

# **Department of Housing, Local Government and Traditional Affairs**

**ANNUAL PERFORMANCE PLAN  
2007 – 2010**

**AMENDED STRATEGIC PLAN  
2005 – 2010**



# Index

<b>1</b>	<b>Strategic Overview</b>	<b>3</b>
1.1	Foreword by MEC: Sam Kwelita	3
1.2	Strategic Overview by the Accounting Officer	5
1.2.1	Overview of the Strategic Plan	5
<b>2</b>	<b>Part A</b>	<b>7</b>
2.1	Vision	7
2.2	Mission	7
2.3	Values	7
2.4	Sectoral situation analysis	7
2.4.1	Summary of Service Delivery Environment and Challenges	7
2.4.2	Housing	8
2.4.3	Municipalities	10
2.4.4	Traditional Affairs	10
2.5	Summary of organisational environment and challenges for the Department	10
2.6	Legislative and other mandates	11
2.7	Broad policies and priorities	13
2.8	Departmental priorities (summary)	14
2.8.1	Linkages of Departmental Priorities to National and Provincial Priorities	15
2.8.2	Strategic Goals Linked to High Level Plans	15
2.8.3	Information Systems to Monitor Progress	16
2.9	Description of strategic planning process	16
<b>3</b>	<b>Part B</b>	<b>18</b>
3.1	Program 1: Administration/corporate governance	18
3.1.1	Strategic Goal	18
3.1.2	Strategic Objectives	18
3.1.3	Structure of the Program	18
3.1.4	Situational Analysis	18
3.1.5	Policies	19
3.1.6	Priorities	19
3.1.7	Legislative Mandate	20
3.1.8	Analysis of Constraints	20
3.1.9	Planned Quality Improvement Measures	21
3.2	Program 2: Housing Development	29
3.2.1	Strategic Goal	29
3.2.2	Strategic Objective	29
3.2.3	Structure of the Program	29

3.2.4	Situational Analysis	30
3.2.5	Current Housing Delivery	30
3.2.6	Policies	31
3.2.7	Priorities	32
3.2.8	Legislative Mandate	33
3.2.9	Analysis of Constraints	34
3.2.10	Planned Quality Improvement Measures	35
3.3	Program Three: Developmental Local Government	43
3.3.1	Strategic Goal	43
3.3.2	Strategic Objectives	43
3.3.3	Structure of the Program	43
3.3.4	Situational Analysis	43
3.3.5	Policies	45
3.3.6	Priorities	46
3.3.7	Legislative Mandate	48
3.3.8	Analysis of Constraints	48
3.3.9	Planned Quality Improvement Measures	49
3.4	Program 4: Traditional Affairs	60
3.4.1	Strategic Goal	60
3.4.2	Strategic Objectives	60
3.4.3	Structure of the Program	60
3.4.4	Situational Analysis	60
3.4.5	Policies and Priorities	60
3.4.6	Legislative Mandate	60
3.4.7	Analysis of Constraints	61
3.4.8	Planned Quality Improvement Measures	61
3.5	Reconciliation of Budget with Plan by Program	58
3.5.1	Program One: Administration/Corporate Governance	58
3.5.2	Program Two: Housing Development	58
3.5.3	Program Three: Developmental Local Government	58
3.5.4	Program Four: Traditional Affairs	59
3.5.5	Implementation of the Capital Investment, Maintenance and Asset Management Plan	59
3.6	Medium-Term Revenues	67
3.6.1	Summary of Revenue	67
3.6.2	Departmental Revenue Collection	67
3.6.3	Conditional Grants	67
3.6.4	Conditional Grants Budget	67
3.6.5	Donor Funding	67
3.7	Co-ordination, co-operation and outsourcing plans	68
3.7.1	Interdepartmental Linkages	68
3.7.2	Local Government Linkages	68
3.7.3	Public Entities	68
3.7.4	Public, Private Partnerships, Outsourcing etc	68
3.8	Financial Management	69
3.8.1	Strategies to Address Audit Queries	69
3.8.2	Implementation of PFMA	69

# 1 Strategic Overview

## 1.1 Foreword by MEC: Sam Kwelita

In his State of the Nation address, President Thabo Mbeki repeatedly raised the “ugliness of poverty” and unemployment and the importance of resolving these challenges in order to address social problems. He directly addressed issues relevant to this department when he compared life in different neighbourhoods, which is something the integrated human settlements of the Breaking New Ground (BNG) program seeks to address. He also challenged us to improve municipal delivery and to enhance our capacity, and referred specifically to the Five Year Local Government Strategic Agenda as a way of addressing these challenges.

For most citizens, especially in poor and vulnerable communities, government delivery on these issues is vital. It is the difference between experiencing the state as caring and developmental or cold and detached from the realities of its citizens. It is for this reason that I said “our strategic plan must and will be a living document” in the previous update in July 2006. Community participation and stakeholder involvement are essential for sustainability and delivery on the mandates of the Departments of Housing, Local Government and Traditional Affairs. Critical too, is the clear prioritisation when the extent of community needs is so great.

The Provincial Growth and Development Plan (PGDP) provides the framework for prioritisation with its focus on six pillars: systemic poverty eradication, food security, job creation, human resource development, infrastructure development and public sector/institutional transformation. Furthermore, the PGDP articulates specific targets for 2014 which provide markers against which to align our departmental objectives. Our strategic objectives align with 5 of the 6 pillars of the PGDP.

As a consequence of feedback from stakeholders, including the portfolio committee and the legislature, the Executive Committee of the Eastern Cape agreed to delineate the current department into two departments (namely (i) Housing and (ii) Local Government and Traditional Affairs). Currently, the ambit of the Housing, Local Government and Traditional Affairs is extremely wide and with the delineation, the intention is to dedicate focus on key delivery demands and improved performance.

Housing has a daunting task – informal settlements must be eradicated, settlement areas transformed into viable community areas, old projects unblocked – while trying to ensure that Integrated Development Plans reconceptualise human settlements and create social housing. Consequently, we will use this year to create a solid platform for the delineation to occur with minimal disruption to delivery.

Developmental Local Government has its own challenges too. In the first instance two key programs have merged consolidating all municipal support from Governance to IDPs, LEDs and infrastructure provision. Nationally, the lessons learnt from Project Consolidate municipalities have been fed into the Five Year Local Government Strategic Agenda (2006-2011). At the core of this 5YLGSA is strategic support to municipalities to improve viability and service levels. Ultimately, the test of developmental local government is the degree of access to government services enjoyed by communities and individuals at a local level.

With regard to Traditional Affairs, we recognise the complexity of supporting traditional institutions while integrating them into the broader governance of the Province. The establishment of norms and standards is a big challenge, especially since there is unevenness in application and implementation of legislation and funding of mandates for Traditional Affairs across the country.

Notwithstanding the fact that we had a strategic planning process which resulted in an amended plan in July, we have yet again involved our key stakeholders and partners in a consultative process, leading to this revision. In particular, we appreciated the guidance of the Portfolio Committee, the legislature, the Office of the Premier, Treasury and Public Works who all contributed to the shift in direction. We will also continue with our Imbizo programs, as we believe in direct communication with the community and accountability of government to the electorate.

A strategic plan has to be internalised and owned by the people who have to implement it. I feel confident that the goals of developmental local government, integrated human settlements and transformed traditional authorities is owned by management and staff alike and that we act together in a spirit of Batho Pele to improve on delivery in the areas we can influence.

A handwritten signature in black ink, appearing to be 'S. Kwelita', is written over a horizontal line. To the right of the signature, there is a vertical red line.

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Mr Sam Kwelita

**12/03/2007**

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Date

## 1.2 Strategic Overview by the Accounting Officer

### 1.2.1 OVERVIEW OF THE STRATEGIC PLAN

The decision to delineate the existing Department of Housing, Local Government and Traditional affairs into two (2) departments (i.e. [1] Department of Housing and [2] Department of Local Government and Traditional Affairs) has been made against the backdrop of changing dynamics, and economic and social pressures in many of our communities in this province. The overarching environmental analysis has not differed fundamentally in the last six months, although it does suggest that Housing needs a dedicated departmental focus. This will be the last combined update on the strategic plan and annual performance plan.

The delineation is envisaged to maximise the benefits of the housing policy shift to integrated human settlements. This is more complex than only providing houses but the opportunity for improved living conditions will be greater. We recognise that housing is a significant investment in communities across the Province and through a dedicated focus, intend to increase the delivery rate of housing options that the Breaking New Ground (BNG) strategy envisages. We also need to ensure that strategic instruments like the Integrated Development Plans (IDPs) incorporate BNG thinking. This requires capacity building at both provincial and local government levels.

However, it is not only in the arena of human settlements that capacity building at provincial and local government is required. In trying to achieve our strategic objectives of sustainable human settlement, sustainable local economic development, community participation, good governance, improved infrastructure and service provision, and the promotion of a safe, secure and healthy environment, it is clear that there are significant gaps in municipal delivery. As the Premier stated in her February 2007 address, "The Five Year Local Government Strategic Agenda emphasises the co-ordination role of the provincial sphere of government and mainstreaming hands on support to local government to improve performance and accountability". Consequently, this department will be exercising our oversight role in a more proactive manner in terms of the Five Year Local Government Strategic Agenda (5YLGSA).

Communities generally interact with the state at a municipal level and therefore it is important that all spheres of government work together to execute assigned powers and functions appropriately.

During the past year, we have recruited extensively. This means that we have enhanced our skills profile with new talent. In the short term, however, we will have to deal with the dual challenges of managing and leading a relatively new organisational structure, while simultaneously addressing increased delivery demands.

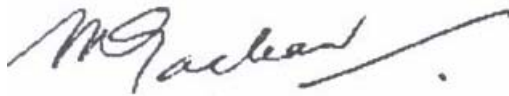
We have a duty to use our resources to deepen the development agenda. Currently, in housing (as in other economic sectors), there is a growing gap between the first and second economies. Those fortunate enough to live in established suburbs are achieving high house prices, while at the other extreme, more and more people are forced into the housing subsidy market, widening the housing gap. This in turn puts pressure on the fiscus and state delivery mechanisms. Without social safety nets or concerted efforts in local economic development, poorer citizens would be increasingly marginalised and have less access to facilities and social amenities.

We have to be goal-directed and apply our resources for maximum benefit not only in our individual departments but in synergy across the province. As a department with many transversal programs and sub-programs, we welcome the framework provided by the Provincial Growth and Development Plan (PGDP). The Provincial Growth and Development Plan and its implementation through the government cluster system, is a turnaround strategy to consciously bridge the gap between the two economies, with government departments working together. The Department of Housing, Local Government and Traditional Affairs is integral to the realisation of the PGDP goals. This requires leadership at a program and sub-program level, but also commitment at a personal level.

In keeping with these objectives, the key areas of activity of this department are reflected in our programs and are:

- Managing the development of housing planning, research and policy formulation.
- Facilitating, co-ordinating and monitoring the implementation of national and provincial housing programs.
- Facilitating urban renewal and human settlement redevelopment.
- Administering housing assets, rental income and land related issues.
- Strengthening the capacity of municipalities.
- Supporting improved inter-governmental relations.
- Facilitating land and infrastructure development.
- Promoting sustainable local economic and rural development, as well as free basic services.
- Managing the budgetary process of the department.
- Risk management.
- Supply chain and financial management.
- Effective management information systems.
- Human resource management and development.

In all of these areas we should recognise that the quality of leadership we exhibit is a choice we can directly influence. The success of our leadership choices will ultimately impact on the improvement in development, particularly for the poorest of our citizens.



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Mr S Maclean

**12/03/2007**

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Date

## 2 Part A

### 2.1 Vision

An effective department that seeks to ensure viable and sustainable local and traditional institutions and champions optimal service delivery.

### 2.2 Mission

The EC DHLGTA promotes the stabilisation, consolidation and development of sustainable municipalities, traditional institutions and integrated human settlements.

### 2.3 Values

Our values are people orientated and are based on Batho Pele Principles.

- We shall always consult our customers on the level, quality and choices of the services we offer.
- We shall set high standards geared toward effective and efficient service delivery.
- We shall give equal access to our services to all, with special emphasis on targeted groups.
- We believe that our customers are entitled to be treated courteously and with the highest level of professionalism.
- We believe that our staff are integral to the success of the department and will at all times endeavour to ensure that their needs are satisfied.
- We shall always maintain zero tolerance towards fraud and corruption.

### 2.4 Sectoral situation analysis

#### 2.4.1 SUMMARY OF SERVICE DELIVERY ENVIRONMENT AND CHALLENGES

##### 2.4.1.1 Demographics

The population of the Eastern Cape, according to the 2001 Census report, is 6 436 769 distributed evenly across the province with Amathole and O R Tambo district accounting for over 50% of the population (26% each) and Ukhahlamba district as the lowest share with only 5% of the population. The Eastern Cape has a higher than national average of women to men with the 2001 Census recording a 54:46 ratio. The population is getting increasingly younger with 71% below the age of 35 and of that 23% below the age of nine. The social fabric is changing and significantly, between the period 1996-2001, there was a 20% drop in the number of people involved in civil and traditional marriages. The implications of such a life choice are difficult to interpret but this does mean that the nuclear family model is becoming less and less common. There may be implications for household size, which is currently slightly under the national average.

Just under than 50% of the population (with the exception of child headed households) do not currently have their own houses and are living with some type of family grouping. This indicates the massive housing challenge that the province will progressively face in the next few years, as more and more individuals and smaller family units require houses.

5.8% of the population are disabled requiring not only special education and care but may also require special housing and other levels of services and care from local authorities.



42.2% of the Eastern Cape population have 'some secondary' education with 22.8% having no schooling and 19.6% having only some primary schooling. This low level of education can affect the individual's ability to engage meaningfully in terms of their own and their community's development.

In the 15-65 age group, 2 million people are not economically active, 908 000 people are unemployed and only 754 000 employed. Of those fortunate to be employed, the majority (295 000) earn R800 per month or less. The largest employment sector in the province is community, social or personal at 29%, followed by 15.4% trade and 13.4% manufacturing.

