PART 2: DEPARTMENTAL PROGRAMME PERFORMANCE

2.1 Overall Performance
2.1.1 Voted Funds

Table: Voted funds of R2 192 395 for 2010/11

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount spent R'000	(Over) / Under Expenditure
2 060 623	**2 192 395**	**2 165 120**	**27 275**
Responsible Minister/ MEC	Human Settlements		
Administering Department	Department of Human Settlements		
Accounting Officer	Head of Department of Human Settlements		

2.1.2 Aim of the Vote

The aim of this vote is to achieve the mission of the Department of Human Settlements, which is:

- To be effective agents of change in capacitating municipalities to deliver services and ensure integrated sustainable development;

- To promote, facilitate and develop participative and integrated, sustainable human settlements; and

- To facilitate delivery through sound administration and the engagement of all spheres of goverment and social partners.

2.1.3 Summary of Programmes

The Department's programmes are aligned to the prescribed National Treasury Budget.

Structure, as follows:

Programme	Sub-programme
Administration	1.1 Office of the MEC 1.2 Corporate Services
Housing Needs, Research and Planning	2.1 Planning 2.2 Policy & Research
Housing Development	3.1 Administration 3.2 Financial Interventions 3.3 Incremental Intervention
Housing Asset / Property Management	4.1 Administration 4.2 Housing Properties Maintenance 4.3 Affordable Housing

Programme 1: Administration

To provide overall management in the Department in accordance with all applicable acts and policies. This programme consists of two sub-programmes, namely: **Office of the MEC**, which provides for the functioning of the Office of the MEC;

Corporate Services, which provides corporate support that is non-core for the Department, and Vote 14: Local Government and makes limited provision for maintenance and accommodation needs.

Programme 2: Housing Needs, Research and Planning

To facilitate and undertake housing delivery and planning. This programme consists of three sub-programmes, namely:

Planning:
To develop a provincial multi-year Housing Development Plan and properly plan provincial multi-year strategic housing plans.

Policy & Research:
To conduct research on demand for housing and develop policy guidelines.

Programme 3: Housing Development

Purpose:
To provide individual subsidies and housing opportunities to beneficiaries in accordance with the housing policy. This programme comprises of four sub programmes, namely:

· **Administration**: To provide administration support funded from equitable share;
· **Financial Interventions**: To facilitate immediate access to Housing Goods and Services creating enabling environments and providing implementation support; and
· **Incremental Intervention**: To facilitate access to Rental Housing opportunities, supporting Urban Restructuring and Integration; and
· **Rural Intervention**: To facilitate access to housing opportunities in rural areas.

Programme 4: Housing Asset / Property Management

Purpose:
To plan, facilitate and develop integrated and sustainable human settlements. The sub-programmes for this programme are:

Administration: To provide administration support funded from equitable share; and

Housing Properties Maintenance: To provide for the maintenance of housing properties.

2.1.4 Key strategic objectives / achievements

Programme 1: Administration

The agency services agreement entered into between the Head of Department Human Settlements and the Head of Department Local Government was implemented successfully during 2010/2011, thus ensuring that Financial and Support Services are rendered effectively to both departments. This arrangement put a heavy burden on the support staff, but through hard (and smart) work, all deliverables were achieved.

This agreement will stay in place for the 2011/12 financial year with the exception that a small CFO structure, concentrating on the management accounting function will be established at the Department of Local Government.

During the financial year new file plans for the respective departments were drafted, approved and implemented successfully together with various policies and plans to ensure the respective departments achieve their goals and objectives by ensuring proper files are kept and complete and accurate records of all official matters and transactions exist.

The departments respectively received a score of 88% in audit reports during 2010/2011 from the South African Police Service: Government Security Regulator. As prescribed, the South African Police Service conducted a security audit during October 2010 at the respective

departments to determine the standard of compliance to physical security and inspections with regard to in-house and contract security guards at the respective departments. A service level agreement was also concluded with the Corporate Services Centre (CSC) in lieu of human resource management, internal audit, information technology and enterprise risk management. The initial implementation pains experienced in respect of certain corporate functions were dealt with by regular interactions with the CSC and the Department is confident that this initiative will deliver on the outcomes as anticipated.

Programme 2: Housing Needs, Research and Planning

The Department has initiated the development of the Provincial long-term human settlement Vision 2030. A number of long-term scenarios were developed. This is an ongoing process that will focus on the changing role of government in human settlement development and will provide clear direction for long term developments.

Work with its partners on the Built Environment Support Programme (BESP) continued. The first round of BESP was completed this year, assisting the six highest growth potential municipalities to improve their Spatial Development Frameworks and Human Settlement Plans. The second round is well underway, and we will initiate the third round of municipalities to be assisted in 2011/12.

