

**2019**

**COGHSTA LIMPOPO'S QUEST TO DELIVER  
SUSTAINABLE AND INTERGRATED  
HUMAN SETTLEMENTS**

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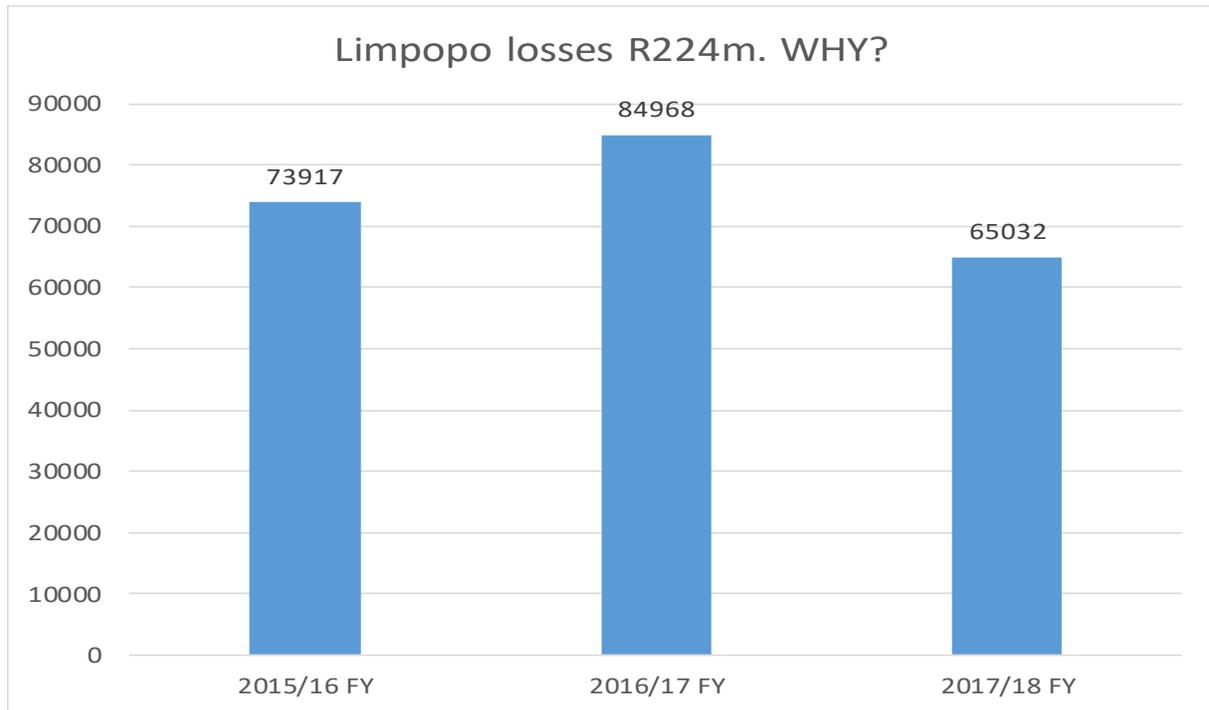
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**CLUSTER: ADMINISTRATIVE SERVICES**

**PROVINCE: LIMPOPO**

**Success and challenges in the implementation of Human Settlements in Limpopo Province for the past three years (2015/16 to 2017/18 financial years).**

**Summary:**



The Department of CoGHSTA has in the past three years surrendered R554.335 million of unspent Human Settlements Development Grant. Of this amount only R319,819million was approved as rollovers for the financial year. The difference between the surrendered unspent funds and approved rollovers amount to R224,525 million.

This Performance Expenditure Review seeks to establish the cause of this huge loss to the province. The amount of R225 million lost to the province can alternatively be said to have lost an opportunity to build almost 2500 units of low cost housing. This is if a quantum of R84 000 is taken to be a subsidy quantum.

Thousands of lives will have been impacted positively if the R225 million had been spent properly.

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The review will successfully uncover the various Human Settlement programmes and their performances over the years in terms of planned units versus actual units delivered by the end of each year. In this way it will be clear that although the Department managed to craft a convincing Human Settlements Business Plan at the beginning of the financial year, programme expenditure performance is found to totally reflect a picture that is different from the initial Business Plan. The same situation is found to have prevailed throughout the three financial years which are covered by the review. Possible causes of these unfortunate situations will be uncovered by the review as well as possible solutions to minimize the gap between plans and what ultimately gets delivered.

## 1. Introduction:

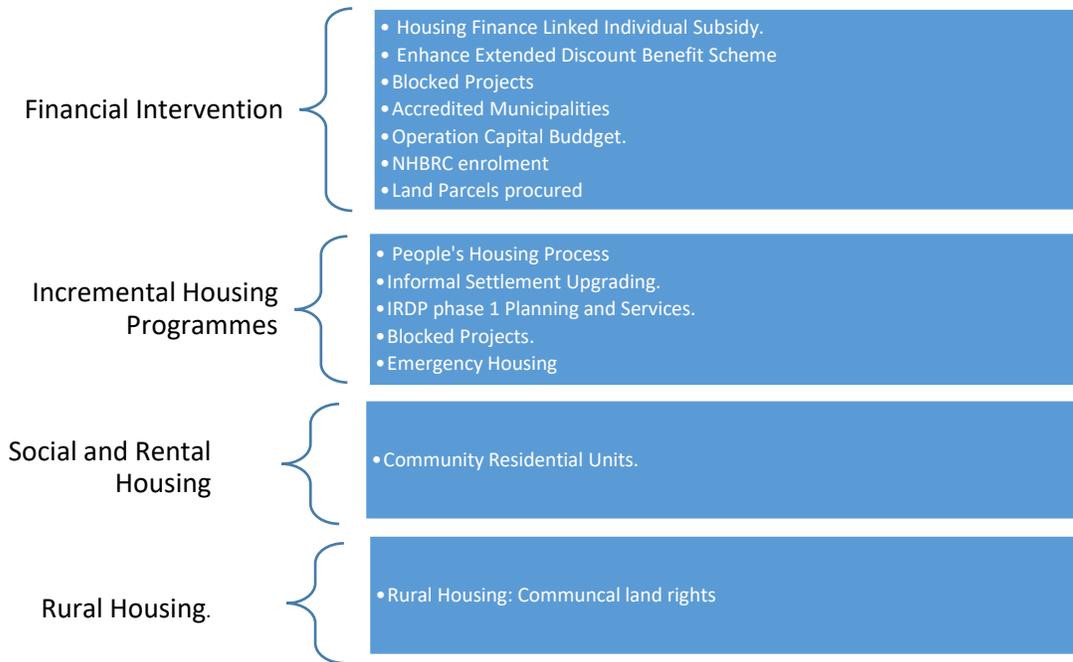
Department of Co-operative Governance, Human Settlements and Traditional Affairs (Coghsta) has an obligation to carry out the mandates derived from the SA Constitution 1996 (section 26 of the Constitution which state that: everyone has a right to have access to adequate housing), the Housing Amendment Act 4 of 2001 as well as the White Paper on Housing Amendment Bill of 2009.

