

## PART 2: PROGRAMME PERFORMANCE

### Voted Funds (R'000)

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	Over/Under Expenditure
540 612	519 530	21 082	370 619	169 993
Responsible Minister	Minister of Housing			
Administering Dept	Department of Housing			
Accounting Officer	Head of Department: Housing			

### Aim of the Vote:

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

The activities of the Department of Housing were carried out under the following six programmes:

- Programme 1: Administration
- Programme 2: Planning and Subsidy Administration
- Programme 3: Housing Subsidy Programmes
- Programme 4: Urban Renewal and Human Settlement Redevelopment
- Programme 5: Old Business (Rental Housing)
- Programme 6: Restructuring

### 2.1 Overview of Service Delivery Environment for 2003/04

The service delivery of the department is affected by the following external factors:

- Nationally developed policies and guidelines
- Lack of capacity of municipalities
- Financial institutions and organisations
- Beneficiary community structures
- The impact of HIV/AIDS
- Poverty of beneficiaries
- Huge housing backlogs
- Absence of conventional housing contractors
- Product not affordable in certain cases

The Department has embarked on a process of internal restructuring which was accompanied at a national level by a restructuring of the programme structure but the process was not completed in the year under review.

## **2.2 Strategic Overview and key policy developments for the 2003/04 financial year:**

- The expenditure on housing in the Western Cape Province for the 2003/04 financial year was  $\pm$  68 per cent of the conditional grant of R423,282m and reflected poorly on the expenditure for the previous two years. Some justification for this can be found in various policy constraints which are discussed hereunder.
- The full impact of the introduction of the compulsory capital contribution of R2 479 by beneficiaries as a condition for accessing a housing subsidy in contractor built houses was felt by the entire housing delivery programme. The result has been a substantial increase in the number of PHP projects approved. These projects require more managerial and monitoring capacity at project level, in the municipal sphere and by the Province.
- Further is the question of affordability of the product and in particular, in the demarcated Southern Cape Coastal Condensation Area (SCCCA), which includes roughly 90 per cent of the projects in the Western Cape. In this area, houses have to be plastered, provided with ceilings as well as roof insulation in order to ensure habitability and reduce the impact of condensation. This additional intervention has to be funded out of the variation of R1 004 that had been nationally determined. As a result of the inputs of the Western Cape Housing Department, this amount was officially increased to R3 900.
- Although a MINMEC decision was made to increase the subsidy amount from R20 300 to R23 100 for the 2003/04 financial year, this was only announced in June 2003, three months after the beginning of the financial year. This could only be applied to projects approved after that date and very few new projects were submitted prior to this date.
- As a result of various problems experienced in informal settlements, that can be attributed to the shortcomings of the existing subsidy programmes, a programme was developed for emergency housing provision. Certain homeless people do not qualify for subsidies and cannot be accommodated under existing subsidy programmes. The process for getting conventional subsidy projects started is time consuming and this cannot be used as the solution of emergency cases.
- The Integrated Serviced Land Project (iSLP), has now been running for eleven years and has yet again produced a substantial delivery of the Housing for the City of Cape Town. During this year 2 207 houses were built, bringing the total number of houses constructed to 32 027 by the year-end. The integrated nature of the project has also been sustained with one new school completed, the provision of health facilities constantly improved, and 7 of the 52 approved capacity-building projects still under way. The iSLP has now delivered 20 new schools, 17 upgraded schools, 4 new and 12 upgraded health facilities, 11 halls, 6 sports fields, 4 libraries, 1 swimming pool, 6 early childhood enrichment centres and two police stations. The Stock Road Transport interchange, incorporating a commuter rail station, long distance bus terminus and taxi ranks has opened. The total expenditure to date exceeds R1,106 billion.
- The Delft Central project was completed and good progress was made with the Browns Farm project. The continued disruption of the Boys' Town project has been the greatest disappointment of the iSLP. It is hoped that this stalemate can be resolved during the coming year. The iSLP will be completed by the end of 2005. A major focus during this time will be the upgrading of informal settlements and the formal finalisation of over 140 projects and 70 programmes. There is

every indication that, with our sister departments in the Province and the City of Cape Town, we will be able to bring the iSLP to a very satisfactory completion.

