

Eastern Cape Department of Human Settlements

**Strategic Plan Evaluation:**

**Annual Performance Plan 2012/13-2014/15**

**Operational Plan 2013/14**

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## **Summary of Key Findings and Recommendations**

### **I. Strategic Direction**

#### **Finding**

This financial year, the MEC correctly outlines policy priorities and key performance targets for the 2013/14 financial year. However she fails to provide a brief summary of the achievements from the previous financial year and challenges facing the Department regarding delivering on its mandate. The MEC fails to highlight progress regarding the finalisation of the Destitute and Vulnerable Groups policy as well as a new prioritization on the issuing of title deeds. There is also no discussion of the permanent establishment of a new Project Management Unit (PMU) which deals with blocked projects as well as the establishment of a Beneficiary Administration Unit to manage all beneficiary matters. The MEC also neglects to identify the various partnerships in which the Department has entered.

#### **Recommendation**

Each year, the Annual Performance Plan (APP) should set out any changes to the Department's strategic direction due to policy or programme shifts. This is to ensure that the Department is held accountable for its performance in relation to its new policy priorities/strategic direction. Policy priorities should be articulated by the executive authority responsible for the Department as he/she is ultimately accountable for the implementation of policy priorities and, therefore, the Department's planning.

### **II. Performance and Monitoring**

#### **Finding**

The APP measures the Department's progress from 2009 to date regarding how it has addressed and intends to address provincial housing backlog over 6 years. Unfortunately no figures are provided to show the effect of the Department's achievements on provincial housing demand. The APP also fails to show a plan or methodology for setting targets or tackling housing backlog.

#### **Recommendation**

Although the Department must be commended for its achievements in housing delivery thus far, there are still questions regarding progress in reducing the provincial housing backlog and its plans to meet housing needs over the MTEF. The ability to successfully address the housing backlog must be considered against the following: (i) the setting of targets, (ii) the background of housing need analysis conducted by the Department (iii) the service delivery environment and obstacles hindering the eradication of the backlog. Housing backlog must also be considered against the background of the limited funding

that is available and the capacity of the Department to deliver on its mandate. All these factors need to be thoroughly expressed under the Performance delivery environment.

### **Finding**

The APP makes vague reference to the integration of the Department's outcomes with various sectors and lists with the provincial MTEF targets outlined from the Provincial Programme of Action (PoA) as well as municipal delivery targets. There is also limited discussion regarding the past performance delivery environment and any important changes or challenges in the service delivery environment.

### **Recommendation**

More information needs to be provided on the integration of sustainable human settlements within the Provincial Programme of Action (PoA). To what extent will this PoA impact on the performance and organisational delivery environment of the Department? What will be the possible or necessary changes? The APP must show connectedness between its outcome 8 priorities and the strategic goals of the PoA. It needs to be clear what targets, objectives and priorities pertain to the Department And against which it will be held accountable . Given the recent 2011 census statistics, the APP needs to also consider major changes in the performance delivery environment such as the impact of rural-urban migration within the province and between provinces. Information revealing internal migration trends will be useful in increasing understanding thereby adding value to the accuracy in the strategic direction, planning of objectives and targets in relation to rural and urban housing development.

### **Finding**

The APP highlights the Department's financial and human resource limitations as a result of a constrained budget but fails to discuss implications thereof despite detailed plans and explanations relating to what the Department intends to do in response to the tight fiscal envelope. This organisational section discusses the implementation of a Service Delivery Model and the Department's changes to improve the organizational environment such as boosting capacity in supply chain management as well as the introduction of new directorates, sub-programmes and partnerships. Furthermore there is response to some audit recommendations and a regular review process of performance indicators.

**Recommendation**

The organizational environment section is among the most positive changes within the APP. The Department is urged to further build on this progress and replicate it elsewhere in the planning documents.

**Finding**

A progress report on the Provincial Act on Eradication of Informal Settlements is provided unlike previous APPs.

**Recommendation**

Time frames for revisions to the Act are not provided and a bit more detail about the rigorous consultation process is needed. Who was consulted, what were some of the main issues raised and when can we expect the green paper to become a white paper? If this proposed legislation is enacted it will have significant implications for planning and budgeting purposes, which must be considered in the upcoming three year cycle.

### **III. Strategic Goals, Objectives and Performance Indicators**

**Finding**

There is improvement and considerable effort by the Department to make the goals more specific, measurable, attainable, realistic and time bound (SMART).

**Recommendation**

The regular reviewing process of weighting and rating indicators to the SMART principle is strongly encouraged, if it is not reflected as an actual measurable target/activity within a sub-programme (which it currently is not), it will result in the Department's failure to implement the desired change in performance indicators. There also needs to be explanation and justification for the shifting of sub-programmes and the discontinuation certain performance indicators. However there is still room for improvement. All the programmes' performance indicators can be strengthened and made to be more effective and more SMART.

**Finding**

The APP does not contain performance indicators or a detailed strategy for addressing the Auditor General's (AG) queries. There has been a failure within the APPs performance indicators to adequately address AG concerns particularly with Supply Chain Management as well as the monitoring and review of reporting and actual performance. In addition, the performance indicators do not clearly show how they intend to respond to the Department's current challenges with regard to preparing regular, accurate and complete financial and performance reports.