The department established a governance structure called the Grant Allocation Advisory Committee to ensure effective, efficient and equitable assessment of municipal housing pipelines, monitor expenditure and delivery, as well as recommending grant allocations. The committee consists of all SMS members and is chaired by the Planning chief directorate. Going forward, this committee will also ensure that the base allocations to municipalities are fair and based on sound information. In this regard, the Department finalised a new Funding Allocation Model in January 2011, which takes into account the percentage of persons earning less than R3 500 per month, the sanitation backlog, the housing backlog and the growth potential of towns. To ensure that the most recent information is

used to populate the model, a housing backlog study was completed in December 2010 to provide new estimates on the housing backlog per municipality. In addition to this, an Informal Settlement Database was developed for non-metro areas which provides us with information to guide planning in relation to the upgrading and prioritisation of interventions for informal settlements.

The increased focus on the state of readiness of human settlement projects will contribute to the accelerated delivery of housing opportunities based on confidence in the project pipeline and the ability of municipalities to achieve focused targets and spend funds allocated based on the needs of the specific geographical areas.

Our drive to improve human settlement delivery included a Five Day Human Settlement Course offered to 70 municipal and provincial planning and housing officials by the University of Cape Town (UCT). The practical nature of the program ensured application of the knowledge to accelerate delivery.

The Department conducted a Capacity Needs Analysis and Capacity Support Implementation Plan (CSIP) to address skill shortages and bottlenecks to further improve the capacity support to municipalities. The CSIP aims to improve the co-ordination of capacity building currently conducted and inform future interventions, improve the management and leadership of capacity across the DoHS, strengthen institutional capacity at provincial and municipal level. The CSIP will also identify job profiles necessary for municipalities to function optimally on their human settlement mandate. The roll out of these initiatives will follow in the next financial year.

In addition, the Sustainability Criteria (SC) was mainstreamed in order to meet social, economic and environmental requirements for human settlement development. The SC is also used as a planning and assessment tool for the new projects. The SC is currently being reviewed to bring it in line with provincial, national and global developments.

The Department continued with its programme aimed at supporting municipalities to strengthen the processes through which they select eligible households for housing

subsidies. A number of research projects to inform the development of a set of guidelines to assist municipalities to selected households for subsidies were completed, and a set of draft guidelines was produced. The Department will consult local government in the Western Cape on the proposed guidelines in 2011/12. The Department also initiated a research project which is aimed at strengthening the collection and management of housing demand data used by municipalities to select beneficiaries for housing projects. This programme was implemented as a pilot in 9 municipalities during September 2010 and February 2011. The programme will be implemented in the remaining 15 non-metro municipalities during 2011.

Furthermore, the Department initiated an internal research project focusing on the quality of life on beneficiaries in a newly completed Social Housing Project in Steenberg. It is envisaged that this project will be completed by the end of 2011.

In partnership with a non-profit research organization and the City of Cape Town the Department developed a set of tools to assist public land release agencies to design land release projects and evaluate project proposals.

Programme 3: Housing Development

The Department shifted focus towards the provision of serviced sites in line with Strategic Objective 6 and was able to deliver 11 141 sites out of a targeted 18 000 sites. The under-delivery against the planned number of sites can be mainly attributed to the slow delivery on UISP projects within the City of Cape Town including the N2 Gateway project, and many projects were delayed due to the unavailability of capacity at the Zandvliet waste water treatment works. Furthermore, municipalities sufficiently realigned their plans with the provincial focus of serviced sites.

Some of the unutilised funds were then diverted towards the purchase of land in predefined areas for future human settlements developments.

There has been a substantial increase in the number of individual subsidies approved to beneficiaries in the

R0 to R3 500 category due to the significant increase in the subsidy quantum. The department overachieved on its target of 450 by approving 752 beneficiaries, during the reporting period. One benefit of this subsidy is that it allows qualifying beneficiaries to take responsibility for provision of their homes, thereby reducing the possibility of them disposing of these properties at below subsidy values.

The removal of the R2 479 contribution by beneficiaries has also led to an increase in the overall number of beneficiaries being approved and the projected number of 3 400 was exceeded by 5 863.

Increased support to municipalities has seen a steep increase in the delivery performance of B-municipalities. 19 of the 24 B-municipalities were able to spend their entire grant allocations in addition to funds from underperforming projects within the N2 Gateway development. This has ensured that the entire grant was spent by municipalities.

The Department has increased focused support to municipalities through the establishment of the Regional Support directorate which serves as a conduit for all human settlement initiatives with municipalities.

The past year has also seen the City of Cape Town accredited to level two. This now allows the City to plan, approve and implement human settlement projects without the direct involvement of the department thereby taking full responsibility for projects within its boundaries.

Programme 4: Housing Asset / Property Management

In continuing the reduction of the Department's liability and promoting individual home ownership, the Department granted 1 046 subsidies to qualifying beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS) to enable them to redeem their outstanding debts with the Department. The Department has also reduced the total outstanding debt by R36, 576m and reduced the number of debtors by 1 811. Unfortunately the transfer of ownership of the houses, which happens subsequent to the redemption of the debt, were delayed by factors outside of the control of the Department, e.g. the timeous

issuing of rates clearance certificates, which led to only 711 of the planned 1 000 transfers being registered. The problems related to the timeous issuing of rates clearance certificates have been addressed, and should not delay the process any further.