## 2.4.2 HOUSING

### 2.4.2.1 Housing situation

The Eastern Cape is predominantly a rural province with an urban eastern seaboard. On the one hand, the consideration of equity suggests that all citizens are entitled to adequate housing and can claim support from the state to assist them to acquire proper shelter. On the other hand, the BNG policy framework states unequivocally that future housing delivery must be orientated towards creating more 'sustainable human settlements', i.e. settlements that attract housing investment from the state should have schools, clinics, recreational facilities, running water, and adequate sanitation and most importantly they need to have access to a means to earn a living, which is not easily achieved, given the rural economy. Rural households are poorer than urban households in the Eastern Cape with average household income in the region of R1 000 a month (or less than \$2 a day) and are very dependent on the state transfers in the form of pensions, welfare grants and income earned from poverty relief and development projects, for survival.

Informal data collected at the request of the department places the current number of persons in the province requiring houses at 800 000. This data was provided by municipalities, after a formal survey process in 2006. Even taking growth into account, it is far higher than figures provided by Statistics South Africa (2001) which places the number of households without formal housing at 220 000. The lack of reliable figures on housing has prompted the department to commission a research project to gather reliable data for its planning.

Statistics SA reports that in 1996, 43% of households in the Eastern Cape lived in formal housing, 42% in traditional housing and 11% in shacks. This had increased by 2001 as follows:

**Table 1: Distribution of type of housing**

Type of housing	2001	%
Formal housing	715,000	47
Traditional housing	577,000	38
Shacks (informal)	167,000	11
Other	61,000	4
Total	1,520,000	100

In the province, 36.3% of households live on traditional authority land and traditional authority tenure is most prevalent in OR Tambo, Alfred Nzo and Chris Hani district municipalities, where six out of ten households have tenure subject to traditional authorities. Approximately 576 000 people live in traditional dwellings, but the total number of households living in traditional dwellings has decreased by about 35 000 over the past 5 years, which is a total decline of about 6%.

There has been a sharp increase of informal dwellings in the province, specifically in urban areas. Informal settlements are ten to twelve times more prevalent in the Nelson Mandela Metro and Buffalo City than in the rural municipalities.

In 2001, there were about 170 000 households living in backyard or freestanding shacks in the province with Alfred Nzo having the lion's share and Nelson Mandela Metro with just over a quarter of the province's backyard shacks. Backyard shacks provide a critical low-cost rental market, as well as offer migrants secure tenure in the city. They are also favoured by many single women because they offer more security than free-standing shacks. Although informal dwellings do have some advantageous features, i.e. regarding location and cost, a recent survey found that the majority of people living in backyard shacks said that their housing was not really satisfactory. It is estimated that at least 25% of households in informal settlements pay no rent. Informal dwellings include shacks in backyards as well as shacks in informal settlements and others include other types of backyard and shared accommodation.

#### **2.4.2.2 Provision of Electricity**

Out of the 1,3 M households in the Eastern Cape headed by black Africans, less than half (560 000) use electricity for lighting, with the majority of houses using candles or paraffin. The overall percentage of households using electricity for lighting increased from 31.6% in 1996 to 49.5% in 2001, testifying to the success of the province's electrification drive. The lack of electricity impacts on the development of communities. The primary impact will be experienced by the ability of the community to manufacture as well as the personal development that lighting brings in terms of pupils learning, reading and having access to electronic media.

#### **2.4.2.3 Availability of piped water**

Approximately 62% of households in the Eastern Cape have access to piped water. This is a 10% increase from 1996. The lack of piped water has serious implications for a number of quality of life indicators. The foremost consideration would revolve around health and hygiene. Periodically the province has experienced cholera outbreaks in rural areas, stemming from communities utilising rivers as places to wash, when at the same time the river may be contaminated from improper toilet facilities. The lack of piped water has additional implications for communities, such as the inability to grow crops and the amount of time spent (often by school children) needing to collect water. In addition, supply of water to communities needs to be understood within the context of the challenge within a water-scarce a country and the province's need to develop comprehensive management strategies for this scarce resource.

#### **2.4.2.4 Sanitation**

29% of Eastern Cape residents do not have access to flushing or chemical toilets. In the five years from 1996-2001, the number of people with access to flush toilets increased by 4%. The migration of people from rural to urban and peri-urban areas poses a challenge to local and district municipalities, who are often not able to provide basic services before an informal settlement is established. The issue of contamination of rivers in rural areas has been mentioned in the previous section and there is a threat of possible contamination of the ground water tables. In addition the issues of dignity and quality are linked with basic access to amenities. Consequently, the eradication of the bucket system is a national priority.

#### **2.4.2.5 Refuse removal**

Approximately 37% of households in the Eastern Cape have access to refuse removal services, 44% use their own or a communal refuse dump and 17% have no method of refuse removal. This municipal competence effects not only hygiene and health conditions of communities, but has a serious impact on the environment. As communities become more aware of the need to manage the environment, viable and sustainable refuse management services are required. The lack of refuse management services impacts on the tourism industry. The province enjoys some world-class nature and wildlife resources, which

translates into an important sense of income for the province. Waste management services need to take a long-term view and not only provide refuse removal, but take total environmental management into account.

#### 2.4.3 MUNICIPALITIES

Since the 2006 elections, there has been a renewed focus on municipal functioning and service delivery. This is evident by the adoption of the Five Year Local Government Strategic Agenda which tries to institutionalise municipal support to pre-empt the major problems of municipalities assisted through Project Consolidate. The changes in political and administrative personnel, particularly at a senior level, have contributed to significant restructuring at the municipal level.

Delivery has also been hampered by disputes around mandates of individual spheres of government. As a consequence, the Inter-governmental Relations Framework Act of 2005 has been promulgated to minimise disputes between the different spheres. The underlying philosophy is one of co-operative governance. While IGR is led by the Premier, this department plays an important supportive role in its successful implementation. Participatory processes like ward committees, the IDP and LED also serve as vehicles to deepen IGR.

The Municipal Finance Management Act in 2003, the re-demarcation of municipal boundaries and the recent elections, have all been positive steps forward for local governance, but have meant that municipalities have been in a continual state of re-organisation over the last few years. In addition, as with the Public Finance Management Act (PFMA), the MFMA is being implemented incrementally and many of the sections of both acts are still to be operationalised.

#### 2.4.4 TRADITIONAL AFFAIRS

Nationally, transformation of Traditional Authorities is a major challenge. Many of the powers, functions and funding flows from national departments have not been clarified. However, the province has already transformed more than half of the 229 Tribal Authorities and the whole process is intended to be finalised by March 2008. A further and equally daunting problem is that the date for disestablishment of Regional Authorities has passed. This means that Regional Authorities are operating in a legal vacuum. Consequently, much attention is being given to correcting this situation. Once Tribal Authorities are transformed into Traditional Councils, they will participate in municipal councils, as stipulated in the Act.

### 2.5 Summary of organisational environment and challenges for the Department

- Delineation of the existing Department of Housing, Local Government and Traditional Affairs to two (2) departments, i.e. (Department of Housing and Department of Local Government and Traditional Affairs)
- Reduction of programs from 5 to 4
- Lack of technical and professional human resources
- Insufficient skills within the department
- Lack of physical resources
- Relatively new senior management
- Inadequate of Monitoring and Evaluation of programs and projects
- Lack of coordination of the implementation of programs and policies
- Lack of risk management
- Inadequate attention given to human resource issues and special programs
- Inappropriate placement of staff within the Department

## 2.6 Legislative and other mandates

Program	Legislation	Description
Program Two: Housing	The Housing Act, 1997 (Act No. 107 of 1997)	Makes provision for granting housing subsidies for low income earners
	Prevention of Illegal Eviction from Unlawful Occupation of Land Act, 1998	Makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land, from their homes.
	The Housing Consumer Protection Measures Act, 1998	Provides for the establishment of a statutory regulating body for homebuilders. The National Home Builders Registration Council will register every builder and regulate the home building industry by formulating and enforcing a code of conduct
	The Rental Housing Act, 1999	Creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market.
	Home Loan and Mortgage Disclosure Act, 2000	Provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities
	Constitution, 1996 (Act No. 108 of 1996) Section 26 Schedule 4	Everyone has the right to have access to adequate housing.  The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.
Program Three: Developmental Local Government	Local Government Transition Act, 1993	Provides for revised interim measures with a view to promoting the re-structuring of Local Government and for that purpose to provide for the establishment of Provincial Committees for Local Government as well as the establishment and appointment of Transitional Councils in the pre-interim phase
	Municipal Structures Act, 1998 as amended	Provides for the establishment of municipalities in accordance with the requirements relating to and types of municipalities; provides for an appropriate division of functions and powers between categories of municipality; regulates the internal systems, structures and office-bearers of municipalities
	Municipal Systems Act, 2000 as amended	Provides for the core principles, mechanisms, and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities and ensure universal access to essential services that are affordable to all
	Municipal Finance Management Act, 2003	Provides for the governance of municipal financing, minimising the opportunity for undue political influence
	Municipal Demarcation Act, 1998 as amended	Provides for criteria and procedures for the determination of municipal boundaries by an independent authority
	Disaster Management Act, 2002	To provide for an integrated and co-ordinated disaster management policy

Program	Legislation	Description
	Constitution, 1996 (Act No. 108 of 1996) Section 154, Section 155 (5,6 &7)	<p>The national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and perform their function.</p> <p>Provincial legislation must determine the different types of municipalities to be established in the province.</p> <p>Provincial Government must establish Municipalities and by legislative and other measures must:</p> <ul style="list-style-type: none"> <li>• Provide for the monitoring and support of local government in the province; and</li> <li>• Promote the development of local government capacity to enable municipalities to perform their functions and manage their own affairs.</li> </ul> <p>Provincial government have the legislative and executive authority to see to the effective performance by municipalities of their function in respect of matters listed in Schedule 4 and 5, by regulating the exercise by municipalities of their executive authority referred to in section 156 (1)"</p>
Program Four: Traditional Affairs	House of Traditional Leaders Act, 1995 (Act No. 1 of 1995)	To provide for the establishment of the House of Traditional Leaders
	Traditional Leaders & Governance Framework Act, 2003 (Act No. 41 of 2003)	To provide for the functions and roles of traditional leaders
	Constitution, 1996 (Act No. 108 of 1996) Section 211 & 212	To provide for the recognition and roles of traditional leaders
	Provincial Leadership Government Act, 2005 (Act No. 4 of 2005)	To provide for the establishment of the Provincial House of Traditional Leaders

The following are other mandates, legislation and policy guidelines that provide for the transformation of the workplace according to the employment equity plan and targets set by the department:

- Access to Information Act
- Basic Conditions of Employment Act
- Broad Based Black Economic Empowerment Act, No 53 of 2003
- Control of Access to Public Premises Act
- Division of Revenue Act
- Employment Equity Act, 1999
- General Recognised Accounting Practice Act
- Inter-governmental Relations Framework, 2005
- Labour Relations Act
- Minimum Information on Security Act
- Preferential Procurement Policy Framework Act, No 5 of 2000
- Public Finance Management Act
- Public Service Act, 1994 as amended
- Skills Development Act
- Public Service Regulation
- Treasury Regulation
- National Treasury Practice Notes
- PSCBC resolutions – these regulate the administration of the public service, and conditions of service
- White Paper on Batho Pele
- White Paper on Transforming the Civil Service

## 2.7 Broad policies and priorities

Nationally, there is a strong refocus on more alignment within all spheres of government for effective municipal delivery. This is evident by the Five Year Local Government Strategic Agenda which develops the Project Consolidate experiences into an ongoing agenda of strategic support.

The strategic mandate of this department flows from the Premier's Address of March 2006 and has been refined by her address of 2007. Together with the Provincial Growth and Development Strategy of the Eastern Cape's policy direction for 2007/2008 is: -

- Separation of Housing from Local Government and Traditional Affairs;
- Hands-on support for municipalities in accordance with the Five Year Local Government Strategic Agenda;
- Enabling service delivery in the local sphere;
- Assessing provincial delivery against the PGDP and IDP plans and priorities;
- Monitoring alignment; inter-sphere integration and co-ordination;
- Consolidating lessons learnt; and
- Refining government cluster priorities and plans for 2007/08.

In particular, the strategic focus of the department is based on the needs identified by the Eastern Cape Executive Council's Lekgotla of February 2006, which recognised: -

- The importance of working in clusters as government departments, in particular provincial and local government working together on initiatives such as: -
  - That the provinces economic growth needs to be accelerated;
  - That transversal and concurrent powers add complexity to delivery;
  - That the province needs to develop spatial development plans as a matter of urgency;
  - That the support given to rural and urban development nodes is not sufficient;
  - That district and municipal co-ordination needs to be strengthened and co-operation improved;
  - That there are unnecessary systemic delays hindering service delivery.

The PGDP recognises that water and sanitation are critical basic needs. The PGDP Water & Sanitation Program is mainly funded from the Municipal Infrastructure Grant (or MIG), which has a current budget of more than R1 billion. 95% of MIG is spent on labour-intensive basic water and sanitation projects. Presently, the department is managing 485 water and sanitation projects that are funded by MIG. These projects will provide basic services to an estimated 375 000 households, which is one-fifth or 20% of all households. The PGDP aims to provide free basic services (water, electricity and sanitation) for indigent people.

The PGDP further recognises the unacceptably high number of households in the province living with the daily indignity of using bucket sanitation. The department commits itself to the national and provincial commitment to eradicate the bucket system in its entirety.

Furthermore, the PGDP aims to deliver in the region of 20 - 25 000 houses per annum, which has been translated into an output of the department.

The department recognises its part in promoting ASGI-SA (the Accelerated Growth Initiative) launched nationally in early 2006. Through its commitment to promoting infrastructure development, job creation and capital programs, the programs will promote ASGI-SA in the delivery of housing, local economic development and municipal infrastructure.