### **Recommendation**

Although the Department has made more of an effort to incorporate some of the AG's recommendations in particular the introduction of an electronic reporting system, more specific indicators can be used to directly address the AG's concerns regarding the Department's failure to comply with PFMA regulations and monitoring financial reporting. The Department needs to hold more information sharing workshops between various branches as well as hold training workshops on PFMA policies and National Treasury Guidelines. There should also be performance indicators that reflect a commitment to take serious measures against those that fail to comply with PFMA regulations and Treasury Regulations. Issues regarding leadership, monitoring and evaluation of actual performance and financial management could be improved by increasing the number of branch performance review sessions as well as increase the number of oversight reports on programmes from one year to at least one every quarter. The plan should include specific targets and activities which respond to expected challenges and how these will be managed.

## **IV. Budget and costing of plans**

### **Finding**

For the 2013/14 financial year the Eastern Cape Department of Human Settlements has received a total budget of R2.83 billion. This represents a nominal increase of R259 million or 10% from the 2012/13 adjusted budget of R2.61 billion. Once inflation is taken into account, this represents a budget increase of 4.61% in real terms. There is acknowledgement of tight fiscal envelope but with little discussion of the effects it has on each programme's activities and human resource capacity.

### **Recommendation**

The Department faces a monumental task of meeting growing housing demand against a declining allocation. This is further worsened by the cut in the Eastern Cape equitable share allocation by Treasury as a result of Census 2011 population results. The Department's current method of housing delivery is not sustainable. The Department needs to come up with new alternatives which use more cost effective building materials in order to meet demand in the long run.

### **Finding**

Part C of the APP does not provide any information on public entities of public-private-partnerships (PPPs). While the Department currently has no public entities or PPPs, the Department makes reference in Part A of the APP to plans to source additional capacity through partnerships with financial institutions and functional housing institutions to name a few within the province to augment current capacity. The Department also fails

to discuss its links to other housing related conditional grants such as the Urban Settlements Development Grant (USDG) and the Rural Housing Infrastructure Grant (RHIG).

**Recommendation**

Future APPs should include more detailed information on the Department's present and planned engagement with other government departments, non-governmental financial and housing institutions reporting on progress and challenges with these partnerships. More information and clarity regarding the USDG and the RHIG and their outputs per region table must also be provided for coordinated planning and accountability purposes.

**Finding**

According to the figures provided by the MEC, the Department had delivered 11 250 units or 67% of its set target of 16 676 units and installed 8 439 services or just over 50% of its target of 16 678 services in the 2012/13 financial year

**Recommendation**

Where there are challenges causing this deviation from the output targets set in the Strategic Plan, the MEC's foreword should articulate a strategy for dealing with these challenges in the financial year and over the MTEF.

## **Introduction**

Provincial government departments are expected to draw up two strategic plans, a Five-year plan and an Annual Performance Plan (APP).<sup>1</sup>

The Five-year Strategic Plan, linked to the five-year election cycle, sets out the Department's strategic policy priorities and plans for the coming five years. Each year, provincial departments are required to produce APP's which set out what they intend doing in the upcoming Medium Term Expenditure Framework (MTEF) period to implement their respective Five-year Strategic Plan.

In addition to the annual performance plan, departments are expected to produce a detailed one-year operational plan. The operational plan must feed into performance agreements between executive authorities and accounting officers and should provide quarterly performance measures and targets, as well as quarterly budget information.

Strategic planning forms the foundation on which service delivery is built. This report evaluates the strategic plans of the Eastern Cape Department of Human Settlements for the 2013/14 financial year and MTEF period by asking a number of questions which identify the necessary requirements for effective and accountable strategic plans.<sup>2</sup>

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<sup>1</sup> See further in this regard National Treasuries *Framework for Strategic Plans and Annual Performance Plans*, August 2010 which is available at

<http://www.treasury.gov.za/publications/guidelines/SP%20APP%20Framework.pdf>

<sup>2</sup> Ibid

## **Findings**

### **I. Overview of Strategic Direction and Policy Priorities**

This financial year the MEC's foreword does not feature the usual reflection of the achievements and challenges of the previous financial year or the introduction of new policies and service delivery priorities which will be supported by the strategic plans.<sup>3</sup> In the previous financial year, the Department planned to deliver 16 726 housing opportunities and install 16 678 services.<sup>4</sup> A brief review of the Department's performance of the 2012/13 financial year is provided in the MEC's policy and budget vote speech<sup>5</sup> and the Estimates of Provincial and Revenue Expenditure.<sup>6</sup> According to the figures provided by the MEC, the Department had delivered 11 250 units or 67% of its set target of 16 676 units and installed 8 439 services or just over 50% of its target of 16 678 services in the 2012/13 financial year.<sup>7</sup>

Based on these figures, the Department's performance in the 2012/13 year is an issue of great concern clearly because it is not in line with the Department's strategic objective which is to accelerate delivery. The setting of targets in this financial year, in the previous financial year and the planned targets over the MTEF is also inconsistent with the Department's five year strategic plan which calculates that in order to reduce the provincial backlog of 750 000<sup>8</sup> over the next 5 years, the Department needs to plan and budget building "19 000 to 27 000 housing output per year using available resources and service sites".<sup>9</sup> Where there are challenges causing this deviation from the output targets set in the Strategic Plan, the MEC's foreword must highlight these challenges also providing strategy for dealing with these challenges in this financial year and over the MTEF.

