, including Mooitrap	Formalised residential erven	6 000 erven over at least a 2 year period.	De-densification and upgrading process started. Additional land has been acquired and construction of bulk services started.
	Rendering of administrative support to the WC Rental Housing Tribunal	Settlements of complaints/disputes	All complaints/disputes settled within 3 months after being lodged	The Western Cape Rental Housing Tribunal dealt with 4058 rental complaints: 3828 informal negotiations (telephonic and personal), 120 formal negotiations, 26 formal hearings and 84 unfinished cases. 3828 cases mediated within the 3 months stipulation
	Facilitation of the transformation of Act 9 of 1987, Rural Areas.	Finalisation of the transformation of Act 9 of 1987, Rural Areas.	No target set – assisting national DOH	On-going

Professional and Technical Services	Evaluation, assessment and monitoring of the Human Settlement Redevelopment Programme (HSRP) projects.	The eradication of dysfunctionalities in housing settlements.	Not targets set. Business plans are approved by national Department of Housing.	Twenty-six (26) business plans were approved. A total of R5.806 m was spent. R6 m of the total allocation of R13.25 m was allocated to projects in the urban renewal nodes of Khayelitsha and Mitchells Plain. 31 running projects were monitored
	Evaluation of housing development projects in terms of engineering services and top-structures	Housing products conforming to minimum norms and standard and within subsidy quantum	Not targets set	33 projects
	The maintenance of WCHDB housing units and the cleaning of undeveloped erven	Well-maintained housing assets and satisfied clients	4100 housing units and 500 erven	2100 houses and 220 erven were maintained
	Monitoring of progress of housing projects.	Housing products conforming to minimum norms and standard and within timeframes	Not targets set	103 projects
	Ensure that poor communities in the Western Cape have access to a basic level of services	Number of communities having access to basic services	Not targets set (Jurisdiction of Department of Local Government)	Projects to the value of R134m were monitored.
	Manage the Integrated Serviced Land Projects. (iSLP)	Provision of affordable housing products in integrated projects.	As per approved iSLP business plan	Total funds spent: R148, 926m 8 400 sites serviced 6700 houses built

Table8: Programme2:Housing:Trendinperformance

Output	Performance measure	Year-3 1999/2000 (actual)	Year-2 2000/01 (actual)	Year-1 2001/02 (actual)	Year-0 2002/03 (actual)
Administration of national policies and the establishment and implementation of provincial housing policy and legislation.	Updated and new policies and legislation: Informed and capable municipalities familiar with aspects of housing policy and legislation		10 workshops	10 workshops	5 workshops
The evaluation of housing programmes undertaken by municipalities and co-ordination of development proposals to the WCHDB.	The effective and efficient approval of housing subsidy project applications.			59 applications evaluated and submitted to the WCHDB. 59 Approvals	33 applications evaluated and submitted to the WCHDB. 33 Approvals
The provision of secretariat service to the WCHDB.	The effective and efficient approval of housing subsidy projects and relevant agreements.		16 meetings	14 meetings	14 meetings. 50 project agreements / amendments concluded.
Processing of subsidy beneficiary applications.	Effective and efficient provision of housing subsidies	2788 subsidies processed	23505 subsidies processed	22307 subsidies processed	26182 subsidies processed
Management of the Housing Development Fund	Effective and efficient administration of the Western Cape Housing Development Fund	R408,790m	R341,466m	R325,861m	R348,182m spent of total allocation of R378,860m (92%)
Ensure the provision of up to date accounts, effective communication to debtors and the timeous application of the credit control policy	Percentage debt reduction.				2.5%
Maintenance of WCHDB housing stock and vacant erven	Properly maintained assets and client satisfaction.		R2,7m spent on maintenance.	R2,7m spent on maintenance	R2,9m spent on maintenance.