The Department did maintenance and upgrading work on 734 of its properties at a cost of R3,7 million relating to an average cost of R5 040,00 per unit. This is an improvement on the efficiency of spending compared to the average cost of R9 000,00 per unit in 2009/10 financial year.

In order to determine the extent of the backlog in the transfer of ownership and issuing of title deeds to housing subsidy beneficiaries, the Department completed a study that indicates that 86 394 out of the 255 297 beneficiaries (i.e. 36%) that received subsidies since 1995, have not received the title deeds to their houses. While the Department is urgently processing those cases in its own portfolio where it has done the necessary investigations, it is continuing with the next step in this process to address the problem on a provincial basis, i.e. to determine the reasons for the delay in each project, and the formulation of an action plan to address those problems.

2.1.5 Overview of the services delivery environment for 2010/11

2.1.5.1 Human Settlements Delivery Environment

The Western Cape has been faced with an ever increasing housing backlog that outnumbers the rate at which housing can be provided. The resource envelope needs to be approached in more innovative ways. The response to the demand has thus been adjusted to include acceleration of the provision of housing opportunities, by prioritising in-situ upgrading of informal settlements and the provision of serviced sites. The common denominator in all housing opportunities is security of tenure and unhindered access to basic services. The provision of serviced sites is within the framework of incremental development and human settlements that will have access to social amenities, transport and economic opportunities.

a) Population Growth Trends and Distribution

The Western Cape Province has an area of 129 307km^2 and estimated population of 5 278 584 according to the Community Survey (CS-07) 2007. The Western Cape is 1 of only 2 provinces that has increased its population over this period. The growth rate per annum over the inter-census period of 1996-2001 was 2.7% which is higher than the national growth rate of 2%. This indicated that Western Cape has the highest average life expectancy in the country. In addition, the Western Cape still experiences population growth that is largely ascribed to positive net migration. The City of Cape Town (CoCT) attracted the largest and majority proportion of migrants from other provinces, followed by the Eden District. The spread of the population across the province reflected 74% urban and 26% rural.

b) Employment

According to the CS-07, the official unemployment rate for Western Cape is the lowest of all 9 provinces at approximately 18%. Although the unemployment rates are relatively low compared to the national average, the rapid in-migration of the people from Eastern and Northern Cape in particular, to the Western Cape, places great strain on government resources and services, specifically in terms of the housing demand. The recent global recession also contributed to further strain on employment.

c) Incomes

On average, households in the Western Cape earned about R135 029 per annum, an increase of R59 688 or 56% between 2000 and 2005/06. South Africa as a whole registered an average annual household income of R74 589 in 2005/06. The Western Cape Province is therefore relatively better off than the country as a whole if measured by capita income and average household income. White population accounted for 53% of total household income, followed by the coloured population with approximately 39% and the African population at 7.9% in 2005/06.

d) Cape Town Population Data

Census data reflected an average annual growth rate of 3%. The age-sex population pyramid for Cape Town reflected a typical developing population being skewed towards the younger age group where 65% is younger than 34 years of age and 27% is younger than 14.

The male/female ratio reflected 52% female and 48% male. This young population indicated obvious implications for future growth scenarios. The educational levels reflected that more than half of the Cape Town population has not completed matric. Unemployment increased in the City from 20% to 29% during the period 1996 to 2001. It becomes clear that with the current young age structure, the demand for housing opportunities will continue to increase in future.

e) Housing Situation and Demand

According to a recent study commissioned by the Department, the backlog for the Western Cape is estimated at 426 711. This indicates a 4.1% increase from the previous backlog. Of this backlog 280 726 is within the Metropolitan area of Cape Town. This backlog was calculated on the following definition: "Households living in makeshift structures not erected according to approved plans as well as in traditional dwellings made of clay, mud, reeds or other locally available materials and in formal dwellings without access to running water or flush toilets including overcrowded households in formal structures".

f) Land Needs

One of the key challenges to the development of sustainable human settlement is the limited availability of suitable land for the housing demand. The Department has been committed to influence the property market via the redirection and redistribution of revenues and resources through various value capturing strategies and partnerships in the private and public sector institutions. Greater focus to achieve higher densities as well as use of infill sites is an attempt to overcome the limited availability of land.

g) Service needs and impacts on service delivery

Access to services (serviced sites which includes piped water, electricity and proper sanitation) remains one of the core indicators to determine the extent to which government's policies and practices are assisting the poor to improve the quality of their lives, and whether they are "sharing in the benefits of economic growth". Asset endowment is attained through access to basic services (water, sanitation, energy and refuse removal) and social services (health care, education and skills development and shelter).

h) Human Settlements Delivery Environment Constraints

The Western Cape Province faces some generic constraints in fulfilling its housing mandate, which include:
- Limited capacity at municipal and provincial level to plan, implement and monitor housing projects;
- Migration from neighbouring provinces;
- Increase in informal settlements;
- Limited bulk infrastructure;
- MIG alignment to housing budget allocation (To be addressed with the introduction of the Urban Settlement Development grant as from 1 July 2011);
- The cost and availability of well- located suitable land for housing;
- Cost of building materials;
- Limited funding for human settlement development to adequately address the backlog; and
- Timeframes as prescribed by several pieces of legislation relating to Planning and Development process are lengthy.