- Fires in the informal settlements have once more caused great damage in the Joe Slovo, Strand Nomzamo, Imizamo Yethu and Wallacedene settlements in the City of Cape Town's area of jurisdiction. All in all, there are more than 172 informal settlements in the boundaries of the city. Along with fire hazards, disasters such as flooding has led to a programme for the upgrading of informal settlements being initiated at national level. The Upgrading of the Informal Settlements along the N2 freeway between the Athlone Power station and the airport has been identified as a lead project for this programme. The project was initiated during the reporting period.

### 2.3 Departmental receipts (R'000)

	2000/01 Actual	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	% deviation from target
<b>Current revenue</b>	665	400	1 182	25 162	27 985	11.22
Tax revenue						
Non-tax revenue	665	400	1 182	25 162	27 985	11.22
<b>Capital revenue</b>						
<b>Departmental revenue</b>	665	400	1 182	25 162	27 985	11.22

The sharp increase in own revenue from 2002/03 to 2003/04 is due to the housing income that was previously collected in the Western Cape Housing Development Fund, now being collected in the books of the Department. The over-collecting of revenue is mainly due to refunds i.r.o. transfers made to municipalities in previous book years and not utilised in full. It includes also a refund of R1m received from the Theewaterskloof Municipality for the over payment of subsidies which was raised in the Audit Report of the Western Cape Housing Development Board for the previous financial year.

### 2.4 Departmental payments (R'000)

Programmes	Voted for 2003/04	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	Variance
Programme 1.	18 292	264	(519)	18 037	15 304	2 733
Programme 2	25 939	1 355		27 294	24 389	2 905
Programme 3	423 282			423 282	281 865	141 417
Programme 4	15 000	19 113	500	34 613	12 375	22 238
Programme 5	36 040	350		36 390	35 851	539
Programme 6	977			977	816	161
<b>Special functions</b>			19	19	19	
<b>Total</b>	<b>519 530</b>	<b>21 082</b>		<b>540 612</b>	<b>370 619</b>	<b>169 993</b>

The deviations are explained under Part 4: Annual Financial Statements (Notes to the Appropriation Statements).

## **PROGRAMME PERFORMANCE**

### **PROGRAMME 1: ADMINISTRATION**

#### **Aim:**

**The overall management of the Department and to maintain an effective and efficient transformed administration.**

#### **MEASURABLE OBJECTIVES**

The following are the key objectives of the Programme for the reporting period:

Sub programme 1.2: Corporate services

- To conduct a work-study investigation and the implementation of the recommendations
- To develop and implement a skills development plan

#### **Service delivery objectives and indicators and achievements**

The work-study investigation was done, but the restructured establishment was not approved by the Provincial Cabinet because of funding restrictions. The Provincial Treasury had subsequently made funds available under certain conditions in the 2004/05 financial year for this purpose. The Department plans to submit the proposed restructured establishment to the Provincial Cabinet in the second half of the 2004/05 financial year. Service delivery and performance is still on an unsatisfactory level because of the outdated establishment. In the short term, personnel are being shifted to high priority tasks and contract workers appointed to help address the shortcomings.

A skills development plan was developed by 30 August 2003 and implemented in accordance with national guidelines and policies. Regular reporting is done on the plan and the plan is being updated on a regular basis to be in line with the personnel's Individual Development Plans (IDP). The training programmes have led to increased work performance and service delivery, but are being hampered by the outdated establishment.

## **PROGRAMME 2: PLANNING AND SUBSIDY ADMINISTRATION**

### **Aim:**

**The delivery of the maximum number of housing opportunities.**

### **MEASURABLE OBJECTIVES**

The following are key objectives of the Programme for the reporting period:

Sub programme 2.1: Planning

- To allocate funds to 30 municipalities on an equitable basis
- To promote housing policy, advise and assist the municipalities and developers in submitting applications
- To evaluate and approve the maximum number of projects and conclude agreements

Sub programme 2.2: Subsidy administration

- Process subsidy applications and pay claims
- Ensure that housing funds are spent in terms of applicable procedures and principles

### **Service delivery objectives and indicators**

The delivery in terms of housing opportunities created, has been less than the projected targets. Reasons are related to policy aspects, affordability aspects, a lack of capacity at municipal as well as provincial level. Various steps were taken by the Department to try and expedite matters, including:

- The increase of the variation for the SCCCA from R1 004 to R3 900
- A decision by the Housing Board to approve project linked projects in phases
- The approval of more PHP projects
- The monitoring of approved projects was undertaken by the Department and the frequency of site visits was on average two visits per project per month, as well as attendance of one project meeting per month per project.
- A consultant was appointed by National Department of Housing to assist the province and municipalities to improve expenditure and accelerate housing delivery.