An inadequate equitable share and bulk infrastructure funding still remain as the biggest obstacles of the Department's mandate and strategic goal of accelerating delivery. This challenge has also been worsened by a declining provincial budget as a result of

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<sup>3</sup> Eastern Cape Department of Human Settlement Annual Performance Plan 2013/14 to 2015/16, p.2, Eastern Cape Department of Human Settlement Operational Plan 2013/14, p.2

<sup>4</sup> Eastern Cape Department of Human Settlement Annual Performance Plan 2012/13 to 2014/15, p.2

<sup>5</sup> Eastern Cape Human Settlements Policy and Budget Speech 2013/14 delivered by MEC August Sauls on 28 March 2013, p.7

<sup>6</sup> Eastern Cape Estimates of Provincial Revenue and Expenditure 2013/14, p.654

<sup>7</sup> Eastern Cape Human Settlements Policy and Budget Speech 2013/14 delivered by MEC August Sauls on 28 March 2013, p.7

<sup>8</sup> Eastern Cape Department of Human Settlements Strategic Plan 2010/11 to 2014/15, p.21

<sup>9</sup> Ibid

Census 2011 data which reflects a decline in the province's population.<sup>10</sup> If the Department's 2012/13 achievements are a reflection of serious financial challenges hampering the Department's ability to deliver higher targets, the MEC's foreword must highlight and speak to how the Department plans to ensure that the right to housing will not be severely compromised as a result of a declining budget against increasing provincial housing demand.<sup>11</sup> A response to this specific challenge also needs to be addressed in parts A and D of the APP.

Each year the MEC's foreword should set out any possible changes to the Department's policies or programmes. In her 2013/14 Policy and Budget Speech, the MEC introduces the Destitute and Vulnerable Groups as a "priority program."<sup>12</sup> According to the MEC this programme is intended to respond to the triple challenge of poverty, inequality and unemployment by providing housing units to the destitute individuals.<sup>13</sup> The MEC failed to discuss the Department's additional priority focus on issuing title deeds to beneficiaries.<sup>14</sup> The National Department has dedicated the 2013/14 financial year to focus on issuing title deeds to beneficiaries and the provincial department will also prioritize issuing of title deeds.<sup>15</sup> It is important that clarity be given about the key outputs, various role players associated with these policies as well as the funds allocated and the significant changes within the Department as a result in order to hold the Department accountable for delivering on this policy priority. It is also important that the MEC expresses in planning documents, strong commitment to meeting priorities targets set in the APP.

More disappointingly, the MEC fails to acknowledge and speak about two major outputs; the introduction of the National Development Plan (NDP) and the Census 2011 results which will have great implications for the Eastern Cape's strategic direction and the Department as a whole.

## **II. Performance and Monitoring**

### **Performance Delivery and Organisational Environment**

As the government is approaching the end of its term and as the target deadline for most government priorities is the 2014 year, it is important that the Department report on its achievements and progress of the strategic priorities outlined in the 2009-2014 Medium

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<sup>10</sup> Eastern Cape Budget Speech 2013/14 delivered by MEC for Finance P. Masualle on 24 April 2013, p.13

<sup>11</sup> Eastern Cape Overview and Estimates of Provincial Expenditure 2013/14, p.656. The EC Housing Budget is expected to decline from R2.8 billion in 2013/14 to R1.64 billion in 2014/15 and 2015/16 respectively.

<sup>12</sup> Eastern Cape Human Settlements Policy and Budget Speech 2013/14 delivered by MEC August Sauls on 28 March 2013, p.10

<sup>13</sup> Ibid, p.4.

<sup>14</sup> Ibid, p.28

<sup>15</sup> Ibid

Term Strategic Framework (MTSF). For the 2009-2014 MTSF, the Department aimed to pursue the following priorities also outlined in the 2010/11-2014/15 Strategic Plan:<sup>16</sup>

- Acquisition of suitable and well located land
- Upscaling transfer of title deeds to qualifying beneficiaries
- Improving intentions in property market
- Improve housing opportunities under Social and Rental Housing
- Increase in sites to be serviced
- Promote utilization of alternative technologies and innovative construction methods
- Upgrading Integrated Residential Development Programme
- Increase access to job opportunities through housing construction
- Accelerate interventions on rural settlement development
- Enhancement of intergovernmental and private sector participation in meeting the objectives of BNG and PHDP

It is pleasing to note that the Department presents information on its performance achievements thus far against the MTSF priorities. The Department has managed to achieve build 51 247 units or 90% of its 56 419 units target for 2014.<sup>17</sup> The Department is much closer to achieving its target for basic services by having installed 30 296 services or 96% out of a total target of 31 450 services.<sup>18</sup> The Department has also managed to acquire 1 837 ha out of a 2014 target of 2 721 ha.<sup>19</sup> The Department has accelerated its interventions in rural settlement development through the Rural Housing Voucher scheme in three pilot municipalities namely Umzvimvubu, Mhlontlo and Intsika Yethu but no outputs or targets are provided. 270 houses have been completed in Alfred Nzo and 449 houses completed in OR Tambo with 509 services installed out of a commitment of 1 154 rural housing units.<sup>20</sup> The Department has successfully implemented four social housing projects in order to achieve the 2014 target of 11 888 rental units.<sup>21</sup> Most of the Performance Delivery Section is an outline of the strategic alliances and partnerships with sector Departments, municipalities, finance institutions, communities and private stakeholders<sup>22</sup> that are playing a part assisting the Department to deliver on its mandate.