2.1.5.2 Spatial analysis of housing delivery

Spatial analysis of housing delivery in the Western Cape is based upon HSS data. More than 50% of the housing projects were located within the metropolitan area of CoCT. The high percentage was aimed at addressing the pressing need within the metropolitan area. The projects outside of the metropole have been distributed proportionately to the district municipalities with the greater housing needs. The Department takes cognisance of growth potential, infrastructure capacity, backlog and overall housing needs to determine desirability of new developments.

2.1.5.3 Social Housing

Investigations are currently underway to enable the establishment of restructuring zones in growing municipalities. The Department is managing the development of a social housing pipeline within the Cape Town metro, aimed at the development of new social rental housing through partnerships. The Department developed

a Provincial Rental strategy and is exploring the conversion of current provincial rental stock into Social Housing or Community Residential Unit (CRU) opportunities.

2.1.5.4 Spatial Investment

Within the province 2 main regions have been identified as possessing particular economic growth potential. Apart from the CoCT, the other 2 regions are Eden District and Saldanha Bay Industrial Development Zone (IDZ).

2.1.5.5 National Priorities and Challenges

The Department's strategic direction has been aligned with the national priorities and in particular National Outcome Statement 8. A key national challenge in the development of integrated human settlements is integrated planning between and within the 3 spheres of government. In order to address this, the PGWC is working towards aligning the NSDP and Provincial Spatial Development Framework (PSDF) with the Municipal Integrated Development Plans. The Department will continue to do this by supporting municipalities in the development of Housing Chapters of IDP's in an attempt to strengthen integrated planning.

2.1.5.6 Provincial priorities and challenges

The Provincial Department of Human Settlements had a budget of R1.953 billion and budgetary constraints have been a primary limiting factor. The Department had embarked on the development of a funding allocation model and the methodology of the model was approved both by the Departmental management and the Provincial Treasury. This model forms the point of departure for the recently established Grant Allocation Advisory Committee whose main purpose is to consider grant allocations to local authorities. The allocations were reviewed during the course of the year based on a number of reasons such as planning delays, limited human resources and skills changes in priorities of projects and poor performance by local authorities. Final allocations were recommended by the Grant Allocation Advisory Committee and approved by the MEC.

Some challenges that need to be overcome in the province include:
· Identification of well -located land for new housing developments;
· Addressing the gap in the property market;
· Renting and selling of state-funded houses and transfer of title deeds to beneficiaries;
· Selection process of the beneficiary process which varies from municipality to municipality;
· Sustainability, energy efficiency and its economic benefits for the beneficiary have not played a significant role in determining how we develop human settlements; and
· Inadequate co-ordination between the different spheres of government and among provincial government departments.

2.1.6 Overview of the organisational environment for 2010/11

2.1.6.1 Institutional Challenges

A key challenge for the Department is transforming itself into a learning organisation that is developmentally orientated, motivated, fully equipped and capacitated for effective service delivery. The Department needs to align its resources, systems and processes to implement its strategic plan and the draft strategic plan of the Provincial Government. During the first year of implementation key challenges were identified:
· Structure
· Service delivery systems
· Skills
· Staffing and a shared vision

An analysis of the institutional context identified the following challenges as key priority areas:

a) Stakeholder Management

The Constitution of the Republic requires all the organs of State to be accountable to the taxpayers or recipients of services they provide. In discharging this mandate, the Department of Human Settlements had adopted

an institutionalised approach to account to various stakeholders. This form of accountability enables all the stakeholders at different levels to actively participate in the business of the Department.

With its limited resources, the Department's Stakeholder Management unit processes, plans and guide the department based on the following key principles:
- Stakeholder Identification – of all interested parties, either internal or external to the department;
- Stakeholder Analysis – Recognize and acknowledge stakeholder's needs, concerns, wants, authority, common relationships, interfaces and align this information within the Stakeholder Matrix;
- Stakeholder Matrix – Positioning stakeholders according to the level of influence, impact or enhancement they may provide to the department or its projects;
- Stakeholder Engagement – is the opportunity to discuss and agree upon expectations of public relations and communication.
- Communicating Information – Expectations are established and agreed upon for the manner in which communications are managed between stakeholders - who receives communications, when, how and to what level of detail.