Inspection of WCHDB properties to prevent unlawful occupation	The eradication of unlawful occupation of WCHDB properties				No new cases of unlawful occupation of WCHDB vacant land. Process is on-going.
Updating and maintenance of WCHDB property register	Percentage updated records				25%. Process is on-going
Upgrading of identified informal settlements	Improved living conditions Availability of/ access to basic services		Spent R1 795m	Spent R5 322m	Spent R1 971m
The de-densification and formal development of Wallacedene informal settlement, including Mooitrap	Formalised residential erven				De-densification and upgrading process started. Additional land has been acquired and construction of bulk services started.
Rendering of administrative support to the WC Rental Housing Tribunal (WCRHT)	Settlements of complaints/disputes			2457 complaints received	The WCRHT dealt with 4058 rental complaints: 3828 informal negotiations (telephonic and personal), 120 formal negotiations 26 formal hearings and 84 unfinished cases. 3828 cases mediated within the 3 months stipulation

Evaluation, assessment and monitoring of the HSRP projects.	The eradication of dysfunctions in housing settlements		4 projects approved Spent R5,202m R3,798m rolled over	12 business plans approved. R1,860m was spent R11,668m rolled over (Business plans approved late by national DOH.)	Twenty-six (26) business plans were approved. A total of R5.806 m was spent. R6m of the total allocation of R13.25 m was allocated to projects in the urban renewal nodes of Khayelitsha and Mitchells Plain. 31 projects were evaluated
Evaluation of housing development projects in terms of engineering services and top-structures	Housing products conforming to minimum norms and standard and within subsidy quantum		27 projects were evaluated i.t.o. civil engineering. 20 consolidation projects also evaluated.	59 projects evaluated	33 projects evaluated
The maintenance of WCHDB housing units and the cleaning of undeveloped erven	Well-maintained housing assets and satisfied clients		Maintenance work done on 4000 properties within R2,7m budget	Maintenance work done on 4500 properties within R2,7m budget	2 100 houses and 220 erven maintained
Monitoring of progress of housing projects.	Housing products conforming to minimum norms and standard and within time frames		127 projects	91 projects	103 projects
Ensure that poor communities in the Western Cape have access to a basic level of services	Number of communities having access to basic services	176 projects R99,484m spent	180 projects implemented and monitored R86m spent	172 projects evaluated, implemented and monitored R72.6m	Projects to the value of R134m were monitored.

Manage the Integrated Serviced Land Projects. (iSLP)	Provision of affordable housing products in integrated projects.		R90,5m spent	R82,982m spent	R148, 926 m spent 8 400 sites serviced 6700 houses built
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2.5.3.3 Use of appropriated funds

Table 9: Funds allocated to sub-programmes and actual expenditure (R'000)

Prog.2: Housing	Voted for 2002/03	Roll-over and adjustments	Virement	Total voted for programme	Actual expenditure	% (over) or under-spending	Funds to be rolled over in 2003/04
Sub.Prog. 2.1 Administration	1117		82	1199	709	40.87	
Sub.Prog. 2.2 Housing Management	384471	6875	(1055)	390291	387549	.70	755
Sub.Prog. 2.3 Housing Settlement	11607	471	222	12300	12246	.44	
Sub.Prog. 2.4 Professional and Technical Services	25738	11919	(150)	37507	17181	54.19	19113
Total	422933	19265	(901)	441297	417685	5.35	19868

Table 10: Evolution of expenditure by programme (R'000)

Prog.2: Housing	Year-3 1999/2000 (actual)	Year-2 2000/01 (actual)	Year-1 2001/02 (actual)	Year-0 2002/03 (actual)	Average annual growth% (nominal)
Sub.Prog. 2.1 Administration	1587	1425	1733	709	(18.44)
Sub.Prog. 2.2 Housing Management	12868	349047	334161	387549	5,52
Sub.Prog. 2.3 Housing Settlement	13825	10200	15476	12246	(3,81)
Sub.Prog. 2.4 Professional and Technical Services	14084	18720	12509	17181	7,33
Total	42364	379392	363879	417685	5,05

Under-spending on the sub-programmes is due to the non-filling of posts and the subsequent non-buying of equipment (computers, etc.) for these posts, late approval of business plans for the Human Settlement Redevelopment Programme, as well as capacity building courses not finalised before year-end.

The late approval of business plans has hampered the goals and outcomes of the Human Settlement Redevelopment Programme. Targets set in the business plans could not be met and the legacy of dysfunctionality could not be addressed.

The under-collection of monies due to the WCHDF in respect of WCHDB properties also had a negative impact on serviced delivery. To address this matter and other aspects related to administration of WCHDB properties, the Department recruited contract workers to perform specific tasks.

Analysis of expenditure

Problems and successes with serviced delivery

The organisational establishment of the Department was inadequate and inappropriate for effective serviced delivery.

