

## **REPORT OF THE HUMAN SETTLEMENTS PORTFOLIO COMMITTEE ON THE CONSIDERATION OF THE 2022/2023 BUDGET AND APP FOR VOTE 8: HUMAN SETTLEMENTS DEPARTMENT**

**DATE: 11 MAY 2022**

### **1. INTRODUCTION**

The Portfolio Committee on Human Settlements received the presentations on 2022/2023 Budget and APP on the 7<sup>th</sup> of April 2022, this was to be considered a final draft that should be approved and supported by the Committee.

The Committee then met with the Department of Human Settlements on the 28<sup>th</sup> of April 2022 for an engagement on these two documents.

This report will therefore outline the views and comments of the Committee in the meeting on 28 April 2022.

### **2. SUBMISSION OF INFORMATION**

The Portfolio Committee received the first draft 2022/2023 Budget and APP on the 29<sup>th</sup> of November 2021 in preparation for the stakeholder engagement which took place on 14 December 2021. The stakeholder engagement meetings are another form of public participation prescribed in the South African constitution and are held once per annum.

#### **The input of the Stakeholders on the Departmental 2022/2023 Budget and APP.**

The Committee held a stakeholder engagement session on 14 December 2021 in the Zululand District and the following was highlighted:

The communities would like to see the Department of Human Settlements allocating more houses to the people living with disabilities as the report presented was not clear on such matters.

The Department was also silent on housing allocation for the senior citizens.

The Department has failed to deliver adequately on disaster housing and the problem is piling up as more disasters occur year after year.

Lastly, the communities complained about the mismanagement of the housing allocation list.

### **3. BUDGET CONSIDERATION PROCESSES**

To consider 2022/2023 Budget and APP for the Department of Human Settlements, Vote 8, the Committee embarked as follows:

Convened a stakeholder engagement session with communities of Zululand District.  
Held a budget hearing process with the Department on 28 April 2022 to consider and adopt the Department's 2022/2023 MTEF Budget and APP.

#### **Analysis of the Budget and APP**

The analysis was done by considering the following issues; alignment between APP and MTSF, relevance and completeness of the performance indicators, logical link between objectives, indicators, and targets, adequacy of the resources in the department to achieve targets, review of quarterly progress against the APP targets. In terms of the programmes, there were four programmes as in the previous APP.

#### **Findings**

The Department's APP is aligned with the National Development Plan (NDP) and the Provincial Growth Development Goals (PGDP). The department's strategic goals clearly state the linkages/alignment to the NDP as well as the PGDP. The Department refers to the NDP as well as the PGDP throughout the APP. The Department also clearly states the legislative and policy mandate that is used by the Department.

#### **Outlook 2022/23**

- The Department of Human Settlements will be allocated a total of R4.123 billion for the 2022/23 year. The department will continue to provide support to housing needs, provision of affordable housing, essential basic needs, clearance of slums etc. to communities in need. The portfolio committee will be looking forward to the various developments envisioned by the Catalytic Housing projects.
- The KZN government will be rolling out, amongst others the following projects: Empangeni IRDP housing project, Greater Amaoti Housing, eThekweni Inner City Regeneration Housing, and Bridge City Housing.
- The MKVA housing project and Farm Housing for farmworkers delivery will be accelerated in the 2022/23 financial year.

### **Programme 1: Administration**

The budget for this programme has decreased from R261.9 million to R246.5 million, the programme decreased marginally by 6% due to mainly compensation of employee's fiscal consolidation budget cuts. The budget cuts against compensation of employees will see the department only being able to fill posts that are not reprioritized and have funding for the year, (the department has 21 funded vacant posts). The salaries increase budget has not been allocated for the year because the Department of Treasury has chosen to keep the additional funds until the salary negotiations have been concluded for the 2022/23 financial year.

The Department has six indicators for the 2022/23 financial year. The Department keeps changing indicators, making it hard to follow the direction in which the Department is heading and difficult to monitor each indicator's progress. It has predominantly kept the same medium-term target.

### **Programme 2: Housing Needs, Research and Planning**

This programme experienced growth of 9% between 2021/22 and 2022/23 financial years. This programme provides for creating platforms for various stakeholders for discussing, debating, drafting, and informing human settlement policies, and provides for the identification of any skills gaps in the major stakeholders that are an integral part of the housing delivery chain, including municipalities, traditional leaders and institutions, emerging contractors, people living with disabilities, youth, and women. The MTEF allocations were affected by the budget cuts against *Compensation of employees* to reduce the growth of the public-sector wage bill, furthermore, the department has 6 funded vacant posts within this programme which will be filled in the 2022/23 financial year.