Deadlines set by the secretariat of the Housing Board for project submissions were achieved in 75% of the cases. It is aimed to improve this percentage in the next financial year.

## Service delivery achievements

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Planning	Fair distribution of funding in terms of housing plan Financially empowered municipalities able to plan housing provision appropriately	In terms of statistics from Provincial Housing Plan Expenditure of grant in terms of cash flow projections	All funds allocated in terms of Provincial Housing Plan and gazetted in terms of DORA	Entire budget allocated and gazetted, but only 68% of funds spent
	Implementation of approved projects	In terms of norms and standards, Housing Code.	Number of projects under implementation	Monitoring of 194 projects took place with site inspections twice per month per project
	Capacitated developers and municipalities  Project applications	Number of applications received	Projects that conform to criteria are received	46 applications received
		Number of projects evaluated and housing opportunities created. The Housing Code and Provincial Housing Strategy	Speedy evaluation of projects and recommendation to Board and agreements signed	46 Projects evaluated in terms of technical aspects  37 projects approved, 17 agreements concluded
	Effective policies. Well informed housing functionaries.	Number of workshops held.	4 workshops	6 workshops
	Training and development Programmes.	Number of visits to municipalities.	No target set	26 visits
	Empowered municipal officials.	Number of courses conducted and officials empowered.	No target set	1x Policy and Management Course with 68 attendees 1x Advanced Housing Course with 27 attendees
	Synergy in housing development at municipal level	Number of municipalities submitting housing plans	No target set	Abridged housing business plans received from 17 municipalities

Subsidy administration	Beneficiaries approved and subsidies paid out.	Number of subsidy applications processed and payments made.	19 000 No target set	15 691 681
	All funds spent in terms of prescribed guidelines.  Housing product that conforms to prescribed norms and standards.	Number of housing opportunities complying with norms and standards.	100% Compliance	Quality of contractor built houses satisfactory.  On PHP projects, quality varied from good to unacceptable

## PROGRAMME 3: HOUSING SUBSIDY PROGRAMMES

### Aim:

To provide housing subsidies to qualifying beneficiaries

### MEASURABLE OBJECTIVES

With the exception of the Hostel redevelopment programme and the Emergency housing programme, all other funding granted culminates in the approval of a subsidy for beneficiaries. These subsidies form part of an approved housing development project or to individual subsidies (on a credit-linked or non-credit-linked basis). This programme deals largely with the conditional grant for housing and the various subsidy programmes within which housing development can take place.

### Service delivery objectives and indicators

The delivery in terms of housing opportunities created, has been less than the projected targets. Reasons are related to policy aspects, affordability aspects, a lack of capacity at municipal as well as provincial level. Various steps were taken by the Department to try and expedite matters, including:

The increase of the variation for the SCCCA from R1 004 to R3 900

A decision by the Housing Board to approve project linked projects in phases  
The approval of more PHP projects

The monitoring of approved projects was undertaken by the department and the frequency of site visits was on average two visits per project per month, as well as attendance of one project meeting per month per project.

### Service delivery achievements

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Project linked subsidies To provide project linked subsidies to qualifying beneficiaries in terms of housing policy	10 000 subsidies approved and processed	No of applications received, processed and paid out	10 000	11 281
Individual Subsidies To provide Individual subsidies to qualifying beneficiaries in terms of housing policy	1 500 subsidies approved and processed	No of applications received, processed and paid out	1 500	323
People's Housing Process To provide subsidies to qualifying beneficiaries in terms of housing policy	2 000 subsidies approved and processed	No of applications received, processed and paid out	2 000	3 916