There was an under-spending in the amount of R30677823,16 on the conditional grant in the WCHDF. This is ascribed to the impact of policy amendments relating to the new procurement policy, the mandatory involvement of the National Home Builders Registration Council in subsidized housing, and the introduction of a compulsory contribution of R2479 by beneficiaries. As at the end of the reporting period, no definitive collection strategy for the contributions had been put in place.

Further to this, there was a swing towards the People's Housing Process as the preferred delivery option by the beneficiaries. Because this is a slower delivery process than the conventional developer-built process, housing delivery had been slower than anticipated.

Despite the policy changes and capacity constraints, the Department managed to spend 92% of the Housing Subsidy Programme conditional grant.

Measures taken to ensure serviced delivery remains on track

The Department put remedial measures in place to accelerate expenditure. This includes extensive discussions with the NHBRC in an attempt to expedite the process of finalising a contract between the WCHDB and the NHBRC. This contract governs the role and responsibilities of the two parties in the project approval process. Other measures are i) an interim policy for the approval of projects where beneficiary contributions were required to enable such projects to be enrolled at the NHBRC and considered by the WCHDB and ii) the Department increased the approval rate for People's Housing Process applications.

Capacity building grant

During the reporting period 10 capacity building courses were held with 269 provincial and municipal officials and councillors. Courses were also arranged for areas outside the metropolitan area. This was aimed at accommodating municipal officials who were constrained from attending courses in Cape Town due to the municipalities' inability to pay costs in respect of subsistence and travel.

Human Settlement Redevelopment Grant: R13250000

The purpose of these funds is to address dysfunctions in human settlements and to correct imbalances of the past. Thirteen different projects were funded under the programme for the year under review, covering and addressing a range of problems in a number of municipalities. Projects that were funded included projects in Khayelitsha and Mitchells Plain, the two URP nodes for the Western Cape.

Out of the total allocation of R13,250m and the rolled over amount of R11,668m from the previous financial year, an amount of R5,806m was spent on approved projects. Although the Department submitted the business plans to the national Department of Housing, who approves the business plans, before the beginning of the financial year as stipulated in DORA, 2002, approval was only received in October 2002. The process for agreeing to conditions of this funding could therefore only start at that stage, with the result that projects could only be commenced within the 2003 calendar year. Some of these projects were in some instances delayed because municipalities had been unable to include them in their 2002/2003 budget year, which started in July 2002.

PROGRAMME 3: DEVELOPMENT PLANNING

PROGRAMME 4: LOCAL GOVERNMENT SERVICES

In terms of the new departmentalisation, the Department of Planning, Local Government and Housing was unbundled through the establishment of the Department of Housing, the Department of Local Government and the Department of Environmental Affairs and Development Planning with effect from 1 August 2002. This accordingly resulted in the abolishment of the Department of Planning, Local Government and Housing with effect from 1 August 2002 and the unspent budgets being transferred to the respective new departments.

The performance of these programmes for the full financial year are thus reported on in the Annual Reports of the respective departments. The information in respect of transfer payments made by the two programmes for the four months is reported on in Part 5: Annual Financial Statements.

2.6 Management and use of resources

The Department rendered the corporate support functions of human resource management, general administration and financial management on an agency basis to the Department of Local Government, which also became an autonomous department on 1 August 2002.

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. Especially the CFO regularly attended CFO forums in Pretoria for both departments.

The restructured establishment for Finance and Human resource management was approved on 30 January 2003.

During the year under review, the Department experienced problems with respect to service delivery as a result of the number of vacant posts on the establishment. Resolution 7 of 2002 impacted negatively on the filling of vacant posts. Added to this was the personnel structure of the Department, which had become unable to effectively deal with all the Department's responsibilities. In this respect the Department started a process for the restructuring of the establishment.

To obviate the impact of the lengthy process of the permanent filling of the vacant posts, temporary contract workers were appointed to ensure acceptable service delivery levels.

2.6.1 Financial management

Structured departmental information sessions were introduced in the financial year. All staff members were introduced to the new financial legislation by means of these information sessions by the CFO and their supervisors. Applicable documentation was issued and

training sessions held in order to ensure that personnel have a background knowledge of the norms and standards of the PFMA and the National Treasury Regulations (NTR's).

Quarterly reporting was done to the Provincial Treasury to ensure that the Department is on track with the implementation of the PFMA.

Monthly reporting on the state of income and expenditure was done to the Provincial Treasury, MEC and national Department of Housing.