The department will respond to the needs in the province, as stated in the Premier's Address: -

- Municipal transformation and capacity development;
- Basic service delivery and infrastructure development;
- Local Economic Development (LED);
- Financial Management;
- Improving functionality of ward committees and enhancing good governance;
- Addressing the problems highlighted through Project Consolidate initiative;

- Strengthening inter-governmental relations; and
- Reviewing the structure, role and capacities of provincial government to monitor and support municipalities.

The mandate of the department is to harmonise relationships between the delivery organs of the state and traditional leaders and to focus on the smooth running of the House of Traditional Leaders. The recently enacted national and provincial legislation on traditional leadership provides the core focus for the department's program on traditional leadership, which aims to operationalise this legislation.

The department aims to operationalise the Policy Speech of the MEC for Housing, Local Government and Traditional Affairs in recognising its commitment to: -

The national **Breaking New Ground** (BNG) initiative, which aims to eradicate informal settlements by 2014 and formulate positive outcomes for the 105 informal settlements in the province.

The department will aim to operationalise the BNG goals of: -

- Eradicating informal settlements by 2014
- Finalising and unblocking all blocked projects
- Being prepared to provide emergency housing when the need arises
- Closely monitoring and inspecting the quality of houses that are built with a government subsidy In addition, the department aims to address the 4 pillars of the BNG, namely: -
  - Financial interventions
  - Incremental housing
  - Social and rental housing
  - Rural housing programs

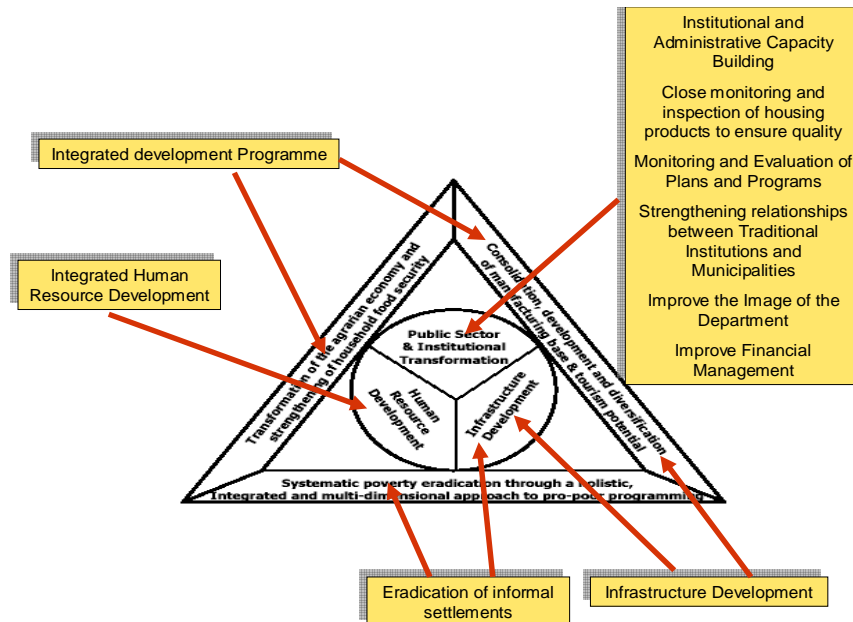
The Department has further incorporated various recommendations and findings of the Legislature into the review of the Strategic Plan. The Department has this year introduced a host of new measures in an effort to provide more clarity and perspective on the various challenges facing the province.

## 2.8 Departmental priorities (summary)

- Integrated Human Resource Management and Development
- Institutional and administrative capacity building in municipalities and traditional institutions
- Infrastructure development
- Monitoring and evaluation of plans, programs and projects
- Elimination of housing backlog
- Strengthening of relationships between traditional institutions and municipalities
- Improving the image of the department
- Sound financial management, Supply chain management and Internal control
- Fighting against HIV/AIDS
- Eradicating the bucket system
- Upgrading land tenure rights
- Linking the departmental priorities to the national and provincial priorities.

## 2.8.1 LINKAGES OF DEPARTMENTAL PRIORITIES TO NATIONAL AND PROVINCIAL PRIORITIES

**Figure 1: Departmental priorities linkages**



## 2.8.2 STRATEGIC GOALS LINKED TO HIGH LEVEL PLANS

The department has a responsibility of being the lead department in the following three of the fourteen provincial priority program interventions:

- Integrated infrastructure development program with a particular emphasis on rural infrastructure and job creation (details on targeted groups) and on the promotion of input purchase and service provision from local small and medium enterprise suppliers (Expanded Public Works Program to be part and parcel of this process).
- A program of phased decentralisation of service provision and facilitation of economic growth from provincial government departments to district and local municipalities, paying attention to the integration of the delegation of powers and functions, the capacity building of municipalities, and the targeting and management of fiscal resources.
- Develop an effective regulatory framework for land use management in rural areas.

This will be achieved through:

- Effective, strategic leadership and efficient administration and support services for the DHLGTA.
- Communities living in sustainable human settlements.(BNG)
- Viable and sustainable municipalities delivering basic services and supporting good governance principles, through hands on support ( 5YLGSA)
- Viable and sustainable traditional institutions integrated into the governance and strategies of the province.

The Department has this year introduced all the critical 5YLGSA indicators into its Annual Performance Plans. This we believe will facilitate good reporting as well as an ability to track performance and progress using these indicators. One of the key issues to develop out of the 5YLGSA is the providing of hands-on support by Provincial And National Spheres to Local Government.



### 2.8.3 INFORMATION SYSTEMS TO MONITOR PROGRESS

The department will utilise the following information systems to monitor and report on its performance, as reflected on the operational plan:

#### 2.8.3.1 Basic Accounting System (BAS)

This is the accounting system that has the ability to provide accurate information on expenditure incurred and commitments of budgeted funds. It provides information for reporting on expenditure by program and sub-program on all the items that are listed in the budget.

#### 2.8.3.2 Microsoft programs

These programs are used to supplement and order the data produced by BAS, to make it meaningful for users and decision makers. In particular Microsoft Excel is used to produce monthly management reports, in-year monitoring reports and other reports.

#### 2.8.3.3 Personnel Salary system (PERSAL)

The system is used for monitoring personnel information and other personnel statistics which include leave, age, gender, race disability.

#### 2.8.3.4 Information Reporting Systems

Municipal performance management system used to provide information on the performance of municipalities.

#### 2.8.3.5 Operational Information Systems

##### 2.8.3.5.1 Housing Subsidy System (HSS)

This system was originally used to capture data on housing subsidy beneficiaries. In addition to that it now provides financial information on all housing projects. It also provides the number of houses built under the housing subsidy schemes.

#### 2.8.3.6 Electronic Document Management System (EDMS)

The purpose of this system is the electronic storage and movement of all departmental documents and files. Implementation started during the second half of the 2004/05 financial year.

## 2.9 Description of strategic planning process

Following on the Strategic Planning sessions of July 2006, where the MEC and senior management services of the department revised the Strategic Plan, Annual Performance Plan and operational plans of the department, two major developments have necessitated a review of this recent work.

In the first instance, the Provincial Executive Committee took a decision to delineate the current department into two in October 2006. Consequently, the department (DHLGTA) has had to consult with stakeholders to ensure how best and how soon this could happen, without negatively impacting on delivery.

Secondly, the number of programs in the department had reduced to 4, with Municipal Governance and Municipal Development and Planning becoming Developmental Local Government, and the number of sub programs reducing to 5 (including the Office of the Head of the sub program). This aligns with the Five Year Local Government Strategic Agenda.

As the previous update to the strategic plan occurred six months previously, the broad situational analysis is predominantly the same. There is general recognition that the areas of Housing, Local Government and Traditional Affairs all have profound impacts on the citizenry as well as other spheres and institutions of government. With this in mind, the decision was taken to delineate the Department of Housing, Local Government and Traditional Affairs into 2 departments, namely Department of Housing and Department of Local Government and Traditional Affairs.

A workshop was held with key stakeholders in mid-December 2006 to consider the delineation and impact of the reduction in number of programs. Further discussions were facilitated around changes to the Annual Performance Plan and the effect on operational plans.

## 3 PART B

### 3.1 Program 1: Administration/corporate governance

#### 3.1.1 STRATEGIC GOAL

Effective, strategic leadership and efficient administration and support services for the DHLGTA.

#### 3.1.2 STRATEGIC OBJECTIVES

- Strategic direction is provided, for the effective and efficient administration of the department.
- Provide efficient and well capacitated human resources to the department.
- Provide and maintain effective information technology facilities
- Provide effective communication of the department
- Provision of effective, sound financial and risk management
- Implementation of efficient, effective and competitive supply chain management

#### 3.1.3 STRUCTURE OF THE PROGRAM

There has been a decision to delineate the existing department into two departments (namely [1] Housing and [2] Local Government and Traditional Affairs) under political direction of the same MEC. The intention is for this program to provide shared services to both in the interim.

The program is structured as follows:

- Office of the MEC
- Office of the Head of Department
- Corporate Services
  - Office of the Program Head
  - Human Resource Management
  - Human Resource Planning and Development
  - Organisational Transformation
  - Information Management (DGITO) Services
- Financial Management
  - Office of the Chief Financial Officer
  - Financial Accounting
  - Management Accounting
  - Supply Chain Management
  - Internal control
- Communications and Information Services
  - Strategic Planning, Performance Monitoring and Evaluation
  - Corporate Communications
  - Security Management and Anti-corruption
  - Inter-governmental Relations
  - Special Programs

#### 3.1.4 SITUATIONAL ANALYSIS

This program is responsible for supporting the core functions of the department. These support services include finance management, supply chain management, human resource management and development, strategic development and performance management and information management services.

Currently, the program is inadequately aligned to national and provincial priorities, for example, the department has not yet implemented a number of programs such as customer care services and internal audit unit, although these will receive attention over the medium term.

#### **3.1.4.1 Financial Management**

Almost ten years after the enactment of the PFMA, the department cannot claim to be Fully compliant with the Act. In 2006, a new CFO was appointed to spear head the transformation of the department's financial management. The department will prioritise the enhancement of its internal controls and will develop policies and systems to address issues of compliance as well as effective, efficient and economical use of its budget. At a municipal level, the MFMA is also being implemented in a piece-meal approach.

#### **3.1.4.2 Supply Chain Management**

The demand for SCM services is drawn from the end users in the department as SCM supports the service delivery branches, which are Housing, Local Government and Traditional Affairs. The department is conducting its procurement in such a manner that economic growth, reduction of unemployment and poverty eradication are realised within communities of the Eastern Cape, thereby supporting the PGDP goals. There is a positive bias towards individuals and companies which are based in the Eastern Cape.

#### **3.1.4.3 Human Resources**

There is still a high rate of staff vacancies in the department. The situation is compounded by lack of compatibility between some individual's skill levels and the competencies required to fulfil their outputs.

A total of 97 new managers and professional/technical staff have been appointed since April 2006. In addition, a new approved organogram has to be populated, exacerbated by the challenge of managing people and delivery simultaneously.

### **3.1.5 POLICIES**

In order to meet the challenges specified in the situational analysis, the program plans to develop the following policies:

- Information technology policy
- Communication policy
- Human resource development policy
- Recruitment and selection policy
- Staff retention policy

### **3.1.6 PRIORITIES**

- Smooth delineation process with appropriate staffing;
- Effective and visionary strategic management;
- Integrated Human Resource Management and Development;
- Ensuring effective performance management (PM);
- Monitoring and evaluation of service delivery;
- Sound financial management and procurement;
- Public sector and institutional transformation;
- Fighting against HIV/AIDS;
- Efficient information management;
- Establishing effective and transparent financial systems, internal control mechanisms and reporting procedures;
- Fair procurement system;
- Competitive, transparent and cost effective;
- Re-skilling SCM practitioners; and
- Promotion of Broad Based Black Economic Empowerment Promotion of SMME's and promotion of Eastern Cape enterprises especially in rural areas.

### 3.1.7 LEGISLATIVE MANDATE

- BBBEE, Act 53 of 2003
- Division of Revenue Act
- Inter-Governmental Relations Framework Act, 2005
- Labour Relations Act and all related labour legislation and policies
- MFMA
- PFMA, Act 01 of 1999 as amended by Act 29 of 1999
- PPPFA, Act 05 of 2000 and Regulations
- Public Service Act and Regulations
- Skills Development Act
- National Treasury Practice Notes
- SCM- Treasury Regulations issued in terms of the PFMA Section 16A, 16A3.1

### 3.1.8 ANALYSIS OF CONSTRAINTS

<b>ANALYSIS OF CONSTRAINTS</b>	<b>MEASURES PLANNED TO OVERCOME CONSTRAINTS</b>
Skills shortage in this program	Training programs are being implemented to address the problem. Recruit the required skills
Organisational establishment not aligned to national and provincial programs	Review organisational establishment to be aligned with provincial and national programs
Placement of excess personnel	Negotiation with other government institutions Negotiation for early retirement especially those turning 60 years Re-skilling of excess employees
Image management	Service delivery norms and standards Service Directorate Strong Customer Care Implementation of communication strategy
Training and Development – Skills shortage	Implement skills audit findings Implementation of Workplace Skills Plan Learnership / internship program
Delays in tax directives.	Resolve with SARS.
Delays in processing Pension Benefits of employees affected by former Ciskei Industrial Strike	Engaging of Chief Directorate, Pensions Administration in Pretoria.
Non-availability of funding for HROPT cases (15,2m)	Special request to Treasury for additional funding as well as OTP and EXCO support in this regard
HIV & AIDS	Capacity building for managers to handle HIV/AIDS in the workplace Voluntary counselling and testing of staff Treatment, support and care for HIV sufferers Ensure the mainstreaming of HIV/AIDS in all departmental programs
Shortage/lack of skills in Financial and Supply Chain Management Unit	Financial management personnel will be encouraged to study relevant courses SCM Practitioners are undergoing extensive training in Public Sector Supply Chain Management and Asset Management
Low priority given to financial management issues in the department	The CFO to solicit support of the Head of Department in encouraging managers to honour reporting and accountability requirements Education/awareness campaigns through meetings and communiqués Joint Planning
Moratorium by National Treasury for procurement of Information Technology Financial Management Systems	Request the speeding up of introduction of standardised systems by National Treasury
Acute shortage of office space	Approach DPW to build new offices for the department whilst soliciting other leasing arrangements as a matter of urgency

### 3.1.9 PLANNED QUALITY IMPROVEMENT MEASURES

- Client satisfaction surveys to be conducted
- Monitoring of quality of plans, programs and reports to national and provincial departments
- Measures to improve service standards
- Ensure implementation and maintenance of Batho Pele principles
- Introduction of weekly checks of actual expenditure versus budget
- Weekly feedback to managers and requests for confirmation of accuracy of information will be scheduled in the activities of the Budget Office
- Performance standards and the building of quality control will form part of the performance management system
- Continuous training and development of personnel on applicable systems of sound financial management and Supply Chain Management Framework
- Set standards that will ensure improvement on the turnaround time for the provision of goods and services to the department
- Develop a tracking system of transaction flow from order placement to actual payment of invoices so that we remain within 30 days Payment Cycle.
- Follow up of Commitments on a monthly basis
- Ensure that Procedure Manuals and Policies are in place

# ANNUAL PERFORMANCE PLAN: 2007-2010

## PROGRAM 1: CORPORATE GOVERNANCE/ADMINISTRATION

Strategic Goal: A well-governed, effective, transformed and capacitated department.