The Department has reported back on some of the MTSF priorities listed in the above paragraph. However the Plan fails to report back on performance on the following priorities namely the transfer of title deeds to beneficiaries and the utilization of

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<sup>16</sup> Eastern Cape Department of Human Settlements Strategic Plan 2010/11-2014/15, p.9

<sup>17</sup> Eastern Cape Department of Human Settlements 2013/14-2015/16 Annual Performance Plan, p.8

<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> Ibid

<sup>21</sup> Ibid

<sup>22</sup> Ibid, p.8-9

alternative technologies. It is discouraging to note that although transfer of title deeds was listed as a priority in the 2009/10 financial year, it is only being considered as such in the 2013/14 financial year.<sup>23</sup> According to the National Department of Human Settlements “provinces and municipalities have fallen behind in the conclusion of transfer of ownership of the subsidy financed houses.”<sup>24</sup> The Department needs to research or do an audit into ownership of low income households delivered since 2009/10 to know the magnitude of the problem as well as come up with an effective plan to tackle the title deeds backlog. The National Department admits that the current housing development approach is not sustainable and is no longer a financially viable option to meet growing housing demand.<sup>25</sup> Erstwhile MEC Mabandla announced in her 2010/11 policy and budget speech the Department’s commitment to alternative technology.<sup>26</sup> The Department’s feedback in the area of alternative technologies in the APP and in general has been poor. Since 2009, the growth of alternative housing projects has been minimal. There is clearly a need for more alternative housing projects given the anticipated decline in human settlements over the MTEF.<sup>27</sup> As erstwhile MEC Mabandla correctly pointed out:

*It has since dawned to the Department (sic) and its strategic partners that the vision to eradicate homelessness and clear the housing backlog cannot be realised if the Department continues to rely on one construction solution.*<sup>28</sup>

There has also been a failure to report back on job creation over the MTSF period. There has been in general consistent feedback on job creation as a result of housing construction in planning documents and policy and budget vote speeches. According to current MEC Mrs. Helen Sauls-August Human Settlements projects have created 19 369 jobs exceeding a planned target of 15 000.<sup>29</sup> Of the 19 369 jobs created, 2 733 women benefited.<sup>30</sup> In order to contribute significantly to Millenium Development Goal (MDG) targets, the Department must actively seeks to recruit a far higher proportion of female workers and contractors. The Department is encouraged to set actual targets which will ensure gender transformation within the workplace and ensure greater empowerment of women in the construction industry.

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<sup>23</sup> Eastern Cape Human Settlements Policy and Budget Speech 2013/14 delivered by MEC August Sauls on 28 March 2013, p.28

<sup>24</sup> Minister of Human Settlements 2011/12 Budget Vote Speech delivered 19 April 2011

<sup>25</sup> Ibid

<sup>26</sup> Human settlements budget and policy speech 2010 delivered by MEC Mabandla on 24 March 2010,p.17

<sup>27</sup> Eastern Cape Overview of Estimates of Provincial Expenditure 2012/13 p.659. The Department anticipates to reduce its budget from R2.8 billion in 2013/14 to R1.65 billion in 2014/15 and 2015/16.

<sup>28</sup> Ibid, p.13

<sup>29</sup> Eastern Cape Human Settlements Policy and Budget Speech 2013/14 delivered by MEC August Sauls on 28 March 2013, p.18

<sup>30</sup> Ibid

Although Part A provides detailed information on MTSF and Outcome 8 outputs, targets, indicators and key activities over the last 5 years, the development of human settlements is also based on the Housing Act (1997), Housing Code (2000) and the comprehensive plan for the development of sustainable human settlements (Breaking New Ground, 2004). In addition to reporting on past performance and future plans of outcome 8 and the MTSF priorities, it is just as crucial for the Department to report against the following priorities as expressed in the Housing Act, Housing Code, BNG and now the NDP.

- Transforming our cities and towns (moving towards efficiency, inclusion and sustainability); and
- Building cohesive, sustainable and caring communities with improved access to work and social amenities, including sports and recreation facilities (community development and optimal access/ inclusion)<sup>31</sup>

In future plans, performance on these policy priorities and legislative regulations should be reported on.

It is important that in addition to reporting in successes over the MTSF period that the Department also communicates key challenges and changes particularly in the performance delivery environment. MEC Sauls-August in a recent portfolio committee meeting announced that only a quarter of people living in informal settlements in the Eastern Cape have access to decent toilets and that the bucket system is still being used by 27% of those living in informal settlements.<sup>32</sup> The Department needs to openly discuss these challenges as well as the plan to address them and other challenges. What have been some of the significant changes in demand for housing and basic services within the Eastern over the last five years and does the Department have a specific plan to address these changes? Strategic plans should be informed by rigorous needs analysis and demonstrate how proposed targets and activities contribute towards meeting socio-economic needs. Performance targets and undertakings can only be properly evaluated against clearly articulated service delivery constraints and changes within the service delivery environment. These targets must demonstrate how such constraints were factored into the drawing up of strategic objectives and targets.

Unlike Part A's 'Performance Delivery Environment' section, the 'Organisational Environment' section does not report on progress made on organisation related strategic priorities which are also part of the 2009-2014 MTSF. These are<sup>33</sup>

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<sup>31</sup> *Breaking New Ground: A Comprehensive Plan for the Development of Sustainable Human Settlements*, Delivery agreement for outcome 8 at [www.info.gov.za/view/DownloadFileAction?id=135746](http://www.info.gov.za/view/DownloadFileAction?id=135746)

<sup>32</sup> "Eastern Cape Informal Dwellers still have no toilets." By A. Nini, Daily Dispatch 18 April 2013, p.4

<sup>33</sup> Eastern Cape Department of Human Settlements 2013/14-2015/16 Annual Performance Plan, p. 10

- Improve on the human capital development initiatives
- Capacity mainstreaming
- Improve Monitoring and Evaluation systems

There is no discussion about human capital development initiatives but there is an organisational re-structuring plan and strategy in place however to deal with capacity constraints and financial constraints.<sup>34</sup> Over the last four financial years, the Department has been functioning at 54% of its capacity.<sup>35</sup> It is also disappointing that capacity figures within the Department are not provided particularly in key areas such as supply chain management and project management.<sup>36</sup> Plans to boost capacity of poor performing municipalities when it comes to housing construction also need to be outlined. MEC August-Sauls rightly pointed out in her 2013/14 policy budget speech that municipalities face the challenge of insufficient capacity to spend and implement housing grant allocations such as the USDG.<sup>37</sup>