It is therefore important to check the extent to which Coghsta has gone in pushing back the backlog identified for the past three financial years (2015/16 to 2017/18). Questions that require honest answers relate to: how big was the challenge faced by people without access to adequate housing in Limpopo during the baseline year? What were the Department's plans to deal with the challenge? How far have we gone as a department in addressing the challenge? What were the opportunities and challenges facing Coghsta along the way?

While the Provincial Department is largely responsible for proving adequate Human Settlements, it does so with the involvement of other stakeholders such as Municipalities, Traditional Leadership Institutions, private service providers (such as contractors, material suppliers, Housing Development Agency etc.). It will therefore be important to explore these relationships and how they were of help, if any, to the Department in the provision of adequate Human Settlements.

The Human Settlement Programme is designed to address uniquely the various challenges faced by potential beneficiaries of Human Settlements services. There various Human Settlements programmes that are designed to respond to a variety of challenges experienced by Limpopo citizenry as shown below:

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Allocation to these programmes on a year to year basis is guided by the Human Settlements Business plan which is developed by Coghsta and approved by National Department of Human Settlements.

## 2. Policy and institutional information:

Political and legislative environment for Housing Delivery in the country largely consist of the Housing Act 107 of 1997 which seek to actualize section 26 of the Constitution. Human Settlements (outcome 8) also form part of the 12 outcomes identified in the 2014-2019 Medium Term Strategic Framework. Outcome 8 sets out specific Human Settlements targets and time-frames within which the set targets should have been achieved. E.g. in terms of the 2016 refinement of Outcome 8, in 2019, 745 000 households should be living in adequate housing provided through Housing Subsidy and affordable segments which are set out in the Housing Code.

These political and legislative parameters affect directly all Provincial Departments of Human Settlements and Coghsta in particular. The Housing Act, prescribe roles and functions of both National and Provincial sphere of government in the provision of adequate housing to all households.

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National department is, for example, responsible to determine national policy, including national norms and standards, in respect of housing development; set broad national housing delivery goals and facilitate the setting of provincial government housing delivery goals.

Provincial Department (in this case it is Coghsta Limpopo) is on the other hand vested with the responsibility of providing provincial policy and legislation to ensure effective housing delivery. Funding for Housing provision is allocated nationally as a conditional grant. These funds are managed in terms of the Division of Revenue Act (DORA) which, amongst others, prescribes reporting and spending mechanisms to be followed by Coghsta.

### 3. Programme chain of delivery:

As shown above, in item 1 (Introduction), housing delivery take various forms depending on the beneficiary conditions and needs. For example, beneficiaries in rural areas largely receive RDP houses where they are residing unlike in urban areas where identification of land and bulk services precede any housing structure that can be constructed.

People who are residing in Hostels that were meant for men only will have their housing needs being upgrading and conversion of existing single units into family units.

Coghsta's delivery mechanism to meet the various needs of the communities is derived from the Limpopo multi-year housing development plan. The plan spells out housing delivery targets to be achieved through various programmes within the Housing chain of delivery.

The following table illustrates Departmental Planned Human Settlements targets for the three-year period as reflected in the Limpopo multi-year housing development plan, i.e. 2015/16 to 2017/18 Financial Year.

*Table 1. Developed from Annual Review for 2015/16 Financial Year: MULTI-YEAR HOUSING DEVELOPMENT PLAN :2014/15 – 2018/2019*

PROGRAMMES	PROGRAMME	Medium-term targets		
		2015/16	2016/17	2017/18
Number of informal settlements formalized through township establishment	Incremental Housing Programmes	4	4	3
Number of hectares of land acquired	Financial Intervention.	40	42,5	40
Number of planned sites for housing	Incremental Housing	10 000	15 000	15 000

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PROGRAMMES	PROGRAMME	Medium-term targets		
		2015/16	2016/17	2017/18
development	Programmes			
Number of municipalities accredited for housing administration	Financial Intervention.		Level 2 - 1	
Number of new housing units completed across all programmes	Rural Housing	8 565	8 665	8 665
Number of households connected to basic services as part of the ISUP	Incremental Housing Programmes	3 000	3 000	3 000
Number of rental units (CRU) built and social housing	Social and Rental Housing	250	250	250
Number of new sites connected to basic water and sanitation services as part of the IRDP	Incremental Housing Programmes	600	370	1 450
Number of Enhanced People's Housing process units completed	Incremental Housing Programmes	100	100	100
Number of units transferred through the EEDBS	Financial Intervention.	200	0	0
Number of FLISP	Financial Intervention.	300	100	50

On a year to year basis the Department is expected to develop a Business Plan which should specify the planned targets and cost implications for delivery of various programmes. The following table summarizes planned programmes, targets as well as related budgets as reflected in the Department's Business Plans for 2015/16 to 2017/18 financial years.

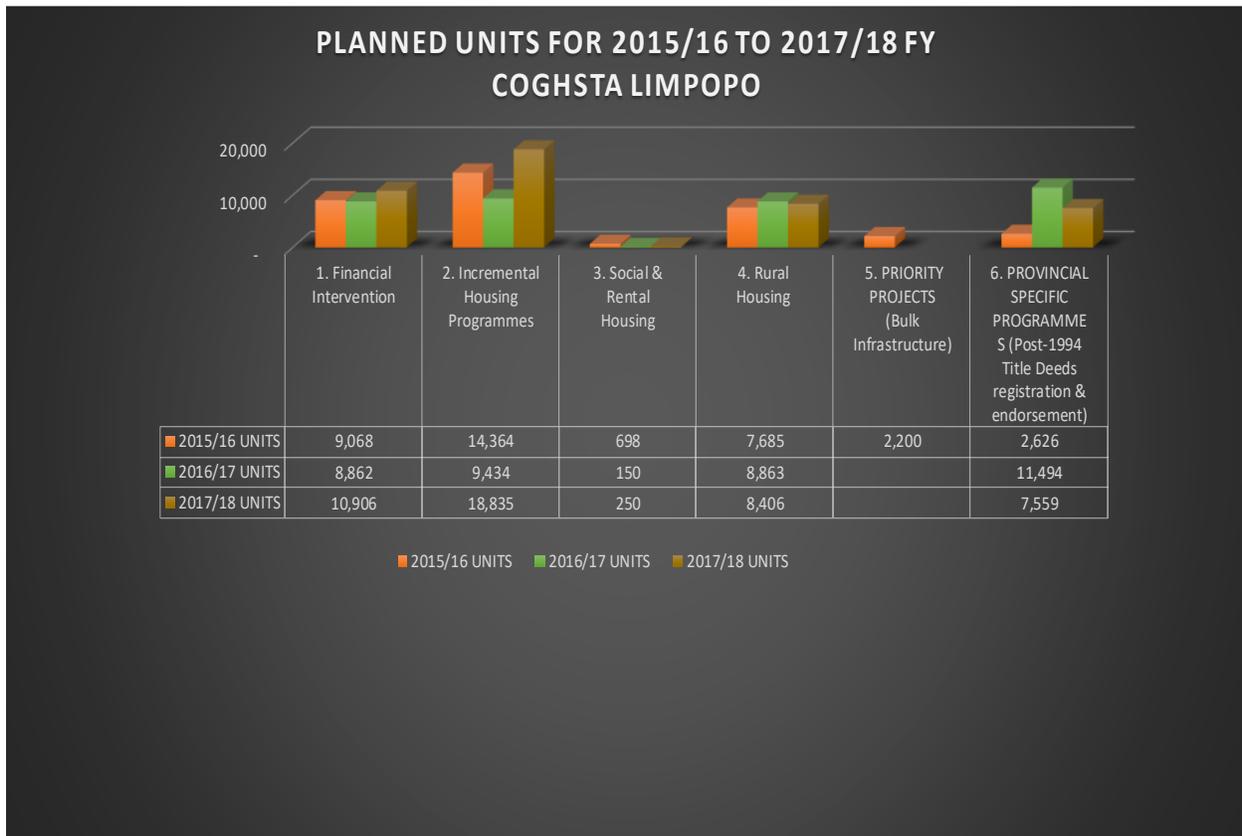
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Table 2: Developed from three Business Plans for 2015/16 to 2017/18 FY