Consolidation subsidies To provide consolidation subsidies to qualifying beneficiaries in terms of housing policy	3 000 subsidies approved and processed	No of applications received, processed and paid out	3 000	114
Institutional subsidies To provide Institutional subsidies to qualifying beneficiaries in terms of housing policy	1 000 subsidies approved and processed	No of applications received, processed and paid out	1 000	45
Hostels Subsidies To provide subsidies to upgrade hostels in terms of housing policy	Refurbished hostels to single and family quarters	No of units upgraded Expenditure of funds and adherence to approved standards	3 Hostels	518 hostel units in 5 hostel upgrading projects
Relocation subsidies To provide relocation subsidies to qualifying beneficiaries in terms of housing policy	400 subsidies approved and processed	No of applications received, processed and paid out	400	12
Disaster/ Emergency relief To provide emergency assistance to municipalities	Families Assisted. Improved living conditions	Amounts spent	R3.5m	R1.85m
Rural Housing To provide Rural subsidies to qualifying beneficiaries in terms of housing policy	100 subsidies approved and processed	No of applications received, processed and paid out	100	0
Savings-Linked To provide Institutional subsidies to qualifying beneficiaries in terms of housing policy	1 000 subsidies approved and processed	No of applications received, processed and paid out	1 000	0

## **PROGRAMME 4: URBAN RENEWAL AND HUMAN SETTLEMENT REDEVELOPMENT**

### **Aim:**

**To create integrated and functional human settlements**

### **MEASURABLE OBJECTIVES**

The following are the measurable objectives of the sub programmes of the programme:

Sub programme 4.1: Urban Renewal

- Promote and support the upgrading of informal settlements
- Support the macro planning of identified urban nodes under which development takes place:

Sub programme 3.1: to 3.10

- Create integrated and functional settlements
- Promote alignment of different budgets
- Support the administration of Act 9/1987 Rural Areas as well as the finalisation of the transformation process

### **Service delivery objectives and indicators**

Allocations to the province were utilised in normal settlement upgrading projects as well as in the Urban Renewal Nodes of Khayelitsha and Mitchell's Plain. Underspensing was once more experienced and the majority of the funds spent were on projects approved in previous financial years and out of rolled over funds. Various reasons exist for this underspensing, the most important being:

- The nature of the projects that have been approved. In many instances these projects are very ambitious and/or complicated, normally falling outside of the responsibility field of housing officials.
- Many of the projects have long lead times as a result of their complicated nature.
- Delays in project approvals as well as a lack of synchronisation between provincial and municipal budgets. Municipal budgets have to be approved before June of a financial year and if a project business plan has not been approved by then, no funds can be spent by the municipality on the project before June of the next financial year. If, as has been the case for the first three years of the programme, the Human Settlement Redevelopment Programme business plans are approved after June of the relevant financial year, expenditure can only happen after 1 July of the following year. In many cases, projects have to be approved again at municipal level a year after having been approved initially.
- The major problems were experienced on the Mitchell's Plain projects for Ruwenzori Node and Tafelsig, but both these projects have since been commenced and are expected to be completed during the 2004/05 financial year. The major problem was the fact that the projects are linked to a bigger project that can only start in the 2004/05 financial year. The value of these projects is R3,6m. Another problem project is the Somafhu project in Guguletu which also depends on a number of outside factors and which has the Guguletu Community Development Company Trust as developer. The project value is R3,25m.

## Service delivery achievements

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Urban renewal	Access to basic services De-densified settlements Functional and integrated formal townships	Number of settlements/townships Mitchell's Plain and Khayelitsha as identified urban renewal nodes	Spend full allocation for HSRP According to approved business plans	R4.157m spent on HSRP projects on Urban Renewal programmes 3 projects in Khayelitsha
Human settlements	Access to basic services	Provide basic services to the affected communities and to incorporate informal settlements into the formal housing programmes of the City of Cape Town.	Number of households	800 from the HSRP grant and 5 000 from the settlement assistance fund assisted with provisioning of rudimentary services
	De-densified settlements Functional and integrated formal townships	One of the key elements of de-densifying informal settlements is the identification and release of suitable land for housing development.	Suitable land for integrated housing development	A land audit steering committee has been established and is finalizing an integrated land audit. The Department, Dept. of Land Affairs and the City of Cape Town are driving the process. 900 families in Wallacedene have already been relocated 845 families in Philippi and Crossroads have received full home ownership from the settlement assistance fund
	Improved living environment Access to basic services De-densified settlements Integrated development	Number of housing opportunities/townships  Number of integrated projects	Spend full allocation for HSRP	R6 222 spent on HSRP projects
	Autonomous management of commonage areas integrated into municipalities (Repeal of Act 9 of 1987)	Number of transformed rural areas	No target set-ongoing until all 12 Rural Areas Completed.	The Rural Areas of Mamre, Ebenaeser and Zoar have thus far been proclaimed and no Area as yet finalised.