SUB PROGRAM: CORPORATE SERVICES							
Component:	Human Resource Management						
Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
To provide efficient and effective human resource services to the department	Ensure that there is a maximum of 15% vacancy rate in relation to funded posts	% of vacant funded posts	48%	38%	0%	0%	-
	Ensure that the PERSAL system has accurate, reliable and up to date information at all times (included capped leave, records management)	The level of accuracy of information on PERSAL (Limited, Substantial and Full)	National minimum information requirements complied with.	Limited	Substantial	Full	Full
	Fully implement the Employee Wellness Programme Annually	% EWP Fully implemented each year		80%	100%	100%	100%
	Fully implement disciplinary, grievance and dispute procedures annually	% compliance to disciplinary, grievance and dispute procedures		75%	100%	100%	100%
Component	Human Resource Planning and Development						
To provide efficient and effective human resource services to	Fully implement the WSP by 2010 (including ABET)	% implementation of the WSP	314 staff members trained in FHIG & PFSA.	420	70%	85%	100%

the department		No of learners and interns placed in the department.	44 interns and 5 internships programs recruited.10 learnerships in civil engineering.	61 interns and 9 learners	9 learners, 80 interns	20 learners, 80 interns	21 learners, 80 interns.
	Fully implement the PMDS annually	% of signed performance agreements within 3 months of the start of the financial year or within 3 months of assumption of duty	100% of staff who signed performance agreement within the first quarter	100% of staff who signed performance agreement within the first quarter	100%	100%	100%
	All integrated HR plans and policies are approved and Fully implemented annually	% of integrated HR plans and policies approved	100% approved	100%	100%	100%	100%
Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
Component	Organisational Transformation						
Facilitate organisational transformation and promotion of service excellence	Ensure that the organizational structure is Fully supportive of the departments service delivery mandate at all times.	Extent to which organogram satisfies the service delivery mandate of the department (Limited, Substantial, Full)	Limited	Substantial	Substantial	Full	Full
	Implementation of service excellence programs.	Service excellence programs approved and implemented	New initiative	Administration budget	Monitor implementation of service excellence programs, Develop service standards linked to separate department	Monitor implementation of service excellence programs	Monitor implementation of service excellence programs,



Component:	DG Information Technology Office						
Provide up-to-date information communication technology services	All computer networks and equipment are Fully operational at all times	% uptime on LAN/WAN during office hours	93%	93%	98%	98%	98%
	All minor computer user problems are resolved within 2 hours	Number of hours taken to resolve minor computer user problems	2 hours	2 hours	2 hours	2 hours	2 hours
	All major computer user problems are resolved within 4 weeks	Number of weeks taken to resolve major computer user problems	4 weeks	4 weeks	4 weeks	4 weeks	4 weeks
	Facilitate that all relevant staff are computer literate by 2011	% of relevant staff who are computer literate	50%	55%	60%	70%	80%
	Ensure two way electronic communication between the department and all municipalities by 2011	% of municipalities that can communicate electronically with the department	40%	45%	50%	70%	90%
	Fully implement the MISP of the department by 2011	% of MISP implemented	New MISP to be developed	MISP approved	40%	60%	80%

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
<b>SUB PROGRAM: COMMUNICATION &amp; INFORMATION OFFICE</b>							
Provide strategic management and corporate support services	Facilitate and monitor the Full implementation of departmental Strategic, Annual and Operational Plans annually.	Level of implementation of Strategic, Annual and Operational Plans.	Limited	Limited	Substantial	Substantial	Substantial
		% of managers who have been trained in Planning & M & E	5%	10%	20%	50%	80-100%
	Ensure the effective and efficient promotion, marketing and branding of the Department at all times	Level of promotion, marketing and branding of the department among internal staff	Limited	Limited	Substantial	Substantial	Substantial
		Level of promotion, marketing and branding of the department among external stakeholders	Limited	Limited	Substantial	Substantial	Substantial
	Facilitate the Full establishment and functioning of the relevant IGR structures in line with legislation (done in collaboration with OTP) by 2009.	Level of functioning of relevant IGR structures	Limited	Limited	Substantial	Substantial	Substantial
	Ensure the Full implementation of the relevant anti corruption strategies within the department on an annual basis	Level of implementation of the relevant anti corruption strategies within the department	Limited	Limited	Substantial	Substantial	Substantial

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
<b>SUB PROGRAM: FINANCIAL &amp; SUPPLY CHAIN MANAGEMENT</b>							
<b>Component:</b>	<b>Supply Chain Management</b>						
To provide an efficient and effective supply chain management service to the department	Ensure that departmental needs and acquisitions are Fully addressed at all times	% of implementation of demand and acquisition plan	-	50%	100%	100%	100%
	Fully meet all departmental fleet, assets, logistics and disposal needs at all times	% of departmental fleet, assets, logistics and disposal needs met	75%	80%	85%	100%	100%
	All departmental contractual obligations Fully met by all service providers.	% of contractual obligations met by service providers	75%	90%	100%	100%	100%
	Fully comply with all aspects of SCM Framework and other relevant legislation	% compliance with SCM Framework and other relevant legislation	90%	95%	100%	100%	100%

Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
<b>SUB PROGRAM: FINANCE MANAGEMENT</b>							
To ensure sound financial and risk management in the department	Fully implement internal control systems annually	% implementation of internal control systems	60%	70%	100%	100%	100%
	Fully implement Risk Management and Fraud Prevention Plan annually	% of risk management plan and fraud prevention plan implemented	No approved plan in existence	40%	100%	100%	100%
	Fully comply with AFS and Annual Report submission dates and quality criteria	AFS compliance deadlines met	Yes	Yes	Yes	Yes	Yes
		% compliance with National Treasury quality guidelines for AFS	80%	80%	100%	100%	100%
		Annual Report deadline met	Yes (90%)	Yes	Yes	Yes	Yes
	Complete and credible budget in line with the planning frameworks, Treasury Guidelines, circulars and directives at required timelines.	% compliance with Treasury guidelines / allocation letter annually	100%	100%	100%	100%	100%
	Ensure that a minimum of 98% of budget is spent by the end of the financial year	% of budget spent	99%	98%	98%	98%	98%
	Report on the extent to which the non-financial targets are met on a regular basis.	% of departmental non-financial targets met as stated in the APP, operational plans and	-	-	100%	100%	100%

		business plans					
	Ensure that all suppliers are paid within 30 days of submitting their invoices	No of days of payment cycle	34 days	30 days	30 days	30 days	26 days

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
<b>SUB PROGRAM: SPECIAL PROGRAMMES</b>							
To facilitate, coordinate and monitor the effective implementation of constitutional, regional and international mandates with regards to gender, disability, children and elderly HIV& AIDS	Facilitate the appropriate level of mainstreaming of gender, disability, youth and children and elderly/veterans into departmental programmes, projects and policies on an annual basis	Level of mainstreaming of gender, disability, youth and children and elderly/veterans into departmental programmes, projects and policies	Limited	Limited	Limited	Substantial	Substantial
	Facilitate the Full implementation of Employment Equity Plan within the department on an annual basis	Level of implementation of Employment Equity Plan	Limited	Limited	Limited	Substantial	Substantial

## 3.2 Program 2: Housing Development

### 3.2.1 STRATEGIC GOAL

Communities living in integrated sustainable human settlements.

### 3.2.2 STRATEGIC OBJECTIVE

- Facilitate and support the creation of integrated and sustainable human settlements in all areas of the province.
- Coordinate and facilitate Housing Development Planning informed by research and municipal support.
- .Improvement of Housing Performance through:
  - Provision of individual subsidies and housing opportunities to beneficiaries in accordance with the housing policy
  - Rendering of housing administration support services and sound integrity management principles and,
  - Facilitation of the development of economically viable, socially equitable and environmentally sustainable human settlements.
- Render housing project management and quality assurance services.
- Facilitate, co-ordinate and manage the implementation of rental, social housing programs and land facilitation for housing development matters.

### 3.2.3 STRUCTURE OF THE PROGRAM

The Provincial Executive agreed to the delineation of the existing department into two departments, namely (1) Housing and (2) Local Government and Traditional Affairs. The structure below is intended to assist the delineation. It should be noted though that the budgetary allocations in respect of the new organogram are not yet Fully clarified. It is envisaged that there will be a shared service arrangement with Local Government and traditional affairs with regard to the Corporate services function.

The housing program comprises of five sub-programs as follows:

- Office of the Head of Housing
- Housing policy, planning and research
  - Research and Policy
  - Management planning for development
  - Capacity development and partnerships
  - Accreditation of municipalities
- Housing Performance
  - Housing administration
  - Integrity management
  - Sustainable human settlement
- Project Management and Quality Control
  - Project management
  - Quality Assurance
  - Co-ordination of District support
- Social/rental housing and land facilitation

### 3.2.4 SITUATIONAL ANALYSIS

- High demand for housing -The current housing backlog is, by 2006, estimated at 797 932. This figure is comprised of traditional dwellings (68%), backyard shacks (6%) and informal settlements (26%). The figure of traditional dwellings (547 881) is a Census 2001 figure extrapolated to 2006 (a reduction of 1% due to urban migration to East London, Port Elizabeth, Cape Town and Johannesburg). Traditional dwellings are more prevalent in the OR Tambo, Alfred Nzo and Chris Hani District Municipalities, and in accordance with Statistics South Africa definitions (2001), traditional dwellings are counted under informal and inadequate housing category. The Department, as part of the national Rural Housing Policy review process, will, between 2007/08 and 2008/09, be undertaking a verification study for the Rural Housing demand to inform the development of a Rural Housing Development Strategy for the Province.
- 205 informal settlements are located on the rural and periphery of industrialised urban areas.
- Provincial and local government implementation capacity has not been sufficient to address communities' housing needs.
- Breaking New Ground is an integral part of National Housing Policy and was launched on 1 September 2004 as a shift from the traditional RDP housing delivery to the creation of integrated sustainable human settlements. The paradigm shift allows for the provision of social and economic opportunities as an integral element of sustainable human settlements.
- The BNG emphasises participation of key sector departments. The challenge is to ensure that the BNG is driven from the political leadership position (i.e. inter-MEC committee) cascading down to the relevant departmental officials. These departments have to budget for relevant amenities with DHLGTA playing a coordinating responsibility.
- Scarcity of suitable and well-located land for housing delivery still represents a challenge for the Department. There is an urgent imperative for programs targeted at rapid land release.
- The commitment of major banks to the Finance Charter suggests that funding flows should increase for affordable housing, particularly social housing.
- At the Housing Summit, the key resolutions related to speeding up delivery and improved quality, as well as attracting the formal developers and contractors back into affordable housing provision.
- The policy on the size of a house to be constructed in the province poses a further challenge to housing delivery. The province builds 40sq.m as opposed to the national norm of 30sq.m. Houses. This has caused the department to experience an unfunded mandate of 10sq.m. Furthermore, this has caused challenges relating to emerging contractors in terms of shoddy workmanship and the resultant unfavourable audit reports for the department. Despite raising this at MINMEC, the chances of national funding for the shortfall is slim, as this would create a knock-on demand from other provinces. This impasse has led to a slowdown in delivery rates.

### 3.2.5 CURRENT HOUSING DELIVERY

The ability of municipalities to deliver quality-housing products has come under scrutiny and a more vigorous approach from the department is required. The department is required to enhance this capacity and enable municipalities to satisfy the needs of their communities. The department's main challenge is to assist municipalities with project management capacity for quality control. The department has appointed 23 contracted clerks of works, 18 project managers and 3 Local Government coordinators to assist with the inspection of housing units. These appointments were necessitated by the 67% vacancy rate in respect of technical staff and 60% general staff within the branch. The program is still in the process of engaging additional clerks of works to assist the recently employed 23 Control/Building Inspectors to tackle 471 running projects throughout the province, of which 188 are current.

The Department has started with the process of accrediting municipalities to administer and implement National Housing programs. Two municipalities, i.e. BCM and NMBM, have been piloted for this purpose and the latter already delegated level 1 accreditation.

A further challenge remains in ensuring the involvement of SMMEs in housing development especially the vulnerable groups, e.g. women, youth and the disabled as part of the national priority of Broad Based Black Economic Empowerment (BBBEE). The Department is promoting policy for established contractors to become socially responsible by embracing emerging contractors (SMMEs) from vulnerable groups (list to include Aids orphans and people infected and affected by HIV/AIDS in the mainstream of housing construction and the provision of transitional housing subsidies to children infected and affected by HIV/AIDS). Programs to capacitate these groups are continuing including the Expanded Public Works Program (EPWP).