<b>HSD GRANT: CONSOLIDATED INFORMATION FOR THREE BUSINESS PLANS</b>						
PROGRAMMES	2015/16		2016/17		2017/18	
	UNITS	BUDGET	UNITS	BUDGET	UNITS	BUDGET
<b>1. Financial Intervention</b>	<b>9,068</b>	<b>194,472</b>	<b>8,862</b>	<b>140,632</b>	<b>10,906</b>	<b>148,609</b>
1.2 Housing finance linked Individual subsidies (FLISP)-(R3 501 - R7 000)	300	24,900	256	21,248	300	24,900
1.3 Enhanced Extended Discount Benefit Scheme (EEDBS)	250	300	100	100	100	116
1.5a Rectified RDP stock 1994-2002	500	43,500				
1.7 Accredited Municipalities (level 1 & 2):	1	1,500	5	1,500	5	1,500
1.8 Operational Capital Budget	8	45,000		47,616		50,389
1.9 Blocked projects			500	33,541	500	33,541
1.10 NHBRC enrolment (related to grant)	8,000	16,000	8,000	16,000	10,000	16,536
1.11a Land parcels procured(IHAHSD)	3	59,072	1	20,627	1	21,627
1.12 Housing chapters of IDP's	6	4,200				
<b>2. Incremental Housing Programmes</b>	<b>14,364</b>	<b>221,754</b>	<b>9,434</b>	<b>284,962</b>	<b>18,835</b>	<b>264,700</b>
2.2a Integrated Residential Development Programme :Phase 1:Planning and Services	5,405	132,963	2,470	108,562	1,512	65,016
2.2b Integrated Residential Development Programme :Phase 1:Planning and Services <u>INFORMAL SETTLEMENTS</u>	600	14,760	6,300	100,030	3,639	131,004
2.3a People's Housing process	100	8,300	100	9,260	100	9,260
2.3b Military Veterans	175	14,525	200	22,000		
2.4 Informal Settlement Upgrading	7,670	16,874	6	15,396	13,184	22,380
2.6 Emergency Housing Assistance	414	34,332	358	29,714	400	37,040
<b>3. Social &amp; Rental Housing</b>	<b>698</b>	<b>73,230</b>	<b>150</b>	<b>34,900</b>	<b>250</b>	<b>106,640</b>
3.3a Community residential units (CRU) <u>Converted/Upgraded</u>	453	28,150				
3.3b Community residential units (CRU) <u>Constructed</u>	245	45,080	150	34,900	250	106,640
<b>4. Rural Housing</b>	<b>7,685</b>	<b>637,855</b>	<b>8,863</b>	<b>739,207</b>	<b>8,406</b>	<b>778,396</b>
4.2 Rural Housing: Communal land rights	7,685	637,855	8,863	739,207	8,406	778,396
<b>5. PRIORITY PROJECTS (Bulk Infrastructure)</b>	<b>2,200</b>	<b>154,883</b>				
<b>6. PROVINCIAL SPECIFIC PROGRAMMES (Post-1994 Title Deeds registration &amp; endorsement)</b>	<b>2,626</b>	<b>4,200</b>	<b>11,494</b>	<b>13,218</b>	<b>7,559</b>	<b>21,148</b>
<b>TOTAL</b>		<b>1,286,394</b>		<b>1,212,919</b>		<b>1,319,493</b>

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Graphical illustration of planned targets/units for the three-year period as reflected in table above.



A closer look at the two tables (Multi-year Housing Developments Plan and Year-on-Year business plans) reflects discrepancies, though few, on the targets reflected for the respective financial years. The two documents reflect, for example, planned targets for Community Residential Units (CRU) and Enhanced Extended Discount Benefit Scheme (EEDBS) as follows: In 2015/16 the Multi-Year Housing Development Plan reflects 200 units and 250 units for EEDBS and CRU respectively. On the other hand, the 2015/16 Business Plan reflects 250 units and 245 units for both EEDBS and CRU respectively. This reflects some gaps in the planning exercises which preceded the development of the two documents which in a way may be a sign for challenges to be experienced during implementation stages.

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The Logical Framework Analysis can become a useful planning tool in this regard as it provides a step by step process in unpacking all important milestone to be taken care of in order to deliver a particular output. In this way it provides an ample opportunity to minimize challenges of overlooking important milestones to be realized later when the situation is irreversible. (See Annexure 1 an example of Log frame)

#### 4. Expenditure observations:

Expenditure for this programme is largely influenced by physical or non-financial performance of various Housing Programmes. This means low or slow performance of projects will directly affect financial performance.

Expenditure is also influenced by operational costs that are linked to officials that are involved in rendering administration work as well project management activities.

The level of each expenditure item to the total expenditure for Human Settlements Development is as illustrated per table 3 below.

Table3.