b) Organisational planning, monitoring, reporting and evaluation

Monitoring is done through the implementation of the legislated strategic management framework for the public sector. An organisational programme performance management system has been operationalised. This system builds on the current legislative reporting framework i.e. quarterly performance reporting to Provincial and National Treasury and the NDOHS. This system includes resources dedicated to assessing the performance reports verifying and auditing data and holding the senior management team accountable for delivery on a quarterly basis. The system will be updated and aligned to ensure the monitoring and evaluation of the strategic objectives of the provincial government and the strategic plan of the Department, as well as the provincial government's project management dashboard system. Whilst there was incremental improvement by management performance

reporting, the key challenge was the implementation of performance information evidence portfolio. This will become a key focus area in the 2011/12 financial year.

c) Project Management

With no fully fledged integrated project management system in place, the department is re- engineering its processes to institutionalise a project management culture across the department. This initiative will be linked and aligned to the Organisational Programme Monitoring and Evaluation system of the Department and the provincial government. The aim of the first phase is to develop an integrated system, capture all project information and improve the department's business processes for greater efficiency, as well as ensuring that the staff increases project management maturity to ensure better project management capability. A service provider was appointed in October 2010 and has already begun this phase. Additionally the Department has established a database of professional service providers who will form Professional Resource Teams to provide professional capacity where needed. Their task will be to plan, package, implement and oversee projects.

d) Information Management

During the 2010/11 financial year the Department enhanced its departmental Intranet portal as well as the Virtual Resource Centre and Knowledge Centre (VRC/KC), with the aim of creating a platform to centralise, share and access information. These platforms paved a way for retaining institutional memory via targeted data collection initiatives as well as hosting of Knowledge Management discussion sessions.

Initiatives identified in the Provincial Government's ICT blueprints are in their implementation phases in collaboration with the Corporate Services Centre. These include the revision of the ICT Plan, the Master Systems Plan, and the upgrade of the infrastructure which has resulted in a more efficient working environment whether in the building or remotely. The department embarked on the first phase of a complete technology refresh project. This project includes the upgrade of the entire

department, hardware, operating system and software, i.e. Microsoft Migration. In addition, it included increasing the departments server space, internet speed and integrated wireless solution.

2.1.6.2 Data Management Systems

(a) jTrack file tracking system

The jTrack file tracking system is a web-based system enabling users to both track the physical movement of official files as well as to locate official files within the Department. The challenge of the system is that it is currently a stand-alone system with no integration to any other system used in the Department. With implementation of this system the Records Management unit focused on the following business processes:
· Identification and Bar-coding of registry official files;
· Checking official files in and out of registries; and
· Tracking last position of official files.

The Western Cape Archives and Record Service approved on the 20th April 2010 the new 1-21 filing system of the Department of Human Settlements. The approved file plan for the Department was implemented successfully and a total amount of 101 102 official bar-coded files were created for the Department according to the approved file plan of the Department.

In addition, the PMU has started the process to capture all running projects on a centralised system.

b) Housing Subsidy System

The Housing Subsidy System is a database and information system managed by the NDOHS and provinces. The system is used to record information of beneficiaries and the various subsidy instrument types. The system allows the users to register, edit and verify applications. The system further enables the capturing of budgetary information for the different projects reflecting milestones within a project. The province is the custodian of the system and has to manage the necessary users indicating the different functions allocated to the various users.

2.1.6.3 Human Resource Management Systems

a) Staff Performance Management System

The Staff Performance Management System is an important tool to ensure the effectiveness of the department. There has been incremental progress in the implementation of the system. However, a key challenge is the full alignment of the system to the organisational programme performance of the department. This linkage will be incrementally implemented. However, there remains a number of national and provincial policy alignment challenges which is hampering this process. This includes our current rewards based system and performance reporting and planning deadlines.

b) Persal

A complete personnel salary and management information system on all personnel matters is in place and is operating optimally. The system is updated regularly by the principal, National Treasury, to provide management information needed for reporting purposes.

2.1.6.4 Financial systems

a) National Debtor System (NDS)

The NDS is a national database and information system that is used to administer loans, sales and rental debtors and the immovable assets (properties) of the Department. The system is fully operational but needs to be updated and better managed.

b) Logis

Logis is the transversal procurement system belonging to National Treasury and the system is fully operational.

c) Basic Accounting System (BAS)

BAS is an online accounting system that is used to effect all payments and allocate all expenditure and revenue to the respective cost centres. It is also used for financial reporting purposes. This transversal system is owned by National Treasury.

2.1.7 Key policy developments and legislative changes

In accordance with the Draft Western Cape Provincial Strategic framework, the Department has planned policy initiatives that will be implemented through the strategic priorities of the Draft Provincial Strategic Objective 6: Developing Integrated and Sustainable Human Settlements (popularly known as PSO6). These policy initiatives which are also broadly aligned with National Outcome Statement 8; can be summarised as follows:

a) Prioritising secure access to basic services

The Department will upscale the provision of serviced sites (and reduce the number of top structures built) over the next 5 years in order to accelerate the provision of housing opportunities to more inadequately housed citizens. The Department will lobby national government to ensure that bulk infrastructure is adequately funded to meet the increasing number of connections required. This will result in more inadequately housed people getting access to basic services and land. Where possible existing informal settlements will be upgraded as most communities converge on land that is already closer to social and economic opportunities i.e. work, schools, clinics etc.