Improving Monitoring and Evaluation systems is one of the Auditor General (AG) recommendations included in the APP. The inclusion of recommendations from the AG is a positive change within the APP, however additional AG recommendations (in particular those that keep re-occurring year after year) need to be included. In addition to developing a recommended electronic reporting system in the department, each year the AG keeps recommending that the Department improves annual performance reports and compliance with laws and regulations.<sup>38</sup>

### **III. Programme Performance indicators**

Part B provides a breakdown of the Department's programmes and sub-programmes. The table reflects significant changes such as the introduction of the following new sub-programmes: Destitute and Vulnerable Groups and Incremental Interventions.<sup>39</sup> The Table in the "Part B: Programme and Subprogramme Plans" section of the APP also reflects re-shuffling/restructuring of old sub-programmes such as the integration of the Needs programme as a sub-programme under the Research programme.<sup>40</sup> There is also a shift of the Capacity Building sub programme from programme 2 to programme 3 as well as the shifting of Grant Management and Chief Operations Office (COO) sub-

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<sup>34</sup> Eastern Cape Department of Human Settlements Annual Report 2013/14-2015/16, p.11

<sup>35</sup> Eastern Cape Department of Human Settlements Annual Report 2011/12, p.165

<sup>36</sup> Ibid, p.11

<sup>37</sup> Eastern Cape Human Settlements Policy and Budget Speech 2013/14 delivered by MEC August Sauls on 28 March 2013, p.20

<sup>38</sup> Eastern Cape Department of Human Settlements 2011/12 Annual Report, p.108

<sup>39</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16, p.17

<sup>40</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16,p.17

programmes from programme 1 to programme 3.<sup>41</sup> Changes to the Programme structures were made to streamline capacity and accelerate housing delivery.<sup>42</sup> However the table listing all the programme and sub-programmes within the Department is out of sync with the rest of the APP programme structuring. For example, the Table lists a total of 21 sub-programmes when in fact Programme 3 only houses 14 sub-programmes.<sup>43</sup> The table has listed some sub-programmes such as the Grant Management sub-programme, Capacity building sub-programme, Project Management just to mention a few, twice. The disjuncture between the table structure and the rest of APP per programme causes confusion and the structural changes outlined in Part B must be accompanied with justifications and explanations for the introduction of these changes and implications thereof. There is improvement and considerable effort by the Department to review its indicators make sure they are more specific, measurable, attainable, realistic and time bound (SMART).<sup>44</sup> However there is still room for improvement. All the programmes performance indicators can be strengthened and made to be more effective and more SMART.

### **Programme 1: Administration**

More specific indicators for the strategic engagements in the HOD sub programme<sup>45</sup> and Stakeholder Relation sub-programme are needed.<sup>46</sup> With whom is the Department planning on engaging with and how will these engagements be reported against or incorporated in future plans? The performance indicators for the Anti-corruption and Corporate Management sub –programme<sup>47</sup> can be more measurable and clearer in order for them to be attainable. “Number of officials vetted.”<sup>48</sup> The word “vetted” needs to be unpacked and clarified, what activities will accompany the “vetting?” Other useful performance indicators that could be incorporated into this sub –programme include; “number of cases under investigation”; “disciplinary cases finalized” and “attendance of anti –corruption forum.” Other performance indicators that could be incorporated include “number of meetings/date of meetings with internal audit committee” for the Internal Control sub-programme.<sup>49</sup> “SCM and PFMA policies and procedures workshops” meant to improve compliance considering that non-compliance is continuously raised in AG reports, could be incorporated into the Supply Chain sub-programme.<sup>50</sup> The Human Resource sub-programme could use “numbers” and not “percentages” indicating

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<sup>41</sup> Ibid

<sup>42</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2014/15, p.12, p.11

<sup>43</sup> Ibid, p.17

<sup>44</sup> Ibid, p.12

<sup>45</sup> Ibid, p.19

<sup>46</sup> Ibid, p.33

<sup>47</sup> Ibid, p.21

<sup>48</sup> Ibid, p.17

<sup>49</sup> Ibid, p.24

<sup>50</sup> Ibid, p.27

vacancies<sup>51</sup> and could also include performance agreements and disclosing of conflict of interests as targets and indicators. Implementation of Management Information System (MIS) is missing as a performance indicator in its most fitting place in either the Monitoring and Evaluation sub-programme or the Information Communication Technologies (ICT) sub-programme.<sup>52</sup> Considering that MIS is discussed as an AG recommendation and as a positive change in the APP, it is disappointing that it is not listed as an indicator under any Programme in the APP. The Legal Services sub-programme could benefit from a performance indicator that seeks to retrieve funds lost to fraud and corruption as this is currently missing as a performance indicator.<sup>53</sup>

## **Programme 2**

There are significant changes within this programme. The programme's 5 sub-programmes have been reduced to 4. The Needs sub-programme is no longer an independent sub-programme but a sub-programme within the Policy sub-programme.<sup>54</sup> The Capacity and Accreditation sub-programme has been moved from the Administration sub-programme in Programme 2 to the Administration sub-programme in Programme 3.<sup>55</sup> This should assist the programme to receive more funding and to be more effective in its activities which are essential for the successful implementation of housing projects at a local level. There is also a lack of consistency and continuity with some of the sub-programmes performance indicators. A number of performance indicators in the Capacity Building sub-programme<sup>56</sup> and Needs sub-programme<sup>57</sup> have been discontinued from the previous financial year. These include "Assessment of district municipalities"<sup>58</sup> and "number of non-formal training programmes implemented"<sup>59</sup> in the Capacity Building programme.