THREE YEAR EXPENDITURE PERFORMANCE FOR HUMAN SETTLEMENT BRACH					RANKING			
Row Labels	2015/2016	2016/2017	2017/2018	Grand Total	2016/2017	2017/2018	2018/2019	Grand Total
<b>HUMAN SETTLEMNT</b>								
COMPENSATION OF EMPLOYEES	R88,918,079	R103,156,828	R106,867,697	R298,942,604	5	5	5	5
GOODS AND SERVICES	R15,062,532	R14,627,946	R14,086,246	R43,776,724	7	9	6	8
<b>HOUSEHOLDS (HH)</b>	<b>R1,129,415,981</b>	<b>R1,519,091,617</b>	<b>R1,257,085,273</b>	<b>R3,905,592,872</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
EPWP INTERGRATED GRANT FO PROV*P	R828,722	R635,705	R2,000,000	R3,464,426	5	7	5	7
FINANCIAL INTERVENTION	R237,130,684	R94,579,508	R126,566,272	R458,276,463	2	4	2	3
INCREMENTAL HOUSING PROGRAM	R141,657,647	R278,446,972	R119,327,973	R539,432,591	3	2	3	2
PRIORITY PROJECTS *P(5)	R24,159,890	R39,084,828	R1,628,364	R64,873,082	4	5	6	5
PROVINCIAL SPECIFIC PROGRAMME*P	R33,005	R21,836,879	R7,978,437	R29,848,322	8	6	4	6
RURAL HOUSING PROGRAMMES	R725,102,892	R931,036,190	R998,277,269	R2,654,416,350	1	1	1	1
SOCIAL AND RENTAL INTERVENTION	R224,545	R153,259,360	R0	R153,483,905	7	3	8	4
#N/A	R0	R212,175	R1,306,960	R1,519,135	9	8	7	8
(blank)	R278,597	R0	R0	R278,597	6	9	8	9
<b>MACHINERY AND EQUIPMENT</b>	<b>R210,296</b>	<b>R112,857</b>	<b>R532,938</b>	<b>R856,091</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>13</b>
PAYMENTS FOR FINANCIAL ASSET	R400,000	R0	R10,007,850	R10,407,850	9	14	7	10
PROVINCIAL AND LOCAL GOVERNMENTS	R18,153	R129,023	R9,239	R156,414	14	12	13	15
<b>Grand Total</b>	<b>R1,234,025,041</b>	<b>R1,637,118,271</b>	<b>R1,388,589,243</b>	<b>R4,259,732,556</b>				

Table 3 reflects the following, with regard to performance by various expenditure items within Housing:

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That the highest spending item which takes the highest spot is Household which is where the conditional grant budget and expenditure is allocated, hence it is ranked no 1. throughout the whole three-year period. This is followed by Compensation of Employees, which is ranked no. 05 on the table. Compensation of Employees is ranked as no.05 because it is being compared also with sub-items within Household.

Crucial items for Human Settlements delivery purpose, are the ones which are highlighted in Grey. They represent the various programmes through which Housing delivery takes place in the province. The highest spending programme is Rural Housing programme. This is attributed to the profile of the province, which is largely rural in nature. The other reason is that the mode of delivery is more straight forward when compared with other Housing delivery programmes such as FLISP which involves even financial institutions.

TABLE 4.

**HSD GRANT: CONSOLIDATED INFORMATION FOR THREE BUSINESS PLANS : ADJUSTMENTS ON THE ORIGINAL BUDGET**

PROGRAMMES	2015/16			2016/17			2017/18		
	ORIGINAL BUDGET	ADJUSTED BUDGET	ADJUST %	ORIGINAL BUDGET	ADJUSTED BUDGET	ADJUST %	ORIGINAL BUDGET	ADJUSTED BUDGET	ADJUST %
1. Financial Intervention	194,472	284,225	46%	140,632	94,580	-33%	148,609	151,148	2%
2. Incremental Housing Programmes	221,754	160,110	-28%	284,962	278,447	-2%	264,700	137,801	-48%
3. Social & Rental Housing	73,230	17,460	-76%	34,900	153,259	339%	106,640	-	-100%
4. Rural Housing	637,855	1,125,894	77%	739,207	1,016,004	37%	778,396	944,364	21%
5. PRIORITY PROJECTS (Bulk Infrastructure)	154,883	-	-100%	-	39,085	0%	-	-	0%
6. PROVINCIAL SPECIFIC PROGRAMMES (Post-1994 Title Deeds registration & endorsement)	4,200	4,200	0%	13,218	21,837	65%	21,148	21,148	0%
<b>TOTAL</b>	<b>1,286,394</b>	<b>1,591,889</b>	<b>24%</b>	<b>1,212,919</b>	<b>1,603,212</b>	<b>32%</b>	<b>1,319,493</b>	<b>1,254,461</b>	<b>-5%</b>

Table 4 reflects the budget movements for each financial year for the three-year period. In the year 2015/16 Rural Housing and Financial Intervention programmes had their allocations increased by 77% and 46% respectively. This provides the reason why the two programmes became the highest ranked within the total budget for Housing Grant as illustrated per Table 3 above.

These movements of budgets may be a reflection of poor planning at first when the Business Plan was developed initially. These movements may also be a reflection of poor performance by other programmes. The main cause for an increase of Financial Intervention's budget and expenditure respectively was as a result of purchase of land at an amount of R155 million. The initial budget for land parcel as reflected in the Business Plan amount to R59,072 million. This *This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.*

means there was an under-estimation of the budget on Land Parcel of 163%. This may be an indication of non-compliance with conditions set out in the Division of Revenue Framework for Conditional Grants to Provinces which says, **“Provincial Heads of Department (HoDs) must sign-off and confirm that projects captured in the business plans are assessed and approved for implementation in the financial year for which it applies”**

Rural housing programme was underestimated by 77% during the initial Business Plan development. This may signal a possibility of over commitment on this programme. This assumption is based on the fact that rural housing programme has been a recipient of funds from other programmes throughout the three-year period, 77% in 2015/16, 37% in 2016/17 and 21% in 2017/18 financial years.

Personnel (Compensation of Employees) cost implication for Housing Delivery amount to 8% of the total Conditional Grant allocation while operational (Goods and Services) costs amount to 1% as reflected per Table 3 above. Compensation of Employees and Goods & Services costs largely consist of salaries and transport costs for project managers who manage various Housing Programmes.

It has been established that operational activities that are carried in support of Housing Delivery processes are not limited to Housing Chief Directorates only. Management of departmental fleet and IT processes is centralized in Administration (Supply Chain and GITO). This means it may be necessary to, in future, find a mechanism of accounting fully the cost of Housing Delivery as it involves more than what is reflected per Table 3.