b) Inculcating a sense of ownership

The Department will expand its consumer education programme for municipalities, as well as undertake its own community outreach initiatives, in order to make beneficiaries aware of their rights and responsibilities as both home owners and tenants. It will also increase the involvement of beneficiaries in the building of their houses through more effective stakeholder engagement. It will also address the legislative, policy, institutional and resource weaknesses of the People's Housing Process" programme (PHP). Linked to this, will be an incremental increase in the proportion of state-funded houses built under this programme which is intended to have the added benefit of building social cohesion, empowering smaller contractors and encouraging the transfer of skills to local people. The Department will also promote security of tenure by increasing the rate at which properties are transferred into the names of beneficiaries and title deeds handed over.

c) Acquiring well-located land for well- planned integrated human settlements

The Department will lobby national departments, state-owned enterprises and other provincial sector Departments and municipalities to make more of their well-located land available for human settlement development, as well as acquiring privately owned land. The Department will also strengthen support to municipalities and assist them to produce credible human settlement plans that put new settlements close to transport corridors and economic opportunities, and include the provision of social amenities.

d) Increasing densities of new housing developments

The Department will develop clear guidelines with minimum densities which have to be met by municipalities to get their human settlement plans approved. Standards will be customised to suit the circumstances of different municipalities, and different areas of municipalities. For example, higher densities will be required closer to transport corridors and economic hubs.

e) A fairer allocation of housing opportunities

The Department will introduce a municipal database support programme that will ensure that proper data is collected, collated and verified. This will ensure that the selection of beneficiaries is based on accurate, comprehensive and up-to-date information, and minimise the risk of non-qualifiers benefiting. In addition, the Department will implement a standardised, transparent and fairer allocation policy and process with minimum criteria which municipalities will need to include in the selection of beneficiaries. In this regard the department will amend its allocation and selection policy to take cognisance of the demographic profile of the housing need in the local areas (e.g. the number of informal settlement dwellers vs. backyard dwellers). The Department will also develop a consumer education programme for municipalities to engage with communities about the selection of beneficiaries for a project. By communicating clearly with potential beneficiaries about the number of people who will be accommodated and getting their buy-in to the selection process before beneficiaries are selected.

f) Reducing our carbon footprint

The Department will encourage sustainable resource use by exploring alternative technologies, designs, layouts, topography, etc. in order to achieve the most energy and cost-effective development. This response will benefit both the environment and the beneficiaries, as they will spend less on water and electricity as well as receiving a more valuable asset.

g) Co-ordinated and integrated planning

The Department will introduce a much stronger co-ordinated approach to human settlement planning and integrate the work of different departments and spheres of government involved in the planning, using Municipalities' Integrated Development Plans (and, in particular, the Human Settlement Plan chapter) as the basis.

h) Closing the gap in the property market

The Department is constrained in what it can directly affect with the limited resources at its disposal, and how its housing allocation may be spent due to the policies and prescripts. However, the Department will work with the private sector, the NDOHS and National and Provincial Treasury, to encourage the implementation of a statebacked finance scheme to reduce the risk for financial institutions and property developers to service this market. It will also encourage the development of inclusionary housing and mixed use developments by making well-located state land available for such developments subject to a proportion of the project being developed for the gap market. The government will also seek to raise non-state funding to increase the supply of rental stock to service this market through partnerships with social housing institutions and private developers.

i) Improving property management

The Department will engage with municipalities to implement a new Community Residential Unit process to encourage improved property management and higher collection rates. In the case of its own rental stock, the Department will work with external partners, such as social housing institutions, to improve the collection rates and enhance the maintenance of its properties.

2.1.8 Departmental revenue, expenditure and other specific topics

Collection of departmental revenue

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual	% deviation from target
Non-tax revenue						
Commission on insurance	43	53	70	29	35	20.7
Other	1	390	9	1	1	
Transfers received	30	4 560				
Interest, dividends & rent on land	953	2 995	5 977	1100	681	(38.1)
Sales of capital						
Sales of capital assets			7			
Financial transactions (Recovery of loans and advances)						
Recovery of loans/sales of WCHDB properties	22 770	66 160	44 951	44000	43733	(0.6)
Previous years' expenditure	62 765	6 687	46 315	14870	16880	13.5
TOTAL DEPARTMENTAL RECEIPTS	**86 562**	**80 845**	**97 329**	**60 000**	**61330**	**2.2**

2.1.9 Departmental expenditure

All programmes and sub-programmes remained within their approved budgets.

The virements, as indicated in the appropriation statements, were approved and applied to utilize savings under a programme to cover over expenditure on another programme. This was done in terms of section 43 of the Public Finance Management Act (PFMA).