Financial delegations in terms of part 3 of Chapter 5 of the PFMA, the NTR's and the PTI's were updated and re-issued for the new Department of Housing during the financial year.

An amended Fraud and Theft Prevention Plan was implemented on 1 August 2002

Audit queries

No formal audit queries were issued by the Office of the Auditor-General during the period under review. Informal queries were replied on to the satisfaction of the Office of the Auditor-General

2.6.2 Trends in revenue collection

Table 11: Revenue collection: Department of Housing (R'000)

R'000	1999/2000 Actual	2000/01 Actual	2001/02 Actual	2002/03 Target	2002/03 Actual	% deviation from target
Current (non-tax) revenue	909	665	400	217	1399	544,7

The main source of own revenue in the past was the payments received from qualifying personnel in respect of subsidised motor transport. The new scheme, whereby the official pays directly to the financial institution financing the loan, was implemented in 1999/2000. As the contracts on the old scheme were completed the revenue decreased and the expenditure budget adjusted accordingly. Other sources of own revenue were parking fees, administration fees in respect of Personal deductions and writing back of stale cheques. The huge increase in own revenue in the year under review was due to the income derived from the housing conference that was held in 2001/02 and paid back to the Department (R523 000) and unspent impact-reducing funds recovered (R652 000) and paid into the Provincial Revenue Fund.

2.6.3 Trends in current expenditure

The Department's current expenditure trend is in line with previous years and normal inflationary pressures. The under-spending is mainly because of the non-filling of posts and the inability to spend the full housing capacity building grant.

2.6.4 Conditional grants

Summary of Conditional Grants for 2002/03 (R'000)

Conditional Grant	Total Allocation (R'000)*	Total transfers (R'000)

Housing subsidy programme**	378860	378860
Management support grant	5474	5474
CMIP	226	226
Human Settlement Redevelopment Grant	13250	5806

*As per Division of Revenue Act (DORA), 2002 after adjustments with departmental realisation.

**Transferred to the Western Cape Housing Development Fund.

The Department complied with all the conditions as stipulated in DORA, 2002. However it under-spent on the Human Settlement Redevelopment Grant, because of the late approval of business plans by national Housing.

Detail on the expenditure of the conditional grants is given on Annexure 1 of the Annual Financial Statements (Part 5).

2.6.5 Transfer Payments

NAME OF INSTITUTION	AMOUNT TRANSFERRED R'000
Berg River Municipality (Human Settlement Redevelopment Programme – HSRP)	62
Cape Agulhas Municipality (Human Settlement Redevelopment Programme – HSRP)	130
City of Cape Town: Cape Town Administration (HSRP)	3 008
City of Cape Town: Oostenberg Administration (HSRP)	568
Drakenstein Municipality (Human Settlement Redevelopment Programme – HSRP)	125
Matzikama Municipality (Human Settlement Redevelopment Programme – HSRP)	159
Plettenberg Municipality (Human Settlement Redevelopment Programme – HSRP)	752
Saldanha Municipality (Human Settlement Redevelopment Programme – HSRP)	830
Stellenbosch Municipality (Human Settlement Redevelopment Programme – HSRP)	172
Total: Human Settlement Redevelopment Grant	5 806
Western Cape Housing Development Fund	378 860
City of Cape Town: Tygerberg Administration (Settlement Assistance)	779
Overstrand Municipality (Settlement Assistance)	479
Drakenstein Municipality (Settlement Assistance)	30
Swartland Municipality (Settlement Assistance)	330
Prins Albert Municipality (Settlement Assistance)	270
Swellendam Municipality (Settlement Assistance)	83
Total: Settlement assistance	1 971

Detail on the transfers is given on Annexure 1 of the Annual Financial Statements (Part 5).

2.7 Co-ordination, co-operation and outsourcing plans

2.7.1 Interdepartmental linkages

- The Department has linkages with the national Department of Housing, Department of Land Affairs and other provincial departments
- The Department formulates legislation and policy within the national legislation and policy guidelines set by the national department
- Co-ordination is done through regular heads of housing and task team

meetings and reports to national Department of Housing when requested.

2.7.2 **Local government linkages**

- Housing funds are allocated to municipalities as determined in the Provincial Housing Plan
- The Department allocates funds to municipalities for development of housing projects
- Capacity building and training of municipal housing officials

2.7.3 **Public entities**

- The Department is responsible for the Western Cape Housing Development Board.