## PROGRAMME 5. OLD BUSINESS (RENTAL HOUSING)

### Aim:

#### Management of rental housing

Ensure Western Cape housing assets are effectively maintained

### MEASURABLE OBJECTIVES

The following are the measurable objectives of the sub programmes of the programme:

Sub programme 5.2: Maintenance

- Ensure Western Cape housing assets are effectively maintained

### Service delivery objectives and indicators

Well maintained properties and fewer complaints received from tenants

### Service delivery achievements

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Administration	Complete the compendium of debt management policies	Another batch of policies, namely Maintenance and Indigency policies, have been completed.	Policies drafted as and when required	Two (2) policies
	An Awareness campaign regarding the Western Cape Rental Housing Tribunal to Improve relations between owners and tenants.		No target set-ongoing	The Tribunal was marketed by placing messages monthly municipal statements. Complaints received increased by 30% over the previous year. 5 752 complaints were received. The Tribunal reports separately in terms of Section 12 of the Rental Housing Act, 1999.

Maintenance	Well maintained properties Fewer complaints	Number of properties maintained and capital spent	Satisfied tenants and communities	R1,91m was spent on maintenance
	Ensure Western Cape Housing assets are effectively maintained	More than half of the budgeted amount in respect of maintenance to built units and vacant erven were spent.	Maintenance done as and when required	1 603 queries in respect of built units as well as vacant erven were received and attended to.
	Ensure an effective and efficient debt management process	Rental debt was reduced. Constructive attention (in terms of the debt management policy) were also given to Sale and Loan debtors, the result being that many of these debtors are now starting to address their respective arrears.	Reduction in debt.	± 12% in rental debt Debtors are constantly faced with economic hardships and have difficulty servicing their debt on a continuous basis.
Transfer of rental stock	Properties transferred Increased home ownership	Number of properties transferred to individuals	Ongoing and on demand	83
Sale of rental stock	Properties sold Increased home ownership	Number of properties sold	Ongoing and on demand	115
Management of rental stock	Reduced debt Regular payment of rental Increased funding for housing	Reduction in debt. Quarterly statements issued	Reduction in debt. Quarterly statements issued	± 12% in rental debt Reconciled statements were issued quarterly 95% of income budget iro of properties realised
Devolution of rental stock	Units and properties devolved Reduced rental income Reduced rates and services charges	Number of properties and units devolved to municipalities	Ongoing and on demand	136

## PROGRAMME 6. RESTRUCTURING

### Aim:

To effectively manage excess staff

### MEASURABLE OBJECTIVES

The following are the measurable objective of the programme:

- Redeployment of excess staff

### Service delivery objectives and indicators

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Restructuring	Suitable placement of staff Granting of severance packages	Reduction in number of supernumeraries	0 supernumeraries in the Department	3 supernumeraries in terms of Resolution 7/2002 in the Department

## Transfer Payments

NAME OF INSTITUTION/MUNICIPALITY	AMOUNT TRANSFERRED (R'000)
<b>Housing subsidies</b>	<b>281 865</b>
<b>Human resettlement and redevelopment programme</b>	<b>10 379</b>
Knysna	451
Drakenstein	722
Cederberg	29
City of Cape Town	8 257
Matzikama	61
Saldanha	85
Stellenbosch	197
Swartland	182
Swellendam	134
Theewaterskloof	261
<b>Settlement assistance</b>	<b>1 496</b>
Witzenberg	132
Boland	300
Breede River	120
Langeberg	150
City of CapeTown	794
<b>District Six Redevelopment Trust</b>	<b>500</b>
<b>Total</b>	<b>294 240</b>

The Department transferred only R1,996m in respect of grants not listed in DORA, 2003. Before transferring any funds to a municipality or other entities, the Department enters into an agreement with that entity, stipulating the terms and conditions of the grant/transfer payment. All transfer allocations are published in the Provincial Gazette before any payments are done. All entities, including municipalities must submit audited financial statements at the time stipulated in the individual agreements before any future transfers are approved. Any unspent funds are recovered and surrendered to the Provincial Revenue Fund.