All amounts in R'000

Programmes	Voted for 2010/11	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	Variance
1. Administration	88 468	(9 950)	(3 148)	75 370	73 532	1 838
2. Housing Needs, Research and Planning	15 959	(6 086)	(651)	9 222	8 817	405
3.Housing Development	1 912 141	112 287	3 799	2 028 227	2 015 543	12 684
4. Asset Management and Property	44 055	35 521		79 576	67 228	12 348
Total	**2 060 623**	**131 772**		**2 192 395**	**2 165 120**	**27 275**

2.1.10 Transfer payments (if applicable)

This section provides for funds that have been transferred to other institutions, provinces, municipalities, public entities, business enterprises and individuals and, therefore, does not constitute final expenditure by the department.

The details of all the transfers made by the Department are stipulated in Annexure 1A – H of the Annual Financial Statements.

2.1.11 Conditional grants and earmarked funds

Grants were introduced in 1998/99 to support national priorities, particularly in the social services sector. They enable national priorities to be provided for in the budgets of other spheres of government. They are viewed as part of voted funds.

TO BE COMPLETED AFTER 31/07/2011

Name of Conditional Grant	Budget Receipts	Actual Receipts	Actual Expenditure	Deviation from (budgeted to Receipts and actual spending)	
	R'000	R'000	R'000	R'000	%
Human Settlement Development Grant	1 952 721	1 952 721	1 940 037	12 684	0.7
Expanded Public Works Incentive Grant	500	500	500		
TOTAL	**1 953 221**	**1 953 221**	**1 940 537**	**12 684**	**0.7**

Included in the above is an earmarked allocation of R550 million for the N2 Gateway project. All transfers were made by the national Department of Housing, as scheduled, into the accredited account of the Provincial Treasury. The conditions of the grant are stipulated in the grant framework as gazetted in DORA, 2009.

2.1.12 Capital investment, maintenance and asset management plan

2.1.12.1 Capital investment
Not applicable

2.1.12.2 Maintenance
Most rental units, especially flat complexes, are in need of rehabilitation and upgrading. For this purpose the Department plans to spend R9 million over the next 3 years. The day to day maintenance of rental stock amounts to approximately R3 million per year.

2.1.12.3 Asset Management
The Supply Chain Management (SCM) unit within the department issues its assets with unique asset numbers for verification, reconciliation and location purposes. The movement on the asset register is disclosed as notes 29 and 30 of the Annual Financial Statements of the Department in Part 3.

The fixed properties of the former Western Cape Housing Development Board are separately disclosed in the financial statements of the Western Cape Housing Development Fund.

2.2 Programme Performance

Programme 1: Administration

Purpose: To provide strategic leadership and management and effective support services in the Department in accordance with all applicable acts and policies. This programme consists of two sub-programmes, namely:

Office of the MEC: To provide for the functioning of the Office of the MEC.

Corporate Services: To provide corporate support that is non-core for the Department, corporate support to Vote 14: Local Government and to make limited provision for maintenance and accommodation needs.

Programme 1: Administration				
Strategic Objective	Measure/ Indicator	Actual Performance against target		Reason for Variance
		Target	Actual	
Institutionalise an effective Treasury prescribed Financial Management Improvement Programme (FMIP)	Implement a transversal capacitation framework for finance staff	Capacitation framework implemented by 31 March 2011	Capacitation framework implemented and maintained	Target was achieved
	Average vacancy rate for funded finance staff at Head office and District or Regional Offices	Less than 5%	13% vacancy rate	Target was not achieved because of delays in the advertising of posts that resulted from restructuring, resulting in adverts only placed in February 2011. Department did shortlisting and interviews in March & April 2011. Nine posts were filled during May 2011. The current vacancy rate is 3%.
Deliver a fully effective financial accounting function to ensure clean audit reports by reducing the number of negative audit findings	The number of prior year negative audit findings successfully resolved	100% of prior year negative audit findings resolved	100% of prior year negative audit findings resolved	Target was achieved
Promote efficient financial resource use by implementing a financial efficiency programme for the Department	Developed/ implemented/ refined/ maintained a financial efficiency programme (cost savings programme) for the Department	Refine and maintain a financial efficiency plan for the Department by 30 June 2010	Refined and maintained a financial efficiency plan	Target was achieved

Programme 1: Administration				
Strategic Objective	Measure/ Indicator	Actual Performance against target		Reason for Variance
		Target	Actual	
	Department			
Raise SCM to a level 3+ by implementing and updating a: Supply Chain Management Policy (Accounting Officer's System); A responsive procurement plan; AOS delegations; and complete asset register	Refined/ maintained a dynamic Supply Chain Management Policy and Supply Chain Management delegations	Accounting Officer's and Supply Chain Management delegation refined/ maintained by 31 August 2010.	Accounting Officer's and Supply Chain Management delegation maintained	Target was achieved
	Develop and implement a procurement plan aligned to the budget and programme deliverables for the Department	Developed and implemented Procurement Plan by 30 April 2010	Procurement Plan developed and implemented	Target was achieved
	No negative audit findings on asset register	No negative audit findings on asset register	No negative audit findings on asset register	Target was achieved; the Department received an unqualified audit with other matters for the Western Cape Housing Development Fund (WCHDF). The Department received an unqualified audit with no other matters for the Department.
Create Organisational Programme Management Capability	Develop and maintain strategic and business planning system	APP/Annual Report	Framework and policy in place and developed business plans for each year	The annual delivery target was achieved. Annual Report 2009/10 was tabled APP was finalised, submitted and tabled on time. Multi-Year Housing Development Plan (Final Draft) was completed. SDIP (Service Delivery Improvement Implementation Plan) was finalised. All Dashboard projects were loaded on DOTP dashboard. Strategic Objective 6 Business Case finalised
	Develop and maintain project management unit	Establish PMU office	Project Management Unit established	Target was achieved. The PMU office is fully operational. Business process map completed for the Department. Documentation for the Business Requirement Specification (BRS) has been completed.