Indicators discontinued in the Needs sub-programme include the "Roll out of best practice model on Rural Human Settlements Development"<sup>60</sup> and "Number of Human Settlement Projects evaluated for BNG principles conformity"<sup>61</sup> among others. Although the Department is encouraged to review and update its performance indicators, consistency and some form of continuity of performance indicators from the previous financial year to the next is important. This reflects commitment and sustainability in implementation of performance indicators. Frequent turn over or changes in

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<sup>51</sup> Ibid, p.34

<sup>52</sup> Ibid, p.41

<sup>53</sup> Ibid, p.34-36

<sup>54</sup> Eastern Cape Department of Human Settlements 2013/14-2015/16, p.48

<sup>55</sup> Ibid, p.52

<sup>56</sup> Ibid,

<sup>57</sup> Ibid, p.48

<sup>58</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2012/13-2014/15, p.69

<sup>59</sup> Ibid,p.70

<sup>60</sup> Ibid, p.72

<sup>61</sup> Eastern Cape Department of Human Settlements Operational Plan 2012/13-2014/15, p.56

performance indicators make it difficult to track progress and make the necessary changes to improve programme performance. Monitoring and evaluation of actual performance and the nature of housing demand/news in the province should include specific names of research projects or policies as targets and activities in order to be able to effectively assess whether the Departments research plans and policies are responding to current needs and challenges.

### **Programme 3**

Of all the performance indicators in the APP, Programme 3 should have the most measurable and most specific indicators represented mostly in figures particularly in the Project planning and management sub-programme which outlines the clearly the Department's targets for housing outputs and number of sites serviced.<sup>62</sup> There is however greater clarity and more measurable performance indicators needed for the Informal Settlements Upgrading sub-programme.<sup>63</sup> Performance indicators such as "number of projects confirming to BNG principles"<sup>64</sup> is neither specific nor measurable. There are also no performance indicators highlighting the number of units to be built and informal settlements to be serviced under this sub-programme. It is important that there is a clear plan to improve the province's informal settlements. Failure to plan will result in little improvement for three quarters of the people living in Eastern Cape informal settlements have no access to decent toilets.<sup>65</sup> MEC Sauls-August also revealed that there are 608 435 informal dwellings and only 387 of these informal settlements have access to sanitation.<sup>66</sup> A lack of sanitation services particularly in informal settlements is clearly big problem which needs to be planned against specific, measurable and time bound performance indicators. Failure to plan using appropriate indicators usually results in failure to budget, implement and respond adequately to this service delivery issue. Furthermore, valuable performance indicators such as "number of units inspected"<sup>67</sup> have been excluded in the Project Management and Quality Assurance sub-programme. It is important that the conditional grant finances receive a clean audit but that it also translates into actual results/delivery on the ground. A useful performance indicator therefore for the Grant Management sub-programme<sup>68</sup> would be the "Monitoring/tracking of IHSDG targets" on a quarterly basis.

The Office of the Chief of Operations (COO) has been moved from Programme 1 to Programme 3. The Department should expect to see improvements in the quality and

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<sup>62</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16, p.62

<sup>63</sup> Ibid, p.64

<sup>64</sup> Ibid, p.62

<sup>65</sup> Human Settlements MEC August-Sauls responding to a parliamentary question in a portfolio committee meeting on 18 April 2013 in "EC informal dwellers still have no toilets" by A. Nini, Daily Dispatch, p.4

<sup>66</sup> Ibid

<sup>67</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16, p.61

<sup>68</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16, p.57

pace of housing delivery as a result. The COO has been moved to Programme 3 to better oversee operations of Project Management.<sup>69</sup> The Capacity building and Municipal Accreditation sub-programme has been moved from Programme 2 to Programme 3 as a result of “reconfiguration and the adoption of a new organogram.”<sup>70</sup> The Capacity building sub-programme is set to benefit from more funding as Programme 3 receives the largest portion of the Human Settlements budget. Indicators for this sub-programme have largely remained the same with one exception, the introduction of the “number of functional Project steering committees.”<sup>71</sup> There has been no discussion and explanation as to the purpose and reason for introducing such an indicator in Part A of the updated situational analysis.<sup>72</sup>

There was however discussion about the District Wide Infrastructure Forums to strengthen integrated planning and coordination in the province,<sup>73</sup> however there are no indicators for number of district wide forum meetings or dates of meetings in the APP. For District Wide Forums not only to function but function effectively, they must be planned against actual performance indicators. It is simply not enough to state it in the Situational Analysis, service delivery plans must be based on verifiable evidence.

Certain indicators have been a part of the Capacity building sub-programme dating back to the establishment of the Department of Human Settlements in 2009. The development and implementation of an accreditation plan is a key indicator for this sub-programme and for the effectiveness of the Department’s mandate. Since 2009, this indicator has suffered many setbacks as a result of inadequate staff<sup>74</sup> and financial constraints.<sup>75</sup>

The relationship between local government and the Human Settlements Departments is an extremely crucial one. The delivery of housing is heavily dependent on functional municipalities. The latest Auditor General report into the performance of Eastern Cape Municipalities in the 2011/12 financial year revealed that not one Eastern Cape municipality had revealed a clean audit and the province had regressed further in their 2011-2012 audit outcomes since the 2010-2011 financial year.<sup>76</sup> In his report on the Eastern Cape audit outcomes, Eastern Cape Auditor General Singa Ngqwala indicated that the Chris Hani District is a hot spot, with five municipalities receiving disclaimer outcomes.<sup>77</sup> Poor audit results point to Eastern Cape municipalities failing in financial