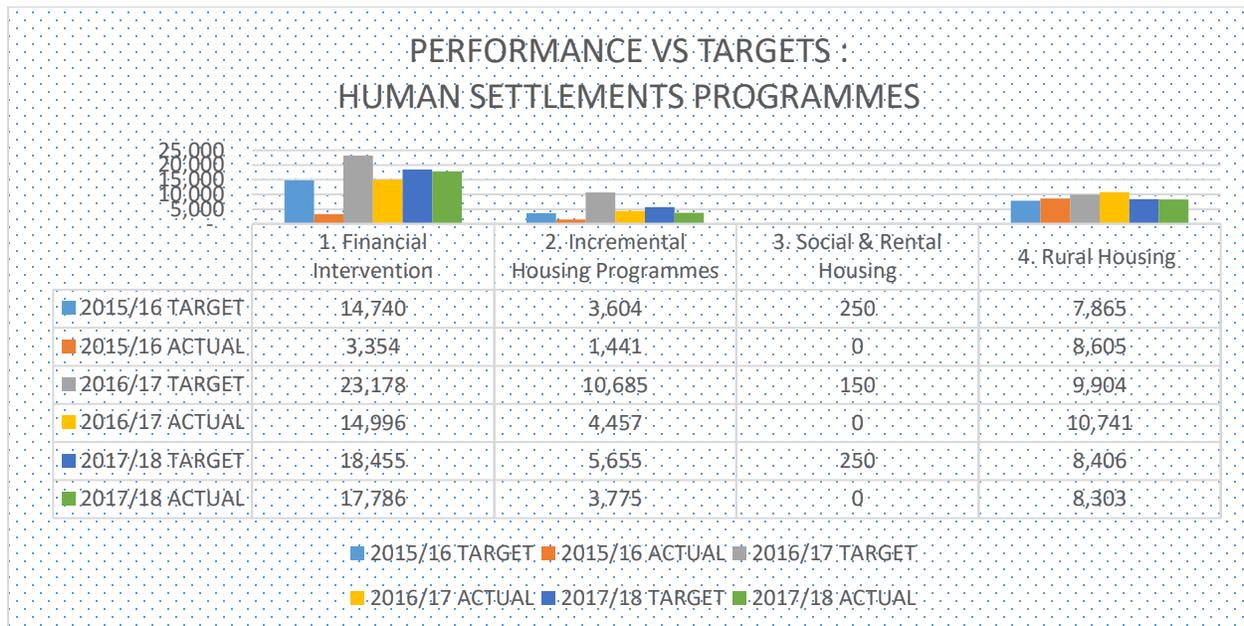
## **5. Performance:**

Departmental performance targets are set out in various departmental documents such as the Multi-Year Housing Development Plan, Annual Business Plan as well as Departmental Annual Performance Plan. It is against these targets that departmental performance can be gauged.

On top of having to comply with the requirements of Section 40 (4) (c) of the PFMA, the Division of Revenue Framework for Conditional Grants sets out various reporting conditions for Provincial Departments which should include both financial and non-financial performance. Apart from the statutory requirements which are set out in various legislations, Provincial Treasury arranges quarterly bilateral meetings with Provincial Departments in which departments are required to report on non-financial performance outputs. For the purpose of this assignment, performance for the period will derived from Departmental Annual reports. *This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.*

Below is Table 5 and a chart which illustrates the Department's non-financial and Human Settlements related performance targets and achievements for the past three years starting from 2015/16 financial year.

PROGRAMMES	2015/16		2016/17		2017/18	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
<b>1. Financial Intervention</b>	<b>14,740</b>	<b>3,354</b>	<b>23,178</b>	<b>14,996</b>	<b>18,455</b>	<b>17,786</b>
1.2 Housing finance linked Individual subsidies (FLISP)-(R3 501 - R7 000)	300	43	-	-	300	-
1.3 Enhanced Extended Discount Benefit Scheme (EEDBS)	3,900	1,978	7,635	1,071	7,659	2,617
1.5a Rectified RDP stock 1994-2002	500	-	500	286	500	319
1.11a Land parcels procured(IHAHSD)	40	133	43	-	40	-
1.12 Housing chapters of IDP's	10,000	1,200	15,000	13,639	9,956	14,850
<b>2. Incremental Housing Programmes</b>	<b>3,604</b>	<b>1,441</b>	<b>10,685</b>	<b>4,457</b>	<b>5,655</b>	<b>3,775</b>
2.2a Integrated Residential Development Programme :Phase 1:Planning and Services						
2.2b Integrated Residential Development Programme :Phase 1:Planning and Services <u>INFORMAL SETTLEMENTS</u>	600	346	3,193	4,067	1,512	480
2.3a People's Housing process	-	-	100	90	100	52
2.3b Military Veterans	-	-	130	10	-	-
2.4 Informal Settlement Upgrading	3,004	1,095	6,904	4	3,643	2,817
2.6 Emergency Housing Assistance	-	-	358	286	400	426
<b>3. Social &amp; Rental Housing</b>	<b>250</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>250</b>	<b>0</b>
3.3a Community residential units (CRU) <u>Converted/Upgraded</u>						
3.3b Community residential units (CRU) <u>Constructed</u>	250	-	150	-	250	-
<b>4. Rural Housing</b>	<b>7,865</b>	<b>8,605</b>	<b>9,904</b>	<b>10,741</b>	<b>8,406</b>	<b>8,303</b>
4.2 Rural Housing: Communal land rights	7,865	8,605	9,904	10,741	8,406	8,303



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The above table and a chart reveals ~~the fact that~~ all Housing programmes had consistently failed to meet their targets except for Rural Housing. The table provides more details of what is entailed within the four Housing main programs. Despite the failure to meet the targets by almost all programmes, Financial Intervention has delivered more than the others. This is largely due to Housing chapters of IDP's, which ~~in fact~~ shows that planned units in Municipal IDPs Housing chapters' figures do not necessarily indicate units delivered but units that are intended for delivery.

The other influencing sub item within Financial Intervention is Enhanced Extended Discount Benefit Scheme which indicates the number of beneficiaries that receive title deeds. This also is not indicative of the number of housing units delivered as it includes transfer of pre-1994 r R293 houses. The other notable underperformance within Financial Intervention is in the area of Land parcels where delivery was only recorded in the first year i.e. 2015/16 financial. This has a serious negative bearing on the delivery of actual housing units.

Incremental Housing Programmes has also done badly as it has consistently delivered less than 50% of what was planned except for the last financial year (2017/18). The Department has done badly in the delivery of Military veterans, where only ten (10) units were recorded for the three-year period.

Social and rental housing, which mainly involves convention of Hostels and construction of community residential units recorded zero units for the three-year period. This reflects badly for the province and people affected by these programmes.

Rural housing is the only programme where delivery achieved consistently more than the targets with an average of 106% over the period. Reasons for deviations which are recorded includes rollover projects and implementation of turnaround strategy.

## **6. Options:**

There are various housing delivery options available to the Department as shown per various programmes. Observations are that the Department treats all delivery mechanisms the same, i.e. as if they all can be delivered within a financial year. This is more notable when one looks at the Business Plans for each year and what actually gets delivered by the end of each year.

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Budget movement towards the end of each year from non-performing programmes to rural housing is an indication of underlying challenges in some of the housing programmes.

Other mechanisms need a period of more than a year such as upgrading of informal settlements which had to involve a number of stakeholders for the projects to get off the ground. Departmental Housing Business Plans and APPs reflects units to be delivered for each year. It may be necessary for the Department to have a year or two where focus will be made on planning processes in some programmes where certain catalytic processes has to take place before actual delivery. For Peoples Housing Programme to get off the ground, there is a need for a Housing Association to be formed which involves a process of wide stakeholder consultation.

Close observation on the expenditure patterns for the past financial years revealed much spending happening towards the end of the financial year. These raises questions of possible fiscal dumping as moneys paid to some implementation agents gets reflected as an expenditure in departmental books even when there is high chance of the affected funds not having been incurred in the actual delivery of housing. Future studies may need to focus on checking thoroughly physical progress reports from some of the implementing agents. Reasons that were advanced during the financial year through monthly DORA and other financial reports were of delays in the appointment of contractors.

This means that there is a serious need for a re-look into the supply chain processes to determine possible gaps within the procurement system.

An investigation into the expenditure patterns for Goods and Services for prior years reveals that there has been an increase in transport costs for programme managers involved in Housing project management.

One notable good practice which the department employed was the deployment of some project managers in the regions and districts with projects they are responsible for. This has largely reduced the cost of having to report at head office and then go to the site which is often hundreds of kilometres from Polokwane (Head office).