Programme 1: Administration				
Strategic Objective	**Measure/ Indicator**	**Actual Performance against target**		**Reason for Variance**
		Target	**Actual**	
				50 out of 75 PHP projects loaded on the system 30 out of 146 municipal projects loaded on the system 30 projects registered on the system 10 dashboard projects loaded on the system.
	Develop organisational performance system	Monitoring and Evaluation system framework. Quarterly performance reports. Quarterly performance evaluations	Monitoring and Evaluation system in place	Target was achieved. Draft M&E Framework completed Quarterly Performance Reports completed Quarterly Performance Review sessions to Social Cluster Audit Committee completed Quarterly Reports on Outcome 8 submitted to National Department of Housing and Presidency completed Quarterly performance evaluation sessions completed Collection of appropriate portfolio of performance evidence remained a challenge.

Programme 2: Housing Needs, Research and Planning

Purpose: To facilitate and undertake housing delivery and planning. This programme consists of the following sub-programmes, namely:

Planning: To develop provincial Multi-Year Housing Development Plans, properly plan provincial multi-year strategic housing plans; and

Policy and Research: To conduct research on demand for housing and develop policy guidelines.

Programme 2: Housing Needs, Research and Planning				
Strategic Objective	Measure/ Indicator	Actual Performance against target		Reason for Variance
		Target	Actual	
Develop a standardised, transparent and fair policy and process for the selection of housing beneficiaries based on improved quality of data and information management.	Number of municipalities which comply with standardised selection criteria and processes	-	-	Draft Selection Guidelines were produced in consultation with a reference group that included housing experts and municipal officials. The Draft Guidelines were workshopped with senior departmental management, key municipalities, human settlement experts, and legal experts. A framework for monitoring the implementation of the draft selection guidelines in municipal housing projects has been developed.
	Number of municipalities with an accurate, up- to-date housing demand database that is synchronised with a central Housing Subsidy System	-	-	Conducted an assessment of the housing demand data collection and management systems and practices in 24 (non-metro) municipalities. Developed a strategy to improve housing demand data collection & management systems and piloted in 9 municipalities. The housing demand data for all 24 (non- metro) municipalities loaded on the National Housing Needs Register
	Number of Acts passed and or policy guidelines approved	-	-	-
	Number of projects approved	-	-	-
	Number of research papers completed	-	3	Three research papers: (1) "Rationing Housing Subsidies"; "An assessment of the role of community representative committees.

Programme 2: Housing Needs, Research and Planning				
Strategic Objective	Measure/ Indicator	Actual Performance against target		Reason for Variance
		Target	Actual	
				(2) social compacts in the selection of housing allocation beneficiaries"; "The social consequences of establishing mixed neighbourhoods" (3) In partnership with NGO Urban Landmark and the City of Cape Town, three decision- making tools to assist public land release agencies produced and applied to two land release projects, and results fed into completed research report: "Western Cape Land Release Programme: Case Studies and Lessons Learnt"
Assist high potential municipalities to become accredited as housing developers	Number of municipalities awarded with level 1 accreditation per annum	1	1	Target was achieved. COCT received accreditation.
	Number of municipalities awarded with level 2 accreditation per annum	1	1	Target was achieved. COCT received accreditation.
	Number of municipalities awarded with level 3 accreditation per annum	-	-	-
Strengthen support to municipalities	Number of municipal support strategies developed	5	5	Target was achieved
	Number of municipalities with credible Human Settlement Plans	9	7	'The HSP's for Stellenbosch and Drakenstein could not be completed due to the suspension of municipal officials, political changes and appointment of new senior housing managers that resulted in difficulty to obtain ownership to complete the HSP's. Both municipalities however have HSP's that was developed to a relatively advanced stage through different processes.
Integrate the work of different departments involved in human settlement	Number of Human Settlement Plans supported by	3	3	Target was achieved.

Programme 2: Housing Needs, Research and Planning				
Strategic Objective	Measure/ Indicator	Actual Performance against target		Reason for Variance
		Target	Actual	
development, using the Integrated Development Plans (IDPs) as the basis	relevant stakeholders and aligned to IDPs			
	A Multi-Year Housing Development Plan/ APP developed	1	1	Target was achieved.