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<sup>69</sup> Ibid, p.11

<sup>70</sup> Ibid

<sup>71</sup> Ibid, p.53

<sup>72</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16, p.8-12

<sup>73</sup> Eastern Cape Department of Human Settlements 2013/14-2015/16 Annual Performance Plan,p.9

<sup>74</sup> Eastern Cape Department of Human Settlements 2009/10 Annual Report, p.77

<sup>75</sup> Eastern Cape Department of Human Settlements 2011/12 Annual Report, p.66

<sup>76</sup> “No clean audit for Eastern Cape municipalities: report” Times live 18 February 2013

<sup>77</sup> At a presentation on the performance of the 45 Eastern Cape municipalities at the ANC’s Provincial Executive Committee (PEC) on 19 April 2013. “ANC councillors face music over audit results” The Herald E –Edition 19 April 2013

management of budgets as well as performance. A municipality must be strong in its administrative and financial management in order for it to plan and execute housing and basic services projects within their Integrated Development Plans (IDPs). Latest reports show that Buffalo City Metro (BCM) was allocated R499 million of the Urban Settlements Development Grant (USDG) and by the end of the last quarter had spent 31% of the USDG.<sup>78</sup> The Nelson Mandela Bay Metro (NMBM) had only spent 53% of the USDG.<sup>79</sup> A provincial capacity building plan was only completed in the previous financial year<sup>80</sup> and will be implemented for the first time this financial year.<sup>81</sup>

Although a provincial capacity building is useful, there are 45 municipalities in the province each with unique challenges, each in different environments. The Department should also design a plan with diverse capacitation approaches which takes into account the unique circumstances of each municipality. Moving forward, we encourage the Department to provide further support to targeted municipalities with adverse or disclaimer opinions or in municipalities struggling with certain service delivery challenges such as expenditure capacity of the USDG for housing needs or eradicating the bucket system. By focusing support to a set of critical housing delivery services, struggling municipalities can drastically improve the quality and implementation of IDPs. A useful indicator that could assist the Department to achieve this would be “establishing functional housing units in X number of municipalities.” This was a useful indicator previously in the Capacity building sub-programme<sup>82</sup> but unfortunately has been discontinued.

New sub-programmes have been introduced to the 3<sup>rd</sup> Programme – The Destitute and Vulnerable Groups and Beneficiary Administration sub-programmes.<sup>83</sup> Sufficient resources and research is required for the effective implementation of this programme. For this financial year, Programme 3 receives a 10% increase from the 2012/13 Programme allocation of R2.43 billion to R2.63 billion in 2013/14.<sup>84</sup> Unfortunately due to decline in the Integrated Housing and Human Settlements Development Grant (IHSDG), Programme 3 anticipates a 20% budget decrease over the MTEF.<sup>85</sup> Without the adequate budget, it is questionable whether additional programme indicators and objectives can be realised.

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<sup>78</sup> “EC metros face grant grilling” by Z. George, Daily Dispatch Online 10 May 2013

<sup>79</sup> Ibid

<sup>80</sup> Eastern Cape Department of Human Settlements Operational Plan 2012/13, p.54

<sup>81</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/2014, p.52

<sup>82</sup> Eastern Cape Department of Human Settlements 2009/10 Annual Report, p.77

<sup>83</sup> Eastern Cape Department of Human Settlements 2013/14-2015/16 Annual Performance Plan, p.54-55

<sup>84</sup> Eastern Cape Overview and Estimates of Provincial Expenditure 2013/14, p.658

<sup>85</sup> Ibid, Public Service Accountability Monitor (PSAM) Eastern Cape Department of Human Settlements Budget Analysis 2013/14, p.13

The Beneficiary Administration Programme is responsible for facilitating beneficiary administration processes such as consumer education and social facilitation services.<sup>86</sup> It is surprising and disappointing that although the MEC identified the issuing of title deeds to beneficiaries as a priority,<sup>87</sup> there is no indicator or objective within the sub-programme which aims to address this priority. The MEC stated that the Department would be appointing “conveyancers to speed up issuing out of Title Deeds which is currently the responsibility of municipalities...” The Beneficiary Administration Programme was partly established to manage all matters concerning the registration or deregistration of beneficiaries for lodgement by conveyancers to Deeds Office.<sup>88</sup> There is however unfortunately little evidence in this sub-programme and anywhere else in the APP that this is a priority this financial year or over the MTEF.

#### **Programme 4**

Programme 4 performance indicators and targets in the Sales and Transfer of Housing Transfer of Housing Properties provides figures on the revenue collected from managing rental housing stock as well as revenue collected from rental debtors.<sup>89</sup> The APP shows that between 2008/09 and 2011/12 the Department has collected R 6.5 million.<sup>90</sup> The Department anticipates to collect R 1.37 million in 2012/13 and plans to collect R2.4 million over the MTEF.<sup>91</sup> Although Treasury guidelines on APPs do not stipulate that a section on Revenue collection be included it is of concern that such a section is absent altogether in the Human Settlements APP. This is concerning considering that the Department collects millions of Rands in revenue through rental stock and sale capital assets. The Department is responsible for the management of revenue funds. It is therefore critical that the Department includes in its strategic plans the amount of money collected and the plans attached to the use of this money for oversight purposes. The plan should explain how the revenue collected is allocated and used to address specific goals and activities.