Centralisation of Government vehicles within Supply Chain Management division poses a challenge as expenditure can hardly be apportioned to core-functions of the Department such as Housing and Cooperative Governance. It may be necessary for the Department to consider

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decentralisation of the Departmental fleet management to ensure that the full cost for delivering programmes such as housing can be properly accounted for.

## **7. Recommendations**

The following recommendations are advanced for consideration by the Limpopo's Coghsta department:

### **Planning processes:**

Planning processes within the Department regarding Housing Business Plan Development are centralised in one Chief Directorate- Housing Sector Performance. It may be necessary to consider Housing Sector Performance as a coordinating centre which involves other stakeholders that are involved in housing delivery processes. This will prevent incidences of having programmes in the Business Plan with targets that are highly unachievable due to unique situations on the ground which are known to some of the stakeholders in the Department. Incidences of budget shiftings towards the end of the financial year will be minimized as thorough and wide consultations will have taken place with the necessary I. It has been found that involvement of project management chief directorates which are at the coalface of day to day housing delivery is minimal.

It is also important to consider seriously the delivery mode of different housing options as not all of them can be delivered within the same timelines. The logical framework planning exercise is important to ensure that activities and their timelines are well thought in advance and follow their logical sequence. It will therefore be possible to determine the number or extent of delivery possible within a financial year before putting it as a deliverable in the planning document (Business Plan)

### **Reporting and compliance with DORA provisions:**

One observation made was ~~the fact that~~ there are inconsistencies on the facts reported in the various annual reports on the similar programmes. E.g. the number of human settlement (housing) development based on IDP's reported in the Annual Report for 2015/16 (12 000) differs with the one reflected in the 2016/17 (1200) one. While it may be a capturing error, it is important to verify the correctness of information as it may mislead the public and cause unnecessary confusion.

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Amendment made in the budget as reflected in the original Business Plan do not always follow provisions of the DORA framework which requires them to be done before October every year. It is important for officials dealing with reporting issues to thoroughly familiarized themselves with DORA provisions and not leave it to finance officials.

**Centralisation of operational cost:**

It has been established that due to centralisation of departmental fleet management and communication costs (telephone costs) it is difficult to ascertain the full cost of housing delivery in the province. It is important for the Department to re-look into the whole centralisation versus decentralisation of some of the services.

**8. Action.**

The following are the action-plans to be initiated going forward as a result of observations made:

1. Familiarize myself with the Division of Revenue Act provisions and frameworks with regard to schedule 5 grants and thoroughly check the requirements and prescribed timelines to ensure compliance by sharing my findings with officials in Human Settlements chief directorates.
2. Recommend that finance officials be included in the planning exercises for Housing delivery on a year to year basis. Our business plans have on yearly basis omitted the issue of previous year unfinished commitments which poses a serious risk of under budgeting. These and some other issues that have financial implications need to be considered beforehand. Inclusion of finance officials should not only be limited to Housing but should be extended to other core-functions of the Department as the same challenges may be prevalent.
3. Establish a programme/timeline of all conditions set out in Division of Revenue Act. This will enable the Department to plan ahead and be prepared for most of reporting requirements that are set out in the Act before being reminded by Provincial Treasury.
4. The exercise has been an eye opener such that one need to thoroughly study most of departmental documents (planning and reporting) to see if one cannot initiate inputs on some of the gaps which one may pick them up in the process.

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Logical Framework analysis

ANNEXURE 1.

<b>IMPACT</b>	<b>Quality of Human Settlements</b>			
Indicator	% reduction of Housing Backlog and Informal Settlements			
Frequency	Annual			
Source of data	Departmental Annual Report			
<b>INTERMEDIATE OUTCOME</b>	<b>Improved economic opportunities community members who participated in the project.</b>			
Indicator	Number of community members who benefited from followup similar projects			
Frequency				
Source of data	Departmental DoRA reports			
<b>IMMEDIATE OUTCOME</b>	<b>Improved shelter and a sense of ownership</b>			
Indicator	Signed Beneficiary Happy Letters			
Frequency	On final completion of the House			
Source of data	Project Management Inspection Reports			
<b>FINAL OUTPUT</b>	<b>Low -Cost Houses Built and Informal Settlement upgrading.</b>			
Indicator	Number of quality houses built.			
Frequency	Annual			
Source of data	Departmental Annual Report			
<b>INTERMEDIATE OUTPUTS</b>	<b>Job creation for labours who are engaged in construction process</b>			
Indicator				
Frequency				
Source of data				
<b>ACTIVITIES</b>				
Indicator				
Frequency				
Source of data				
<b>ACTIVITIES</b>				
Indicator				
Frequency				
Source of data				
<b>ACTIVITIES</b>	<b>Apointment of contractors.</b>	<b>Project Implementation, Monitoring and Reporting</b>		
Indicator	Appointment letters and signed contracts with service providers (contractors and professional)	Financial and non-financial monthly performance reports.		
Frequency		Monthly		
Source of data		Departmental Reports		
<b>ACTIVITIES</b>	<b>Development of beneficiary list</b>	<b>Determination of Building Plans for Housing Units.</b>	<b>Develop Costed Implimentation Plan.</b>	<b>Environmental Scanning</b>
Indicator	Finalized Housing beneficiary.	Approved Building Plans for PHP	Approved Departmental Implementation Plan for Housing projects	Approved Human Settlements needs for the Province
Frequency		Once		
<b>INPUTS</b>	<b>Policy &amp; Legislation.</b>	<b>Building Plan</b>	<b>Budget, Human Resource (Personnel, Labourers etc) contractors &amp; Materials</b>	<b>Multi-Year Housing Development Plan and Annual Housing Business Plan</b>
<b>Programme elements</b>	<b>Development of beneficiary list and capturing of beneficiary details in HSS.</b>	<b>Development of Busines Plan</b>	<b>Implementation and management of Housing projects.</b>	
<b>Responsibility</b>	C.D.HUMAN SETTLEMENTS ADMINISTRATION AND PROPERTY MANAGEMENT	C.D.HUMAN SETTLEMENTS SECTOR PERFORMANCE & MUNICIPAL SUPPORT	CD: HUMAN SETTLEMENT DEVELOPMENT REGIONS A & B	