However, the policy also seeks to involve established developers and contractors. One of the ways that this being explored is for a percentage of all residential developments to be made available for affordable housing.

Finally, land under the custodianship of traditional leadership has posed a challenge for housing delivery. Until all the interested parties resolve leadership claims through a negotiated settlement this issue will continue to have a negative impact on housing delivery.

## 3.2.6 POLICIES

### 3.2.6.1 Breaking New Ground

Housing development is based on the Breaking New Ground (BNG) which is an integral part of the national policy that emphasizes meaningful participation of other sector departments especially those in the built environment. The policy paradigm shift encourages active people participation and is underpinned by provision of social and economic amenities. The shift is towards building Integrated Sustainable Human Settlements to avoid urban sprawl.

#### 3.2.6.1.1 *The 4 Strategic Thrust Pillars of Breaking New Ground*

##### 3.2.6.1.1.1 Financial Interventions

- Subsidy Instruments
- State Asset Management
- Rectification of RDP stock – 1994 to 2002
- Social and Economic Amenities
- Accreditation of municipalities
- Unblocking of blocked projects

##### 3.2.6.1.1.2 Incremental Housing Programs

- New phased approach
- Peoples Housing Process
- Informal Settlement Upgrading
- Emergency Housing Assistance

##### 3.2.6.1.1.3 Social and Rental Housing Programs

- Social Housing
- Rental Housing
- State Rental Housing
- Backyard Rental Program
- HIV/Aids

##### 3.2.6.1.1.4 Rural Housing Program

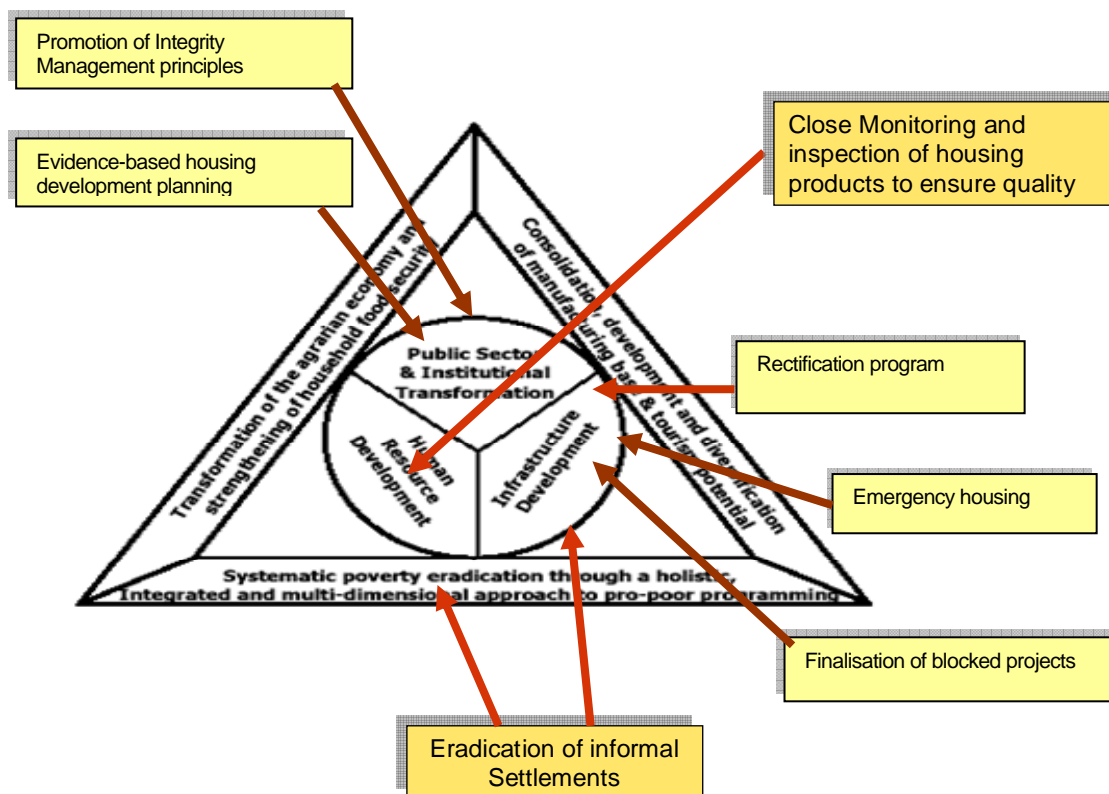
- Farm Worker Housing Assistance
- Rural Subsidy



### 3.2.7 PRIORITIES

- Eradication of informal settlements
- Finalisation of all blocked projects /Unblocking of blocked projects
- Rectification Program
- Emergency Housing
- Close monitoring and inspection of housing products to ensure quality
- Promotion of integrity management principles (SIU signed agreement with the Department)
- Introduction and roll-out of evidence-based housing development planning (research)
- Implementing Housing Summit recommendations

**Figure 2: Housing priorities linked to PGDP**



### 3.2.8 LEGISLATIVE MANDATE

Title of the Act/Policy	Purpose and Specific provisions	Implications for housing development
White Paper: A new Housing policy and Strategy for South Africa, 1994	Commits government to the establishment of socially and economically integrated communities situated in areas allowing convenient access to economic opportunities, as well as health, educational and social amenities.	Housing needs should be met in conjunction with the provision of other social amenities and in due cognisance of available economic opportunities (calling for integrated planning across and between government departments and municipalities).
The Constitution of the Republic of South Africa, Act 108 of 1996	Everyone has the right to have access to adequate housing, and the state must take reasonable legislative and other measures, within available resources, to achieve the progressive realisation of this right.	The right to have access to adequate housing for all places a responsibility on the department to employ all the possible policy measures for meeting the housing needs of the vulnerable and previously marginalised groups.
Housing Act, Act 107 of 1997	Act lays down the general principles governing housing development, defines powers and functions of national, provincial and local governments and provides for financing arrangements for housing development.	Promote the adoption of provincial legislation and formulate provincial policies within national policy.

<b>Title of the Act/Policy</b>	<b>Purpose and Specific provisions</b>	<b>Implications for housing development</b>
National Housing Code, 2000	Provides administrative guidelines for the implementation of national housing policy.	The National Housing Code is being reviewed nationally in view of the policy shift in housing development namely the Breaking New Ground (BNG) which focuses on Integrated development.
The Rental Housing Act, Act 50 of 1999	Sets out duties and responsibilities of landlords and tenants and provides for establishment of housing tribunals in provinces to ensure speedy resolution of disputes between landlord and tenants.	Establish a Provincial Housing Tribunal to mediate over rental disputes.
Housing Consumer Protection Measures Act, Act 95 Of 1998	Residential builders have to register with the National Homebuilders Registration Council and must enrol all the new houses with NHBRC. Home owners are protected from inferior workmanship. Government-subsidised housing units enjoy protection from shoddy workmanship from three months to five years, as specified.	The department should enforce quality housing development employ all possible measures to ensure that builders deliver within the established norms, and defaulters assume responsibility for own actions.

### 3.2.8.1 Other Related Acts

- Conversion of Certain Rights of Leasehold and Ownership Act, Act No. 81 of 1988
- Home Loan and Mortgage Disclosure Act, Act No. 63 of 2000
- Inter-governmental Relations Framework Act, Act No. 13 of 2005
- Less Formal Township Establishment Act, Act No. 113 of 1991
- Municipal Ordinance Act, Act No. 20 of 1974
- Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998
- Sectional Titles Act, Act No. 95 of 1986
- State Land Disposal Act, Act No. 7 of 2000 (with particular reference to release of state land for housing development)
- Upgrading of Land Tenure Rights Act, Act No. 112 of 1991

### 3.2.9 ANALYSIS OF CONSTRAINTS

<b>ANALYSIS OF CONSTRAINTS</b>	<b>MEASURES PLANNED TO OVERCOME CONSTRAINTS</b>
Limited ability to manage housing development projects in certain municipalities	Assist/ support municipalities in developing Housing Sector Plans. Implement capacity building program focusing on housing financial management and project management. Facilitate accreditation of municipalities.
Inadequate building quality control measures	Appointment of additional external resources (Clerks of Works, Project Managers). Support the development and use of Project Management and Project Implementation Plans (PMP & PIP) New control forms for monitoring, evaluation and reporting already implemented. Booklet on Norms and Standards.
Technical skills shortage in construction and related disciplines	Ongoing recruitment and capacity building programs. Capacity building at municipal level.
High levels of poverty in communities	Implementation of housing projects through EPWP and LED.
The 40 m <sup>2</sup> Provincial Norm vs. 30m <sup>2</sup> National Norm for house size and its impact on quality and budget issues	Explore mechanisms to fund the extra 10m <sup>2</sup> through National forum (MINMEC).

	<p>Adopt a policy shift towards packaging housing projects into bankable units and bring in established housing contractors to undertake housing construction taking advantage of economies of scale.</p> <p>Explore social responsibility commitment of private sector as a contribution to housing development.</p> <p>Revisiting Provincial norm to facilitate delivery.</p>
Housing policy which does not allow subsidised houses to be sold within three years is a deterrent for investors including banks	To explore how government can act as a guarantor, explore housing insurance scheme.

### 3.2.10 PLANNED QUALITY IMPROVEMENT MEASURES

- Ongoing population of organogram with emphasis on project management, monitoring and evaluation capability
- Engaging additional clerks of works to assist the recently employed 23 Control/Building Inspectors to tackle 471 running projects throughout the province.
- Engaging in Strategic Partnership with various housing stakeholders/ professionals e.g. DBSA, Nurcha, NHFC etc. and banks in terms of Finance Charter.
- Establish, maintain and facilitate utilisation of a repository of housing development knowledge and best practices.
- Effective communication around housing policy, integrated human settlements, responsibilities and the relationship between housing and economic development are important, especially when the demand for state assistance is on the increase.

## ANNUAL PERFORMANCE PLAN: 2007-2010

Strategic Goal: Communities living in integrated and sustainable human settlements

LEGEND: LIMITED = 10-25% ; SUBSTANTIAL = 26 – 75% & FULL =76 – 100%

SUB PROGRAM: OFFICE OF HEAD OF HOUSING							
Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
To facilitate and support the creation of integrated and sustainable human settlements in all areas of the province.	Facilitate a minimum expenditure of 95% of the annual housing allocation.	Percentage of the housing Conditional Grant spent annually	101%	100%	100%	100 %	100%
SUB PROGRAM: HOUSING POLICY, PLANNING AND RESEARCH							
To undertake and facilitate Housing and Development Planning informed by research and municipal support	Full annual updating of Provincial Housing Development Plan	Level of updating of Provincial Housing Development Plan	-	Full	Full	Full	Full

Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
	All municipal Housing Sector Plans developed by 2008.	Number of Housing sector plans developed	3	12	45	45	45
	Ensure the finalization of a comprehensive Provincial Housing Development Framework by 2010	% of finalization of a comprehensive Provincial Housing Development Framework	New initiative	10%	60%	80%	100%
	All DMs, are accredited to level 1 & NMBM and BCM to level 2 so that they can manage national housing programmes by 2010.	Number of DMs, NMBM and BCM accredited	New initiative	2	2 BCM- level 1 NMBM – level 2	5 DM's – level 1 BCM –level 2	8
	6 Accredited training programs conducted by 2010	Number of Accredited training programs conducted.	Nil	2 comprehensive training programs	2 comprehensive training programs	2 comprehensive training programs	2 comprehensive training programs

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
	Promote the rights and obligations of all housing beneficiaries on an ongoing basis	Extent of understanding of the rights and obligations by all housing beneficiaries	Limited	Limited	Substantial	Substantial	Substantial
<b>SUB PROGRAM: HOUSING PERFORMANCE</b>							
<b>Component : Housing Subsidy Programme</b>							
To provide individual subsidies and housing opportunities to beneficiaries in accordance with the housing policy	Provide a housing subsidy to all qualifying beneficiaries.	Number of housing subsidies provided annually	20813	20241	24000	25 500	27 030
	Promote the participation of Emerging contractors and Vulnerable groups in housing development	Rand value of contracts awarded to emerging contractors	No baseline	No baseline	R 95 m	R105m	R116m
		Rand value of contracts awarded to women contractors	600 subsidies	No baseline	R 19 m	R21	R25m
		Rand value of contracts awarded to youth contractors 550 subsidies	550 subsidies	No baseline	R 9,5 m	R11m	R13m

		Rand value of variation allowance awarded to disabled people	163 232 variation amount	No baseline	R500 000	R550 000	R600 000
		Number of projects approved for orphanage Homes	No baseline	No baseline	12	15	20
<b>Component:</b>	<b>Housing Administration</b>						
Render housing administration support services and sound integrity management principles.	Ensuring an effective and efficient management of the housing subsidy system	Level of management of the housing subsidy system	Limited	Limited	Limited	Substantial	Substantial
	Ensure an effective and efficient Housing Conditional Grant system in the province	Level of management of Housing Conditional Grant system in the province	Limited	Limited	Limited	Substantial	Substantial
	Provide an efficient and effective administrative and financial support for housing development on an ongoing basis	Level of administrative and financial support	Limited	Limited	Limited	Substantial	Substantial
	Contribute the reduction of fraud and corruption in all housing development projects on an ongoing basis	Number of cases reported to the AG	-	4	To be determined	To be determined	To be determined



		Number of cases reported to the SAPS and other enforcement agencies	-	1	To be determined	To be determined	To be determined
		Number of disciplinary actions taken against members involved in housing corruption	-	1	To be determined	To be determined	To be determined
		Number of AG recommendations implemented	-	1	To be determined	To be determined	To be determined

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
<b>Component:</b>	<b>Sustainable Human Settlement</b>						
To facilitate the development of economically viable, socially equitable and environmentally sustainable human settlements	Facilitate the upgrading of all informal settlements by 2014	Number of upgraded informal settlements completed	2	3	6	26	36

#### **SUB-PROGRAM: PROJECT MANAGEMENT AND QUALITY CONTROL**

To render Housing Project Management and Quality Assurance Services.	Ensure that all housing projects are properly project managed on an annual basis	Number of employment contracts in place	18	21	21	21	15
		Ratio of project managers to housing projects	1-26	1-26	1-20	1-15	1-10
		Number of housing units conforming to scope, quality, time and budget.	20 813	2 0241	24 000	25 500	27 030
		Number of Housing projects rectified	No baseline	5	26	To be determined	To be determined
		Number of projects unblocked	114	55	44	-	-

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
<b>SUB PROGRAM: SOCIAL/RENTAL HOUSING AND LAND FACILITATION`</b>							
To facilitate, coordinate & manage the implementation of rental, social housing programs & Land facilitation for Housing Development and Urban Restructuring.	Facilitate efficient and effective transfer of right and title to new owners by 2009.	Number of units transferred and title deeds issued in terms of the Phasing Out Programme by 2009	884	3420	6112	10068	Nil
	Rental revenue collected from rental debtors	Amount of revenue collected from rental debtors	No baseline	R2,3m	R2,3m	R2,5m	R2,75m
	Facilitate efficient and effective transfer of housing units/ registration of title deeds to approved qualifying beneficiaries by 2010	Number of transfers registered/ title deeds issued	10 552	14 400	26 920	28 421	27 030
	Facilitate the upgrading of 2 hostels by 2011	Number of hostels upgraded	Blocked Matthew Goniwe hostel unblocked	1	2	2	2
	Facilitate accreditation of 6 social housing institutions by 2011	Level of accreditation of social housing institutions	Limited	Limited	Limited	Substantial	Substantial

### 3.3 Program Three: Developmental Local Government

#### 3.3.1 STRATEGIC GOAL

Viable and sustainable municipalities delivering basic services and supporting good governance principles, through hands-on support.