## Conditional grants

### Summary of Conditional Grants for 2003/04 (R'000)

Conditional Grant	Total Allocation	Total transfers
Housing subsidy programme	423 282	423 282
Human resettlement and redevelopment programme	13 500	13 500
Total	436 782	436 782

### HOUSING SUBSIDY PROGRAMME: R423,282M

Transfers from the national Department were made according to the revised payment schedule.

Funds were paid out to municipalities and developers in terms of predetermined milestones on a progress payment system in accordance with the contracts entered into between the WCHDB and the developer or municipality.

The conditional grant for housing was only utilised for the provision of housing in terms of national and provincial housing programmes. No part of the grant was utilised for administrative costs. These costs are being appropriated for from the equitable share of the Department. The national Department of Housing was however approach to change the conditions of the grant to make provision for administrative costs previously paid for by the National Housing Development Fund (audit fees and computer time), as well as losses that may occur with housing projects.

### **Analysis of expenditure and problems and successes with service delivery**

There was an under-spending in the amount of R141, 417m on the conditional grant. 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 on subsidized housing, and the introduction of a compulsory contribution of R2 479 by beneficiaries of housing subsidies in terms of which policies had not yet been finalised.

### **Measures taken to ensure service delivery remains on track**

The department put remedial measures in place to accelerate expenditure. These include an interim policy for the approval of projects where beneficiary contributions were required to enable such applications to go ahead. Secondly, the department increased the number of People's Housing Process application approved. The Department also met extensively with the NHBRC in an attempt to expedite the process of finalising contracts with the NHBRC.

The Department complied fully with the conditions stipulated in DORA, 2003, the national and provincial Housing Acts and the Housing Code.

### **HUMAN SETTLEMENT REDEVELOPMENT GRANT: R13,5m**

Transfers from the national Department were made as scheduled. Payments were done to the municipalities with the submission of certified claims. No funds were retained for administrative costs as it was appropriated under the equitable share of the Department.

### **Analysis of expenditure and problems and successes with service delivery**

The intention of these funds is to address dysfunctionalities in human settlements and to correct imbalances of the past. Projects that had been approved in previous years continued and covered a range of problems in a number of municipalities. Projects that were funded included projects in Khayelitsha as well as Mitchell's Plain, the two URP nodes for the Western Cape. Business plans for the 2004/05 financial year were requested by National with a deadline of November 2003. This deadline was met, but the project approvals only started being communicated to the province during March 2004.

Out of the total allocation of R13,5m and the rolled over amount of R19,113m, an amount of R10,4m was spent on approved projects. The reasons for this substantial under spending are spelt out in the performance reporting of programme 4. This phenomenon had been predicted in the 2002/03 annual report of the department. Conditions were very similar to the previous year with an increase in the spending from the R5,24m in 2002/03 to the current R10,24m for the reporting period.

### **Measures taken to ensure service delivery remains on track**

Remedial steps to increase service delivery are in place. 95 % of the funds are committed to approved projects and most of these projects are up and running. Monitors from the Department and the municipalities will ensure that service delivery and the subsequent spending of the money will take place.

The Provincial Treasury approved the roll-over of all unspent conditional grant funds to be utilised in the 2004/05 financial year.

### **CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN**

All the properties administered by the Department belong to the Western Cape Housing Development Board. The maintenance thereof is being done according to the Maintenance Plan approved by the Board. Funding of the maintenance and upgrading of assets are derived from the income generated out of the letting and selling of the assets.

The Department spent R1.91m of the R2m budget on the maintenance of the properties. No maintenance backlog exists and the properties are mostly in good condition. The Department decided to cancel the insurance on some properties and to carry the risk itself. This led to a saving of about R300 000 for the period 1 December 2003 to 31 March 2004.