## ANNEXURE 2

SHARE OF THE TOTAL AND PARETO ANALYSIS TABLE									
Row Labels	2015/2016	2016/2017	2017/2018	Share total analysis			CUMMULATIVE SUM		
				2016/2017	2017/2018	2018/2019	2016/2017	2017/2018	2018/2019
<b>HUMAN SETTLEMNT</b>									
<b>COMPENSATION OF EMPLOYEES</b>	<b>R88,918,079</b>	<b>R103,156,828</b>	<b>R106,867,697</b>	7.2%	6.3%	7.7%	7.2%	6.3%	7.7%
<b>GOODS AND SERVICES</b>	<b>R15,062,532</b>	<b>R14,627,946</b>	<b>R14,086,246</b>	1.2%	0.9%	1.0%	8.4%	7.2%	8.7%
<b>HOUSEHOLDS (HH)</b>	<b>R1,129,415,981</b>	<b>R1,519,091,617</b>	<b>R1,257,085,273</b>	<b>91.5%</b>	<b>92.8%</b>	<b>90.5%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>99.2%</b>
EPWP INTERGRATED GRANT FO PROV*P	R828,722	R635,705	R2,000,000	0.1%	0.0%	0.2%	7.2%	6.3%	7.7%
FINANCIAL INTERVENTION	R237,130,684	R94,579,508	R126,566,272	21.0%	6.2%	10.1%	1.2%	0.9%	1.0%
INCREMENTAL HOUSING PROGRAM	R141,657,647	R278,446,972	R119,327,973	12.5%	18.3%	9.5%	91.5%	92.8%	90.5%
PRIORITY PROJECTS *P(5)	R24,159,890	R39,084,828	R1,628,364	2.1%	2.6%	0.1%	0.1%	0.0%	0.2%
PROVINCIAL SPECIFIC PROGRAMME*P	R33,005	R21,836,879	R7,978,437	0.0%	1.4%	0.6%	21.0%	6.2%	10.1%
RURAL HOUSING PROGRAMMES	R725,102,892	R931,036,190	R998,277,269	64.2%	61.3%	79.4%	12.5%	18.3%	9.5%
SOCIAL AND RENTAL INTERVENTION	R224,545	R153,259,360	R0	0.0%	10.1%	0.0%	2.1%	2.6%	0.1%
#N/A	R0	R212,175	R1,306,960	0.0%	0.0%	0.1%	0.0%	1.4%	0.6%
(blank)	R278,597	R0	R0	0.0%	0.0%	0.0%	64.2%	61.3%	79.4%
<b>MACHINERY AND EQUIPMENT</b>	<b>R210,296</b>	<b>R112,857</b>	<b>R532,938</b>	0.0%	0.0%	0.0%	99.9%	100.0%	99.2%
<b>PAYMENTS FOR FINANCIAL ASSET</b>	<b>R400,000</b>	<b>R0</b>	<b>R10,007,850</b>	0.0%	0.0%	0.7%	100.0%	100.0%	99.3%
<b>PROVINCIAL AND LOCAL GOVERNMENTS</b>	<b>R18,153</b>	<b>R129,023</b>	<b>R9,239</b>	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
<b>Grand Total</b>	<b>R1,234,025,041</b>	<b>R1,637,118,271</b>	<b>R1,388,589,243</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>			

ANNEXURE 3. Copy of extracts from the Departmental Annual Report for 2015/16



LIMPOPO

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
CO-OPERATIVE GOVERNANCE,  
HUMAN SETTLEMENTS & TRADITIONAL AFFAIRS

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**DEPARTMENT OF CoGHSTA**

**PROVINCE OF Limpopo**

**VOTE NO. 11**

**ANNUAL REPORT**

**2015/2016 FINANCIAL YEAR**

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# PART A: GENERAL INFORMATION

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## 1. DEPARTMENT GENERAL INFORMATION

**PHYSICAL ADDRESS:** 20 Rabe Street

Polokwane

0699

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**POSTAL ADDRESS:** Private Bag X9485

Polokwane

0700

**TELEPHONE NUMBER/S:** +27 15 284 5000

**FAX NUMBER:** +27 15 293 1520

**EMAIL ADDRESS:** [info@coghsta.limpopo.gov.za](mailto:info@coghsta.limpopo.gov.za)

**WEBSITE ADDRESS :** [www.coghsta.limpopo.gov.za](http://www.coghsta.limpopo.gov.za)

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## STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2016.

Yours faithfully

---

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Accounting Officer

Name

Date

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## 2. STRATEGIC OVERVIEW

### 7.1. Vision

Integrated Sustainable Human Settlements

### 7.2. Mission

To be effective agent of change that delivers quality services to citizens of Limpopo through:

- i. Promoting developmental cooperative governance,
- ii. Supporting municipalities and traditional leadership institutions, and
- iii. Optimally deliver integrated and sustainable human settlements

### 7.3. Values

Our values are underpinned by the Batho Pele Principles.

- Service Excellence:

*We shall strive to attain recognized standards of service quality, and maintain continuous improvement in service delivery.*

- Innovation:

*We shall toil in the pursuit of excellence and innovation on the use of information and communication technology to enhance public service delivery.*

- Integrity:

*We shall conduct our business with integrity at all times to inculcate a culture of honesty and accountability among all our employees.*

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- Prudence:

*We shall exercise prudence and economy in running the business of the Department and in pursuance of its goals and the objectives of government.*

- Transparency:

*We shall always ensure transparency in everything we do in order to build trust and confidence with all our stakeholders.*

- Fairness and consistency:

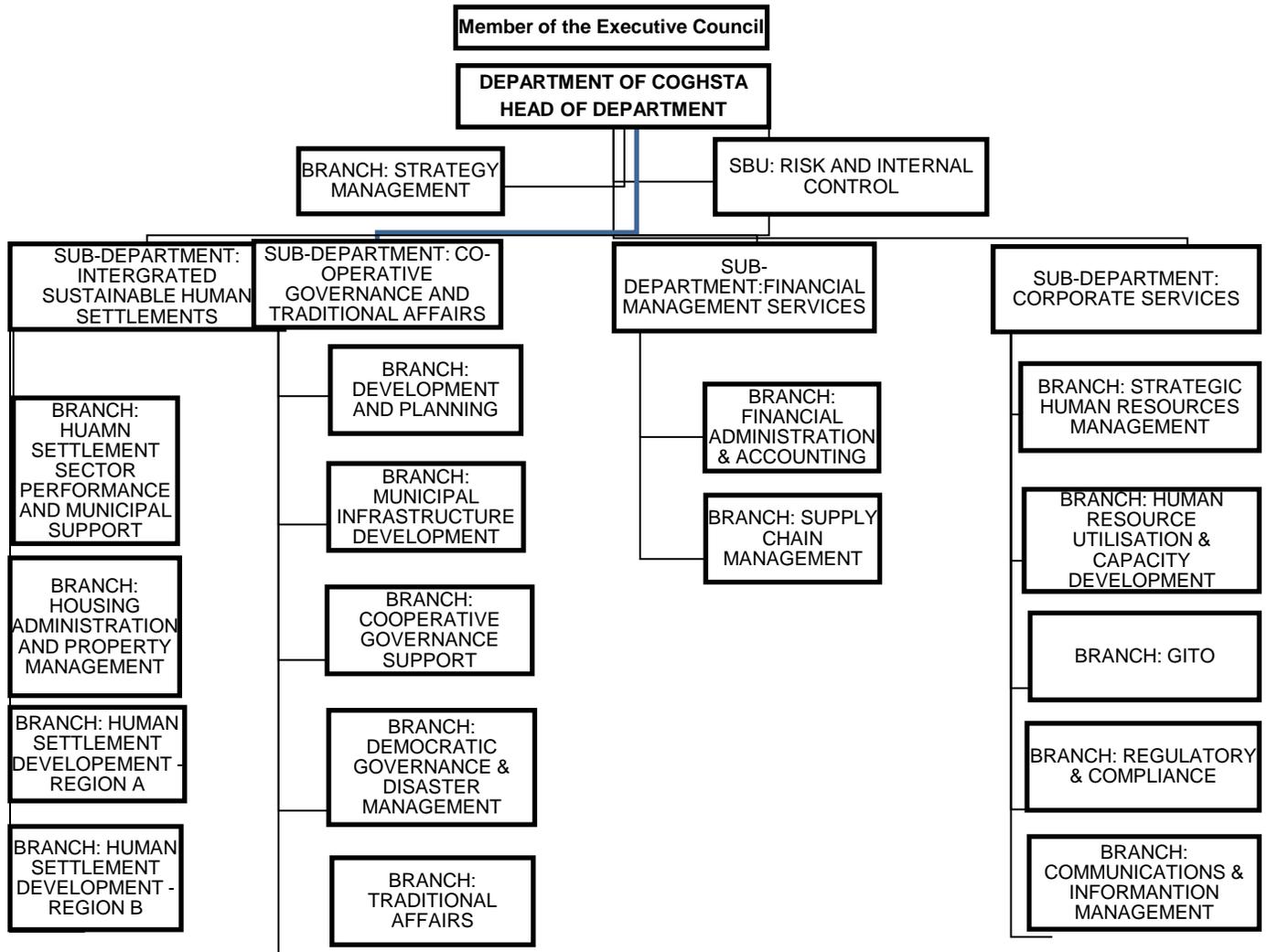
*We shall treat all our beneficiaries, suppliers and employees with fairness and equity at all times.*