#### 3.3.2 STRATEGIC OBJECTIVES

- Appropriate institutional and administrative systems promoted in all municipalities.
- Good Governance practices promoted in all municipalities.
- Effective integrated planning for land, infrastructure and sustainable development promoted in all municipalities.

#### 3.3.3 STRUCTURE OF THE PROGRAM

There has been a decision to delineate the existing department into two departments (namely [1] Housing and [2] Local Government and Traditional Affairs) under political direction of the same MEC. This will have a Limited impact on this program's functioning.

- Office of the Head of Developmental Local Government
- Municipal Governance
  - Municipal Administration
  - Municipal Human Resource Management and Development
  - Municipal Finance Management
  - Municipal Public Participation
- Spatial Planning & Land Development Administration
  - Spatial Planning Services
  - Land Survey and Cadastral Information Management
  - Valuation Services
  - Land Use Management and Administration
- Municipal Integrated Development Strategy
  - Integrated Development Planning and Municipal Performance Management
  - Local Economic Development Support
  - Urban and Rural Development
- Municipal Infrastructure, Disaster Management & Free Basic Services
  - Municipal Infrastructure Services
  - Disaster Management and Emergency Services
  - Municipal Free Basic Services

#### 3.3.4 SITUATIONAL ANALYSIS

The Provincial Government, by legislative and other measures, must, in terms of S.154 (1) of the Constitution, support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and perform their functions. The Department of Housing, Local Government and Traditional Affairs is one of the departments that are charged with this responsibility and it plays the most important role with regard to municipal governance.

There are 45 municipalities that are grouped into three categories: - one Metropolitan; six District Municipalities and thirty-eight local municipalities. Each municipality is assigned with powers to execute and functions to perform on the basis of what capacity it has. This department renders its support on the basis of the prevailing situation in various municipalities.

The diagnosis undertaken in all municipalities in the Province of the Eastern Cape during the first quarter of 2006 enables the department to assess the capacity of each municipality, to design support programs, to appropriately allocate needed resources, to track their performance as a form of monitoring, as well as to gauge the success and

failure of the support programs. The questionnaire had more than 1000 questions grouped into 10 functional areas of the municipality with each area divided into six (6) categories.

The ushering in of the 5-year Local Government Strategic Agenda (2006-2011), as a follow-up to Project Consolidate, requires hands-on support to assist municipalities in the implementation of their service delivery plans. The Developmental Local Government program plays a pivotal role in the province as a champion to roll this out.

The Department has had a Local Government Summit in August 2006 which has taken 54 resolutions around 4 key themes:

- Improved inter-governmental relationships;
- Effective public participation;
- Improved imaging and branding of municipalities; and
- Enhanced service delivery.

In pursuit of the above strategic role, the department has a statutory obligation to ensure that all municipalities produce credible Integrated Development Plans (IDPs). Furthermore, it is the department's responsibility to facilitate effective planning and development alignment, both horizontally and vertically, between the three spheres of government. (NSDF/PGDP/IDP). These efforts support the directive from the State President, to create a developmental state, which seeks to curb fragmentation and duplication.

The absence of appropriate land surveys contributes to land invasions, thereby resulting in unplanned development. The demand for land survey is motivated by the fact that more than 80% of rural properties in the Eastern Cape are unsurveyed and as such, owners have no legal rights. Most of the available large-scale maps are outdated and do not reflect the current reality of land utilisation.

The introduction of the Municipal Property Rates Act and Communal Land Rights Act has made it imperative that all properties be surveyed to ensure the effective implementation of these pieces of legislation and improvement in revenue generation by municipalities.

Municipalities are supported in their spatial planning initiatives to implement effective and efficient land use management. Such support is expressed through the provision of both financial and human capital to facilitate the development and implementation of spatial development frameworks and land use management systems and human settlement planning.

The bridging of the gap between the first and second economies as well as the provincial targets of 6-8% growth necessitates the creation of a conducive LED environment as well as integrated and sustainable implementation of urban and rural service delivery.

The majority of residents within most municipalities in the Eastern Cape do not have access to free basic services. It is in the light of the above that this program has to support municipalities. Few municipalities have policies in place on the provision of Free Basic Services. Institutional arrangements and indigent databases are not well developed and free basic services are mostly supplied in areas with existing infrastructure.

There has been a 50% improvement in IDP submissions. This is a significant achievement, largely attributed to the recognition of the importance of integrated planning and the establishment of an IDP component in the department.

The desired extent and quality of service delivery is, however, severely compromised given the Limited human capacity available at both the departmental and municipal levels.

#### **3.3.4.1 Service Delivery/External Environment**

In summary, a municipality can be grouped on the basis of each category in one of the four levels of capacity i.e. poor (0%-25%), below average (26%-50%), average (51%-75%) and good (76% and above). The following table summarises municipalities in terms of their capacity in five (5) categories. By implication most of the municipalities perform at an "average" level.

Municipalities must strive to put their capacity levels at least at “above average”. The table below demonstrates the level of support municipalities need in the various categories if service delivery is to improve.

CATEGORY	LEVELS OF CAPACITY			
	0% - 25% Poor	26% - 50% Below average	51% - 75% Average	76% and above Above average
Procedures	0	6	39	0
Policies	1	31	13	0
Environment	0	26	19	0
Human Cap.	0	7	38	0
Performance	0	0	45	0
Total Picture	0	2	43	0

This is further broken down in terms of the six functional areas that Municipal Governance is responsible for. These include Financial Management; Institutional Arrangements; Human Resources Management & Development; Information Communication Technology (ICT); Service Delivery/Infrastructure (Engineering Services); General (Disaster Management & Fire and Emergency Services); and Legal Environment.

#### 3.3.4.2 Key Service Delivery challenges at municipalities

- Implementation of Project Consolidate and Presidential Coordinating Council (PCC) Resolutions.
- Insufficient skilled personnel and non-filling of positions both departmentally and at municipalities.
- Inappropriate appointments in municipalities
- Poor revenue base at municipal level thus militating against service delivery.
- Huge infrastructure backlogs and poor maintenance of existing infrastructure.
- Inadequate administrative and management systems in certain municipalities.
- Inability of municipalities to execute assigned powers and functions appropriately.
- the outstanding re-alignment of some municipal boundaries
- Non compliance with statutory requirements by a number of municipalities
- Development and implementation of credible IDPs, with appropriate sectoral inputs.
- The compilation of a municipal consolidated Annual Performance Report.
- Poor and Limited infrastructure in municipalities compromise effective service delivery.
- Outdated municipal valuation rolls resulting in potential revenue leakage through the non-rating of properties. (This calls for the urgent implementation of MPRA).
- Reorientation of municipal LED implementation from a project based approach to an enabling environment principle approach through the implementation of the National Framework on LED
- 
- Critical skilled personnel shortage at both Provincial and municipal level.

#### 3.3.5 POLICIES

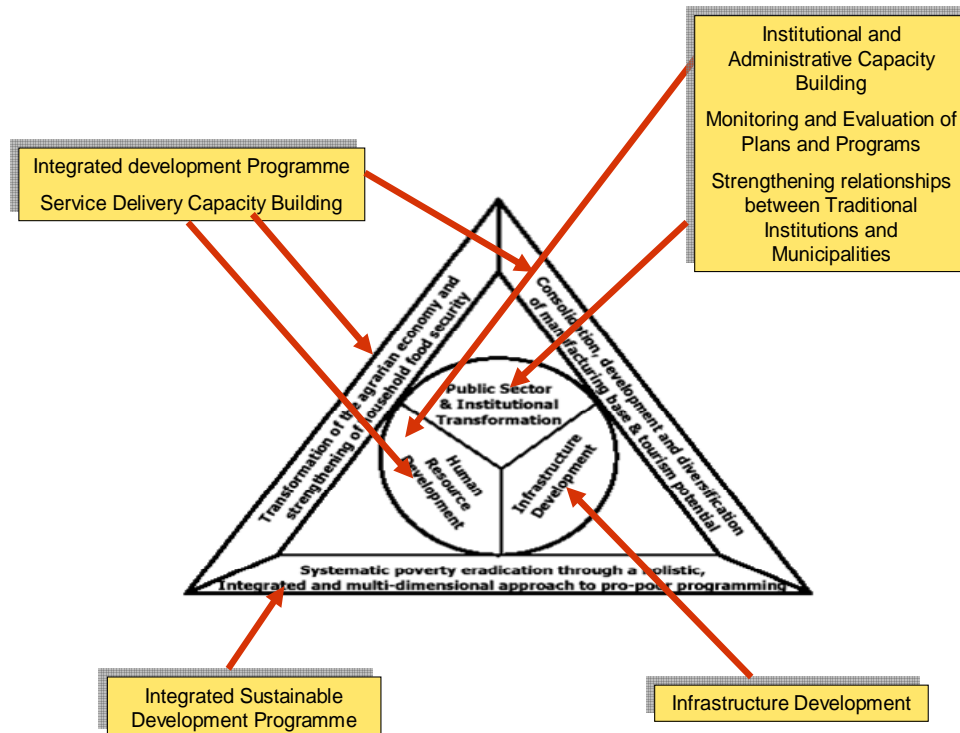
- Development Facilitation Act
- Less Formal Township Establishment Act
- CDW Policy Framework
- Disaster Management Policy Frameworks
- National Spatial Development Framework

- Urban Renewal Implementation Framework
- Handbook on Ward Committees
- Integrated Sustainable Rural Development Strategy
- Policy Guidelines for Implementing Local Economic Development in South Africa
- Guidelines for the National Indigent Policy
- Operational Guide for Nodal Urban Recourse Practitioners
- Provincial Growth and Development Plan
- Provincial Spatial Development Plan
- National Integrated Development Plan Guide (Pack Vol 0 – 7)
- White Paper on Disaster Management
- Local Government White Paper

### 3.3.6 PRIORITIES

- Five-year local government strategic agenda for hands-on support to municipalities (using lessons from Project Consolidate)
- Municipal Support
  - Establishment of municipalities
  - Institutional arrangements in municipalities
  - Municipal human resource management and development
  - Municipal financial management
  - Municipal infrastructure services management
    - Municipal Infrastructure Grant (MIG)
    - Bucket Eradication Program (BEP)
- Expanded Public Works Program (EPWP)
- Community Development Workers' Program
- Provide strategic services to other Organs of State e.g. Municipal Demarcation Board (MDB) and Independent Electoral Commission (IEC)
- Implementation support for free basic services (FBS) Guidelines
- Integrated and Sustainable Urban and Rural Development Program, towards 2010
- Spatial planning and land development
- Municipal property valuations
- Provincial Spatial Development Plan

**Figure 3: Developmental Local Government Objectives linked to PGDP**





### 3.3.7 LEGISLATIVE MANDATE

- Demarcation Act
- Disaster Management Act
- Fire Brigade Services Act
- Land Survey Act
- Land Use Regulation Act
- Local Government Municipal Structures Act
- Local Government Municipal Systems Act
- Municipal Finance Management Act
- Municipal Property Rates Act
- Public Finance Management Act
- Remuneration of Public Office Act
- Land Use Planning Ordinance
- Townships Ordinance

### 3.3.8 ANALYSIS OF CONSTRAINTS

Constraints	Measures planned to overcome constraints
Inadequate cooperation by Sector Departments regarding the decentralisation/devolution of functions and resources to municipalities	Develop a Provincial Decentralisation Planning, coordination and monitoring Unit (Office of the Premier)
Insufficient knowledge of the unintended consequences of social, economic, & political impact of municipal demarcation	Conduct survey to determine impact for strategic intervention
Municipal appointments not in line with the appropriate legislation	Forge partnership with SALGA and Portfolio Committee on Local Government to enforce compliance on recruitment procedures
Inability to attract and retain technical and professional skills due to private sector competition	Training, targeted financial assistance programs – contractual obligations, learnerships. Outsource where skills are not available
Good governance compromised by non-compliance with statutory requirements by most municipalities	Strengthen MuniMec and monitor implementation on its resolutions and encourage compliance with legislation
Number of unfilled posts negatively affect service delivery	Accelerate filling of critical posts
Political and administrative instability impact negatively on service delivery	Facilitation of clarification of roles and responsibilities of officials and councillors in partnership with Corporate Services (Donor Funding)
Effectiveness of established ward committees	Ensure role definition and change management for Ward Committees and CDWs
There is a huge backlog pertaining to Fire Fighting equipment in the Province.	A proposal to address the backlog over a three year MTEF period 2007 to 2010 to the value of R250 Million has been submitted to the Departmental CFO
Lack of a shared vision by Sector Departments, hence non-prioritisation of IDP's.	IDPs to be prioritized as a standing agenda item on all Inter-governmental forums.
Non-development and implementation of a PMS by municipalities	To promote the PMS as a management tool and effective reporting mechanism.
Limited financial and human capacity in municipalities to install, upgrade and maintain service infrastructure.	Establishment, population and capacitating of technical units within municipalities
Absence of municipal rate policy and the non-approval of valuation rolls.	The implementation of Municipal Property Rates Act.
Absence of strategies and systems coupled with weak LED institutions (LOCAL LED CAPACITY AND STRATEGIES)	Facilitate the development of strategies and capacity within the context of the National LED Framework through the recruitment and placement of LED professionals at the district level
Inability of the public sector to pay competitive remuneration packages to attract skilled technical	Competitive remuneration packages (introduction of professional allowance) to be made available for scarce

personnel.	and technical personnel.
Ensuring the effective implementation of MFMA by municipalities.	Integrated approach between this department and Provincial Treasury to provide hands-on support to municipalities.
Absence of municipal rate policy and the non-approval of valuation rolls.	The implementation of Municipal Property Rates Act.
Inability of the public sector to pay competitive remuneration packages to attract skilled technical personnel.	Competitive remuneration packages (introduction of professional allowance) to be made available of scarce and technical personnel.
Lack of a shared vision by sector departments, hence non-prioritisation of IDP's.	IDPs to be prioritised as a standing agenda item on all Inter-governmental forums.
Non-development and implementation of a PMS by municipalities	To promote the PMS as a management tool an effective reporting mechanism.