### **IV Budget and Costing of Plans**

#### **Relating the Human settlements budget to strategic delivery targets**

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<sup>86</sup> Eastern Cape Department of Human Settlements 2013/14-2015/16 Annual Performance Plan, p.55

<sup>87</sup> Eastern Cape Human Settlements Policy and Budget Speech 2013/14 delivered by MEC August Sauls on 28 March 2013, p.28

<sup>88</sup> Eastern Cape Human Settlements Policy and Budget Speech 2013/14 delivered by MEC August Sauls on 28 March 2013, p.28

<sup>89</sup> Eastern Cape Department of Human Settlements 2013/14-2015/16 Annual Performance Plan, p.71

<sup>90</sup> Ibid

<sup>91</sup> Ibid

For the 2013/14 financial year the Eastern Cape Department of Human Settlements has received a total budget allocation of R2.83 billion.<sup>92</sup> When one calculates the budget increase using the 2012/13 adjusted allocation it is only a 10% increase or an increase of R260 000 from the 2012/13 adjusted appropriation of R2.57million.<sup>93</sup> This increase translates into a mere 4.61% increase when inflation is taken into account.<sup>94</sup>

The total national budget for Integrated Housing and Human Settlement Development Grant (IHSDG) has increased by R1.86 billion from the R15.12 billion 2012/13 adjusted allocation.<sup>95</sup> A closer look at the Eastern Cape budget shows that the IHSDG conditional grant accounts for 90% of the Department's entire budget with an increase of 10.44% but when inflation is taken into account it amounts to an increase of 4.94%<sup>96</sup>

The Department's equitable share budget is set to increase from R 277 million in 2012/13 to R 303 million in 2013/14.<sup>97</sup> This is an increase of 3.73% in real terms. The equitable share budget is projected to grow in average real terms by 0.46% over the MTEF and the Conditional Grant anticipates a budget decline of 21% over the MTEF.<sup>98</sup> This unfortunately means that once again the Department has received insufficient funds for housing delivery for this financial year and that the entire human settlements budget will decline over the MTEF.<sup>99</sup>

It is disappointing that nowhere in the plan particularly in the MEC's forward<sup>100</sup> or in Part D of the APP's 5 year outlook<sup>101</sup> is there an explanation for budget decline and neither is there a plan to mitigate the future budget decline against the growing backlog. The Department needs to also identify public private partnerships as a way of cutting delivery costs whilst at the same time meeting demand. It is thus disappointing that Part C of the APP which links the Department's plans to other plans as well details of public private partnerships is blank.<sup>102</sup>

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<sup>92</sup> Eastern Cape Overview and Estimates of Provincial Expenditure 2013/14, p.656, PSAM Eastern Cape Department of Human Settlements 2013/14 Budget Analysis, p.11

<sup>93</sup> The PSAM uses the adjusted appropriation when comparing allocations between the previous financial year (2012/13) and the year under review (2013/14). Eastern Cape Overview and Estimates of Provincial Expenditure 2012/13, p.659

<sup>94</sup> The International Monetary Fund (IMF) Inflation, average and consumer price Index were used to calculate what the real buying power will be for this financial year compared to last year (Real Change between-2012/13 and 2013/14 and over the MTEF).

<sup>95</sup> Ibid, Eastern Cape Overview and Estimates of Provincial Expenditure 2012/13, p.656

<sup>96</sup> Ibid

<sup>97</sup> Eastern Cape Overview and Estimates of Provincial Expenditure 2012/13, p.656

<sup>98</sup> Ibid

<sup>99</sup> Ibid, p.659.

<sup>100</sup> Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16, p.2

<sup>101</sup> Ibid,p.119-120

<sup>102</sup>Eastern Cape Department of Human Settlements Annual Performance Plan 2013/14-2015/16, , p.76

The Minister has also acknowledged that current housing delivery for the poor is unsustainable and that the private sector must contribute to the provision of housing. Currently it appears as if the Department has yet to adopt the 'Each One Settle One Campaign'.<sup>103</sup> This campaign, launched by Minister Sexwale in 2011, partners with the national department, businesses, individual citizens, business companies as well as mining houses to build houses for families or communities that are in need.<sup>104</sup> The Department has a number of development corporations and businesses available for public private partnerships to launch the 'Each One Settle One Campaign' in the province. The Coega Development Corporation is one such example.<sup>105</sup> Another option is the Eastern Cape Development Corporation (ECDC) which is the official economic development and investment agency for the Province.<sup>106</sup> A partnership between the Department, Coega and the ECDC can improve and make possible cross-departmental and cross-sectoral housing initiatives. Substantial savings in low cost construction could also be made through the use of alternative building materials. In future, the Department should start introducing sustainable and cost effective alternative building methods in its plans.

Part D of APP should take into consideration issues of Eastern Cape population migration to other provinces. According to the latest statistics Eastern Cape migration trends are on the rise.<sup>107</sup> The Statistics SA report shows that the Eastern Cape lost 264 449 people to other provinces.<sup>108</sup> This has significant implications for housing budgeting and planning and the performance delivery environment. These implications must be explored and addressed in the next set of planning documents.

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<sup>103</sup> "Sexwale: Housing for poor is not sustainable" by A. Majavu. The Sowetan Live, Sept 27 2011, p.1

<sup>104</sup> Sexwale: Housing for poor is not sustainable" by A. Majavu. The Sowetan Live, Sept 27 2011, p.1

<sup>105</sup> [www.coega.co.za](http://www.coega.co.za)

<sup>106</sup> [www.ecdc.co.za](http://www.ecdc.co.za)

<sup>107</sup> Statistics South Africa Mid-year population estimates 2013, p.2 available at <http://www.statssa.gov.za/publications/P0302/P03022013.pdf>

<sup>108</sup> Ibid