- Professionalism

*We shall ensure that employees demonstrate high level of professionalism when interacting with all stakeholders*

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### 3. ORGANISATIONAL STRUCTURE



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## PART B: PERFORMANCE INFORMATION

### 1.1 Programme 2: Human Settlements

**The purpose:** To ensure provision of housing development, access to adequate accommodation in relevant areas, access to social infrastructure and economic opportunities

To achieve the above mentioned objectives, the programme is divided into three sub-programmes:

Sub-programme	Description
Housing Needs, Research and Planning	This programme focuses on administration, policy initiatives and analysis, housing planning as well as research for the sector
Housing Development, Implementation, Planning and Targets	This programme focuses on financial, incremental, social, rental and rural interventions and implementation
Housing Assets Management and Property Management	This programme is geared for sales and transfer of properties to households, devolution and maintenance of housing properties

**Strategic Objective:** To reduce housing backlog through integrated planning and construction, with the main aim of promoting economic opportunities through transferring of housing properties to beneficiaries.

#### **Strategic objectives, performance indicators, planned targets and actual achievements**

This section must provide a narrative of the significant achievements of targets for the strategic objectives and performance indicators for each programme for the financial year under review. The narrative must also provide a synopsis on how the achievement of targets has contributed towards achieving the department's strategic outcome orientated goals, which will invariably impact on the strategic priorities of government.

#### **Strategic objectives:**

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Programme 2: Integrated Sustainable Human Settlements							
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations		
3. Housing development properly planned by October each year	Not achieved	Formalise settlements	4 0	0	None	None	
4. Reduced housing backlog by 80 000 by 2019	2 065	7 865	5 300				
5. Transferred 23 000 housing properties to beneficiaries by 2019	497	3 700	1 978				

Provide reasons for all deviations

**Performance indicators**

Programme 2: Integrated Sustainable Human Settlements							
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations		
1. A Multi-Year Housing Development Plan/APP developed by October	Multi-Year Housing Development Plan reviewed	Review Multi-year Human Settlement development plan	Reviewed Multi-year development Plan was presented to the Human Settlements Forum and submitted to				

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Programme 2: Integrated Sustainable Human Settlements					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
			DoHS		
2. Number of informal settlements formalised through township establishment	0	Formalise 4 settlements	0		
3. Number of Hectares of land acquired	0	40ha	133Ha Greater Tzaneen Municipality-Hamawasha land acquired and Greater Tubatse Municipality-Mooifontein land acquired		
4. Number of planned human settlement (housing) development based on IDP's, National and Provincial priorities approved (Number of development sites identified)	10 000	10 000	1 200		
5. Number of municipalities accredited on housing provision	0	Prepare 1 (one) municipality for level 2 accreditation Confirm 3	One municipality prepared for level two accreditation. Three		

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Programme 2: Integrated Sustainable Human Settlements					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
		municipalities for level 1 accreditation	municipalities prepared for level 1 accreditation		
6. Number of capacity building workshops conducted	38	35	41		
7. Number of municipalities capacitated and supported with regard to human settlement (housing) development planning	2	Support Municipality through NUSP 5	5		
8. Number of Acts passed and/or policy guidelines approved	0	Pass1 Policy/ Act	0		
9. Number of research papers completed	0	1	0		
10. Number of new housing units completed in the Province across all housing programmes being utilized by the Province	2 065	7865	5 300		
11. Number of Housing stock/RDP rectified	60	500	0		

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Programme 2: Integrated Sustainable Human Settlements					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
12. Number of households connected to basic services as part of the informal Settlement Upgrading Programme	0	3 000	1 091		
13. Number of rental units built (CRU) and (SH)	0	250	0		
14. Number of new sites connected to basic water and sanitation services as part of the Integrated Residential Development Programme	0	600	346		
15. Number of units transferred through the Enhanced Extended Discount Benefit Scheme	188	200	0		
16. Number of units registered and endorsed	309	3 500	1 978		
17. Number of rental units devolved to municipalities in terms of section 15 of the housing Act, 97	3	3	3		
18. Number of projects approved	32	40	61		

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<b>Programme 2: Integrated Sustainable Human Settlements</b>					
<b>Performance Indicator</b>	<b>Actual Achievement 2014/2015</b>	<b>Planned Target 2015/2016</b>	<b>Actual Achievement 2015/2016</b>	<b>Deviation from planned target to Actual Achievement for 2015/2016</b>	<b>Comment on deviations</b>
19. Number of job opportunities created	392	5 015	1 325		
20. Number of beneficiaries/ subsidies approved on HSS	10 171	7 865	5 614		
21. Number of reports on rental disputes compiled	91% (273 of 301)	1	1		
22. Number of Reports submitted (MEC advisory panel)	0	1	1		
23. Number of Finance-Linked Individual Subsidy Programme (FLISP) units completed	60	300	43		

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## ANNEXURE 4

### BUDGET AND EXPENDITURE FOR THE PAST THREE YEARS: 2015/16 TO 2017/18 FY

Year	Appropriation R'000	Rollovers/ Budget Cuts	Adjustment Appropriation R'000	Expenditure R'000	Expenditure expressed as a percentage of Adjustment Appropriation	Under or Over Expenditure R'000
2015/16	1,283,877	308,012	1,591,889	1,123,130	71%	468,759
2016/17	1,208,370	394,842	1,603,212	1,518,244	95%	84,968
2017/18					100%	

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	1,368,289	(65,032)	1,303,257	1,302,649		608
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