### 3.3.9 PLANNED QUALITY IMPROVEMENT MEASURES

The program recognizes the need to strengthen and improve the monitoring and support rendered to municipalities to enhance their performance in service delivery. This will be undertaken by way of increased interventions through structured meetings, workshops, hands-on support and the engagement of our strategic partners such as the UNDP, EU and GTZ.

ANNUAL PERFORMANCE PLAN: 2007-2010  
PROGRAM 3: DEVELOPMENTAL LOCAL GOVERNMENT

**Strategic Goal:** Creation of viable and sustainable municipalities that deliver basic services and support implementation of good governance, through hands-on support.

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
<b>SUB PROGRAM: MUNICIPAL GOVERNANCE (KPA 4)</b>							
Appropriate institutional and administrative systems promoted in all municipalities Strategic Objectives	Facilitate the establishment of functional institutional structures (all statutory structures such as mayoral/ executive committees, audit committees, ward committees, etc) in all municipalities annually	Extent to which all municipalities have established Fully functional mayoral/ executive committees annually	Substantial	Substantial	Substantial	Full	Full
		Extent to which all municipalities have established Fully functional audit committees annually	Limited	Limited	Substantial	Full	Full
		Extent to which all municipalities have established Fully functional ward committees	Limited	Limited	Substantial	Substantial	Full
	Ensure that all municipalities perform the assigned and allocated powers and functions at all times	Extent to which municipalities are able to perform assigned and allocated powers and functions.	Substantial	Substantial	Substantial	Full	Full
		Extent to which all 17 Water Services Authorities are able to	Limited	Limited	Substantial	Full	Full

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
		provide water services.					
		Extent to which all 17 Health Services Authorities are able to provide environmental health services.	Limited	Limited	Limited	Substantial	Substantial
		Extent to which all 17 Electricity Services Authorities are able to provide electricity services.	-	-	-	Limited	Limited
	Ensure that all municipalities have appointed key staff annually	% vacancy rate of all municipal managers	-	11,1%	0%	0%	0%
		Number of female municipal managers	-	2	5	8	12
		% vacancy rate of section 57 managers in all municipalities	36%	25%	10%	10%	10%
		% of female section 57 managers in all municipalities	-	19%	40-45%	40-45%	40-45%
		% vacancy rate of technical managers in all municipalities	-	90%	85%	80%	70%
		% total vacancy rate in each municipality	-	-	15%	15%	15%
		Developed trends on disputes and resolution mechanisms applied.	New initiative	Administrative Budget	10 Municipalities	45 Municipalities	45 Municipalities

Strategic Objectives	Measurable objective	Performance Measure/indicator	<i>Actual 2005/06</i>	<i>Estimate 2006/07</i>	<i>2007/08 Target</i>	<i>2008/09 Target</i>	<i>2009/10 Target</i>
		Number of Municipalities without capacity to develop organograms	-	36	30	15	0
		Number of municipalities with performance agreements Fully compliant with legislation and remuneration policy	37	37	37	45	45
		Number of Municipal Managers who have signed a Performance Management Contract annually within 1 month of adoption of SDIPs	-	11	45	45	45
		Number of municipalities without appropriate Information & Communication Technology	-	16	9	4	0
		Number of municipalities with recruitment and retention strategies in place.	New initiative	–	10	25	45
	Skills audit facilitated and skills development by 2010 supported for Senior Managers and councillors.	Number of municipalities with skills audit conducted	11	6 DM's and Metro	11	20	45
		Number of Section 57 Managers undergone Leadership Development Training	-	12	30	60	150

Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
		Number of Councilors undergone Leadership Development Training	-	38	50	70	50
	All municipalities are Fully compliant and accountable with DHLGTA compliance checklist annually	Level of compliance with DHLGTA compliance checklist	Limited	Limited	Substantial	Full	Full
	Ensure that CDWs are Fully functional in all wards by 2009	Number of CDWs deployed in Province	168	288	376	635	635
		% of CDWs that are Fully functional	26%	45%	60%	100%	100%
	Ensure that all Imbizo programmes are Fully co-ordinated and implemented at all times	Level of co-ordination and implementation of Imbizo programmes in Province	Limited	Substantial	Substantial	Full	Full

Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
	All municipalities Fully implement the Local Government Anti-corruption Strategy by 2011	Level of roll-out of Local Government Anti-corruption strategy to all municipalities.	New initiative	Limited	Limited	Substantial	Substantial
<b>SUB PROGRAM: SPATIAL PLANNING AND LAND DEVELOPMENT ADMINISTRATION</b>							
Effective Integrated planning for land, infrastructure and sustainable development promoted in all municipalities.	Facilitate the effective promotion of spatial planning, land surveying, property valuations and land use management in all municipalities to ensure orderly development and municipal financial viability annually.	Number of prioritized municipalities with adopted Spatial Development Frameworks in terms of Municipal Systems Act, by 31st May of each year.	37	4	6	8	6
		Number of prioritized municipalities supported with Land Use Management Systems (Zoning schemes and regulations) in terms of applicable legislations.	8	5	8	6	8
		Number of sites with approved Settlement Layout Plans in various municipalities.	8 670	8 700	6 200	6 000	6 600
		Number of sites with approved General Plans in various municipalities.	11 800	9 985	10 000	10 500	11 000

Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
		Number of hectares that have been topographically mapped in various municipalities.	960	908	1600	1 650	1 780
		Number of prioritized municipalities with approved valuation rolls in terms of the Municipal Property Rates Act by 30th June of each year.	7	8	12	9	6
SUB PROGRAM: MUNICIPAL INTEGRATED DEVELOPMENT STRATEGY							
Effective Integrated planning for land, infrastructure and sustainable development promoted in all municipalities	Ensure that all municipalities have credible IDPs annually	Number of credible IDPs adopted annually	44 adopted IDPs	42 IDPs adopted	45	45	45
		Number of municipalities who have developed SDIPs within 28 days of adoption of annual budgets	-	-	45	45	45
		Number of municipalities with Fully operationalised PMS	-	13	45	45	45
		% deviation between PMS and IDPs	-	-	50%	46%	35%
		% implementation of IDPs per municipality	-	-	50%	65%	70%



Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
	Facilitate sustainable Local Economic Development in all DM's and Metro by 2011	Number of DMs and Metro with viable and adopted Local Economic Development strategy	0	0	7	7	7
		Number of DMs and Metro that have Fully implemented sustainable Local Economic Development strategy	0	0	0	7	7
		Number of DMs and Metro with appropriate LED experts	0	0	3	7	7
		Number of DMs and metro that have supplied LED monitoring information on a quarterly and annual basis	-	-	7	7	7
	Facilitate integrated, sustainable Rural Development and Urban Renewal in the designated nodes by 2010.	Level of integration of ISRDP and URP in each of the designated nodes	Limited	Limited	Substantial	Substantial	Full

Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
<b>SUB PROGRAM: MUNICIPAL INFRASTRUCTURE, DISASTER MANAGEMENT AND FREE BASIC SERVICES</b>							
Effective Integrated planning for land, infrastructure and sustainable development promoted in all municipalities	Ensure Full implementation of Disaster Management Policy Framework by 2010.	% implementation of Disaster Management Policy Framework	40%	60%	65%	80%	100%
	Ensure Fully functional District/ Metro Disaster Management Centres	Number of District/ Metro Disaster Management Centres established (including BCM, NMM, KSD)	9	9	9	9	9
		Number of functional District/ Metro Disaster Management Centres	2	4	6	8	9
	Ensure functional Fire Services Departments at all local municipalities by 2014	Number of functional Fire Service Departments at local municipal levels	16	22	26	30	34
	Facilitate the provisioning, upgrading, maintenance and monitoring of infrastructure projects in all municipalities to ensure sustainability of infrastructure on an annual basis.	% MIG Expenditure (value) in all relevant municipalities	75%	63%	90%	95%	100%
		% commitment of the allocations through MIG project registration by municipalities	100%	100%	100%	100%	100%
		Number of municipalities with functional MIG Project Management Units	22	34	41	45	45
		Extent to which Municipalities operate and maintain infrastructure.	-	-	Limited	Limited	Substantial

Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
		Number of units of toilet buckets eradicated in the municipalities	8 097	20 100	9 095	-	-
	All DMs and Metro are Fully supported in the provision of Free Basic Services to ensure access to services by indigent on an annual basis	Level of development of FBS Indigent policies in all DMs and Metro.	Limited	Limited	Substantial	Substantial	Full
		Level of updated indigent registers in all DMs and Metro	Limited	Limited	Substantial	Substantial	Full
		% of households with access to basic water supply within or above RDP standards in Province	-Limited	≤ 62 %	Researched to be conducted	-	-
		Extent to which indigent households have access to Free Basic Water in municipalities	Limited	Limited	Limited	Limited	Substantial
		% of households with access to electricity in Province	Limited	≤ 60 %	Research to be conducted	-	-
		Extent to which indigent households have access to Free Basic Electricity in municipalities	Limited	Limited	Limited	Limited	Limited
		% of households with access to Sanitation in Province	Limited	≤ 62%	60%	80%	100%
		Extent to which indigent households are served with Free Basic Sanitation in municipalities	Limited	≤ 60 %	Limited	Limited	Limited

Strategic Objectives	Measurable objective	Performance Measure/indicator	Actual 2005/06	Estimate 2006/07	2007/08 Target	2008/09 Target	2009/10 Target
		Number of municipalities implementing Free Basic Water in Province	Limited	≤ 60 %	Research to be conducted	-	-
		Number of municipalities implementing Free Basic Electricity in Province	Limited		Research to be conducted	-	-
		Number of municipalities implementing Free Basic Sanitation	Limited	≤ 40 %	Research to be conducted	-	-
		% of households with access to refuse removal in Province	Limited	≤ 60 %	55%	60%	80%

## 3.4 Program 4: Traditional Affairs

### 3.4.1 STRATEGIC GOAL

Viable and sustainable traditional institutions which are integrated in the governance and strategies of the Province

### 3.4.2 STRATEGIC OBJECTIVES

- Fully implemented legislation and developed policies regarding traditional leadership.
- Participation of Traditional Leaders in service delivery initiatives is promoted.
- The Provincial House of Traditional Leaders is adequately supported.

### 3.4.3 STRUCTURE OF THE PROGRAM

- Office of the Head of Traditional Affairs
- Traditional Leadership Policy and Legislation Development
- Provincial House of Traditional Leaders Secretariat and Management
- Traditional Community Development Facilitation
- Traditional Leadership Institution Support Services

### 3.4.4 SITUATIONAL ANALYSIS

- The programme is mandated to set out a framework, norms and standards that should define the place and role of traditional leadership within the new system of democratic governance. The department must ensure that the institution of traditional leadership is transformed and that it discharges its development and related mandate.
- The legislation on traditional leadership and governance requires some changes in the approach of the management and administration of traditional leadership and governance systems and establishment.
- The National Act was passed in December 2003 and was put into operation on 24 September 2004. Section 28(4) prescribes a deadline of one year within which to disestablish regional authorities. It therefore means that this section should have been complied with by 23 September 2005. The direct implication of non-compliance in respect of transforming Traditional Authorities and disestablishing Regional Authorities is that after 23 September 2005 any of these structures operating as established in terms of the old order legislation will be operating outside of the new legislation and will therefore be operating illegally

### 3.4.5 POLICIES AND PRIORITIES

- Implementing the legislation on traditional leadership and governance requires that certain policies or frameworks be developed to guide practitioners and officials in performing this task. This policy/framework development which is linked both to National Framework on Traditional Leadership and Governance and Provincial Legislation on Traditional Leadership and Governance will be vigorously pursued by the Department during the MTEF period.

### 3.4.6 LEGISLATIVE MANDATE

Legislation	Description
House of Traditional Leaders Act 1995	To provide for the establishment of the House of Traditional Leaders
Traditional Leaders & Government Framework Act 41 of 2003	To provide for the functions and roles of traditional leaders
Traditional Leadership and Governance Act, 4 of 2005 (Eastern Cape)	To provide for the functions and roles of traditional leaders

Constitution of 1996, (Act no.108/1996) Section 211&212	To provide for the recognition and roles of traditional leaders
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### 3.4.7 ANALYSIS OF CONSTRAINTS

<b>Constraints</b>	<b>Measures planned to overcome constraints</b>
Development of mechanism and implementation thereof for 57 traditional authorities that are headed by headmen	Process to be finalised by 2008/2009
Appointment of ±220 Ex Ciskei Headmen	Process to be finalised by 31 March 2008
Lack of policies/framework as required by the White Paper and Legislation on Traditional Leadership and Governance	Policies/frameworks to be developed during the MTEF period
Provision of resources to newly formed/ transformed traditional institutions <ul style="list-style-type: none"> <li>• Appointment of staff for traditional councils</li> <li>• Offices, vehicles, furniture, PCs etc</li> <li>• Funding of Traditional Institutions</li> </ul>	Processes to begin 2008/2009
Capacitation of newly formed traditional institutions: <ul style="list-style-type: none"> <li>• Administration</li> <li>• Finance</li> <li>• Legal (Legislation)</li> <li>• Developmental</li> <li>• Land matters</li> <li>• Formal and Informal Conflict Resolutions and some section of Act No41 of 2003 on Conflict Resolution</li> </ul>	Process to begin 2007/2008

### 3.4.8 PLANNED QUALITY IMPROVEMENT MEASURES

- New strategic plans for the Branch and Provincial House of Traditional Leaders have been formulated. The role of the department on traditional affairs has been considered in detail, and mandate of the Provincial House of Traditional Leaders and its role have been documented.
- A more detailed budget for 2007/08 and the outer years has been formulated and the budgets of the Department and the Provincial House of Traditional leaders have been separated. The exercise is informed by new Strategic Plans for the Branch and Provincial House of Traditional Leaders.

ANNUAL PERFORMANCE PLAN: 2007-2010  
PROGRAM 4: TRADITIONAL AFFAIRS

**Strategic Goal:** Viable and sustainable traditional institutions which are integrated in the governance and strategies of the Province

Annual Performance Plan

**Strategic Goal:** Viable and sustainable traditional institutions which are integrated in the governance and strategies of the Province

Strategic Objectives	Measurable Objectives	Performance Indicator	Actual 2005/06	Estimate 2006/07	Target 2007/08	Target 2008/09	Target 2009/10
Fully implemented legislation and developed policies regarding traditional leadership	Full implementation of traditional affairs legislation by 2009/2010	Level of compliance with traditional affairs legislation.	Limited	Limited	Substantial	Substantial	Full
Participation of Traditional leaders in service delivery initiatives is promoted.	Facilitate the assignment by both National and Provincial Government of functions of traditional leadership in the Province	Level to which required assigned functions have been delegated to traditional leaders	Limited	Limited	Limited	Substantial	Substantial
	Participation of traditional leaders in IGR structures and other development programmes is facilitated on an annual basis	Level of participation of members of PHOTL (38) in IGR structures	Limited	Limited	Substantial	Substantial	Substantial
		Level of participation of members of PHOTL (38) in LED structures	Limited	Limited	Substantial	Substantial	Substantial

Strategic Objectives	Measurable Objectives	Performance Indicator	ACTUAL2005/2006	Estimate 2006/07	Target 2007/08	Target 2008/09	Target 2009/10
The Provincial House of Traditional Leaders is adequately supported	Ensure the construction of PHOTL and 6 Traditional Council offices	Level of completion of construction of PHOTL and 6 Traditional Council offices	Limited	Limited	Substantial	Full	Full
	Ensure the Full implementation of a capacity building programme for PHOTL	Level of implementation of of a capacity building programme for PHOTL	Limited	Limited	Substantial	Full	Full
	Facilitate the Full participation of traditional leaders in cultural activities.	Level of participation of traditional leaders in cultural activities linked to preserving indigenous knowledge & languages	Limited	Limited	Substantial	Full	Full
		Level of participation of traditional leaders in cultural activities linked to educating the youth on tradition & culture	Limited	Limited	Substantial	Full	Full
		Level of participation of traditional leaders in cultural activities linked to Heritage sites	Limited	Limited	Substantial	Full	Full
		Level of participation of traditional leaders in cultural activities linked to Initiation initiatives	Limited	Limited	Substantial	Full	Full
		Level of participation of traditional leaders in cultural activities linked to HIV/Aids	Limited	Limited	Substantial	Full	Full
		Level of participation of traditional leaders in cultural activities linked to tourism development	Limited	Limited	Substantial	Full	Full





### 3.5 Reconciliation of Budget With Plan By Program

**Table 2: Evolution of expenditure by budget program and sub-program (Rmillion)**

#### 3.5.1 PROGRAM ONE: ADMINISTRATION/CORPORATE GOVERNANCE

Sub-program	Year -2 2004/05	Year -1 2005/06	Base Year 2006/07	Average Annual Change(%)	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Average annual change(%)
MEC	1	1	0	-50.00%	1	1	0	-50.00%
Corporate Governance	81	82	80	0.02%	101	105	110	6.34%
<b>Total Program</b>	<b>82</b>	<b>83</b>	<b>80</b>	<b>-0.59%</b>	<b>102</b>	<b>106</b>	<b>110</b>	<b>5.81%</b>

#### 3.5.2 PROGRAM TWO: HOUSING DEVELOPMENT

Sub-program	Year -2 2004/05	Year -1 2005/06	Base Year 2006/07	Average Annual Change(%)	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Average annual change(%)
Office of the Head of Housing	14	10	15	-3.57%	16	17	17	6.25%
Housing Planning & Research	3	8	2	129.17%	9	9	10	5.56%
Housing Performance/ Subsidy Management	578	616	775	19.48%	942	1,052	1,053	11.72%
Urban Renewal & Human Settlement Redevelopment	60	25	26	-56.33%	23	23	24	2.17%
Housing Asset Management	5	7	6	32.86%	7	8	8	14.29%
Housing Administration					5	6	6	20.00%
<b>Total Program</b>	<b>660</b>	<b>666</b>	<b>824</b>	<b>12.77%</b>	<b>1,002</b>	<b>1,115</b>	<b>1,118</b>	<b>11.41%</b>

#### 3.5.3 PROGRAM THREE: DEVELOPMENTAL LOCAL GOVERNMENT

Sub-program	Year -2 2004/05	Year -1 2005/06	Base Year 2006/07	Average Annual Change (%)	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Average annual change (%)
Office of the Head of Developmental Local Government	20	15	26	11.67%	18	19	21	10.82%
Municipal Administration	18	63	48	238.10%	24	24	25	2.08%
Municipal Finance	45	33	35	-23.64%	37	38	39	4.02%
Municipal Public Participation					17	18	18	5.88%
Municipal Infrastructure	37	33	29	-16.87%	33	34	35	4.50%
Disaster Management	24	43	28	61.72%	32	32	34	3.13%
Spatial Planning	7	8	12	39.29%	12	12	13	4.17%
Development Administration/Land Use Management	13	18	22	49.57%	20	21	22	7.38%
Integrated Development Planning (IDP)	7	11	16	79.87%	18	18	19	2.78%
Local Economic Development(LED)	18	19	27	26.61%	31	32	33	4.79%
<b>Total Program</b>	<b>189</b>	<b>243</b>	<b>243</b>	<b>28.57%</b>	<b>242</b>	<b>248</b>	<b>259</b>	<b>4.70%</b>

#### 3.5.4 PROGRAM FOUR: TRADITIONAL AFFAIRS

Sub-program	Year -2 2004/05	Year -1 2005/06	Base Year 2006/07	Average Annual Change (%)	Year 1 2007/08	Year 2 2008/09	Year 3 2009/10	Average annual change (%)
Traditional Institutional Arrangement	44	51	22	-12.52%	68	71	74	2.11%
Traditional Resource Administration	19	36	80	150.58%	58	61	64	7.63%
Traditional Affairs Integration / Development Facilitation	0	0	1		1	1	1	0.00%
Office of the Head of Traditional Affairs	3	2	1		1	1	1	0.00%
<b>Total Program</b>	<b>66</b>	<b>89</b>	<b>104</b>	<b>43.28%</b>	<b>128</b>	<b>134</b>	<b>140</b>	<b>6.93%</b>

#### 3.5.5 IMPLEMENTATION OF THE CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The planned capital investment of the department relates to the acquisition and/or construction of accommodation for the House of Traditional Leaders and for administration facilities at palaces of the Kings and at the Regional Authorities.

**Table 3: New projects, upgrades and rehabilitation (R'000)**

New projects	Actual 2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Program 1	-	-	-	-	-	-
Program 2	-	-	-	-	-	-
Program 3	-	-	-	-	-	-
Program 4	0	R6.946	R25.364m	R26.821m	R27.894m	29.01m
<b>Total new projects</b>	<b>R0.0m</b>	<b>R6.946</b>	<b>R25.364m</b>	<b>R26.821m</b>	<b>R27.894m</b>	<b>29.01m</b>
Upgrading	Actual 2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Program 1	-	-	-	-	-	-
Program 2	-	-	-	-	-	-
Program 3	-	-	-	-	-	-
Program 4	-	-	-	-	-	-
<b>Total Upgrading and rehabilitation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 3.6 Medium-Term Revenues

### 3.6.1 SUMMARY OF REVENUE

The following sources of funding are used for the Vote:

	2004/05 Actual (million)	2005/06 Actual (million)	2006/07 Estimate (million)	2007/08 Actual MTEF (million)	2008/09 Actual MTEF (million)	2009/10 Actual MTEF (million)
Voted by Legislature(Equitable share)	377	424	489	521	557	582
Conditional Grants	655	623	762	953	1,047	1,046
<b>Total Revenue</b>	<b>1,032</b>	<b>1,047</b>	<b>1,251</b>	<b>1,474</b>	<b>1,604</b>	<b>1,628</b>

### 3.6.2 DEPARTMENTAL REVENUE COLLECTION

Non-Tax Revenue	2004/05 Actual (million)	2005/06 Actual (million)	2006/07 Estimate (million)	2007/08 Actual MTEF (million)	2008/09 Actual MTEF (million)	2009/10 Actual MTEF (million)
Sale of goods and services	2	4	5	6	7	7
Interest received	9	5	6	2	2	2
Financial transactions in asset and liabilities						
<b>Departmental Revenue</b>	<b>11</b>	<b>9</b>	<b>11</b>	<b>8</b>	<b>9</b>	<b>9</b>

### 3.6.3 CONDITIONAL GRANTS

The following conditional grants are available to the department, Housing Subsidy Grants, Human Settlement Redevelopment Grant, Municipal Infrastructure Grant (MIG), Local Government Capacity Building Grant

### 3.6.4 CONDITIONAL GRANTS BUDGET

The Department is responsible for the administration of the Housing Subsidy Grant in the Province.

Grant	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Human Settlement Redevelopment	11	0				
Disaster Relief		16				
Housing Subsidy	573	607	762	936	1047	1047
Local Government Capacity Grant	35					
Municipal Infrastructure Grant	9					
<b>TOTAL</b>	<b>628</b>	<b>623</b>	<b>762</b>	<b>936</b>	<b>1047</b>	<b>1047</b>

The Municipal Infrastructure Grant (MIG) is transferred directly from National Treasury to nine management areas. The funds that are included in our budget in respect of MIG are for project management.

### 3.6.5 DONOR FUNDING

There is no donor funding that is available to this department

### 3.7 Co-ordination, co-operation and outsourcing plans

#### 3.7.1 INTERDEPARTMENTAL LINKAGES

The department is participating in all three clusters i.e. Social Needs, Infrastructure and Governance & Administration.

In the Social Needs and Infrastructure clusters, the department shares and informs the other departments about its plans and programs. All departments' plans must be aligned to the IDPs of the municipalities, Provincial Growth and Development Program (PGDP) as well as National and Provincial priorities.

To ensure good coordination, each cluster has a political and an administration head. The clusters do meet regularly to assess the performance and implementation of plans. To improve the administration of these clusters, cluster budgeting is being introduced.

#### 3.7.2 LOCAL GOVERNMENT LINKAGES

The Department has a constitutional responsibility to strengthen the capacity of municipalities, provide support and monitor their performance. There are no agency functions performed by municipalities on behalf of the Department, e.g. Construction of great places, Management Support Program and Project Management.

#### 3.7.3 PUBLIC ENTITIES

The department does not transfer money to any Public Entities.

#### 3.7.4 PUBLIC, PRIVATE PARTNERSHIPS, OUTSOURCING ETC

Strategic partnerships have been entered into with DBSA, Nurcha, NHFC NHBRC, Thubelisha, PHPT and Servcon. In addition, banks are showing significant interest in ways to help them meet their Financial Charter Commitment. In Housing, we already have one pilot with ABSA Bank in the Vuyo Mbuli development.

At a local government level, partnerships have been created around monitoring and support for municipalities. The engagement of experts to provide professional service from time to time is however the most common example of outsourcing and partnership, such as the UNDP, the EU, GTZ and educational institutions and universities.

## 3.8 Financial Management

### 3.8.1 STRATEGIES TO ADDRESS AUDIT QUERIES

Project teams have been appointed to attend to the items raised in the Audit report as qualifications. The intention is to ensure that problems are resolved before the beginning of the 2006/07 financial year. Provincial Treasury is also assisting in attending to both the qualification items and emphasis of the matter items.


### 3.8.2 IMPLEMENTATION OF PFMA

The implementation of the requirements of the PFMA in the department is done in conjunction with Provincial Treasury. Treasury and the Chief Financial Officers of provincial departments meet regularly to review progress on PFMA implementation and compliance.

The organogram has been revised in order to bring it in line with the recommended structure of the Office of the Chief Financial Officer of the Normative Measures for Financial Management.

The department has filled the position of Chief Financial Officer and Head of Supply Chain Management. This appointment is expected to give impetus to the implementation of the requirements of the Public Finance Management Act.

Policies and systems of internal control, risk management, procurement, asset management etc are being reviewed and documented.



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**HEAD OF DEPARTMENT**



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**MEMBER OF THE EXECUTIVE COUNCIL**