Two indicators were added to this programme and the following are reasons for such:

- **A few integrated implementation programmes for priority development areas are completed per year**, it has a target of four and that applies for the outer two years.
- **The percentage of investment of the total Human Settlements allocation in PDAs** has a target of 20% and the target increases by 5% every year for the two outer years.

### **Programme 3: Housing Development**

This programme carries the budget allocation (R3.685 billion) for the department and will increase by 11% between the 2021/22 and 2022/23 financial years. In 2019 and 2020 there were funds that were allocated towards the flood disasters that damaged properties, the funds were for reconstruction and repair of 2800 damaged houses, flats and hostels in areas such as the eThekweni Metro, uMdoni, uMuziwabantu, uMzumbe and Ray Nkonyeni. Also, budget cuts were effected against the Compensation of employees to reduce the growth of the public-sector wage bill. The department will also be receiving additional funds for disasters between 2019 and 2020, for floods that damaged properties (the disaster from October 2017).

Furthermore, the department re-prioritised funds under the HSDG grant under the item Compensation of Employees to *Transfers and subsidies to Households* within the HSDG. These funds relate to the National Home Builders Registration Council (NHBRC) which was insufficiently budgeted for, these funds relate to project enrolment fees with NHBRC. The decrease of R15.706 million in 2021/22 and R15.574 million in 2022/23 under this classification is mainly due to the implementation of the wage freeze for the budgeted posts under the Operational Capital Budget (OPSCAP) within the HSDG. The department received a disaster allocation of R397.705 million in 2022/23 and R474.974 million in 2023/24 in respect of the HSDG, hence the reduction in 2024/25.

The Department has increased its indicators from 16 to 24 for the 2022/23 financial year. There are two new indicators added and they also brought back some of the indicators that were omitted in the previous two financial years APP.

The new indicators are:

- ✚ **The number of houses (units) delivered through the OSS Intervention for vulnerable groups** has a target of 855 and it decreases its target to 123 for 2023/24 and 60 for the 2024/25 financial year.
- ✚ **The number of houses (units) delivered to households affected by the 2019 Provincial disaster** has a target of 2 224 for the 2022/23 financial year and increases to 2 656 for the 2023/24 financial year.

#### **Programme 4: Housing Assets & Property Management**

This programme will grow by 2% between the 2021/22 and 2022/23 financial years, as the programme now houses **KZN Housing Fund**. The decrease in 2021/22 is related to the Compensation of employees' budget cuts, as well as fiscal consolidation cuts of R5.562 million. These budget cuts will affect the rate at which the department fills posts as only posts that become vacant will be filled. The department will review the need to fill posts that are vacated during this period. The 2022/23 MTEF provides for the issuance of title deeds, maintenance of rental units, as well as selling of rental units to beneficiaries, among others. The department has 24 funded vacant posts within this programme, including six Assistant Managers, three Senior Administration Officers and five Administration Officers, among others, and these posts will be filled over the MTEF. The Housing Fund needs to comply with the requirement of Generally Recognized Accounting Practice (GRAP), it has become necessary that the budgeting and reporting indicate that the department is providing funding to this entity.

Indicators in this programme have decreased by two leaving it with only four indicators.

Below is a table depicting expenditure by programme

## Expenditure by Programme

### Summary of Expenditure by programme

| R thousand                              | Main Appropriation | Adjusted Budget  | Baseline Budget  |            | Medium-term Estimates |           |                  |            |
|---|--------------------|------------------|------------------|------------|-----------------------|-----------|------------------|------------|
|   | 2021/22            | 2021/22          | 2022/23          | % change   | 2023/24               | % change  | 2024/25          | % change   |
| 1. Administration                       | 243 127            | 261 909          | 246 558          | -6%        | 239 031               | -3%       | 249 549          | 4%         |
| 2. Housing Needs; Research & Planning   | 19 460             | 17 960           | 19 654           | 9%         | 19 477                | -1%       | 20 334           | 4%         |
| 3. Housing Development                  | 3 162 856          | 3 261 446        | 3 685 151        | 11%        | 3 902 537             | 6%        | 3 587 016        | -9%        |
| 4. Housing Assets & Property Management | 171 788            | 168 088          | 171 965          | 2%         | 174 232               | 1%        | 176 392          | 1%         |
| <b>Total</b>                            | <b>3 597 231</b>   | <b>3 709 403</b> | <b>4 123 328</b> | <b>10%</b> | <b>4 335 277</b>      | <b>5%</b> | <b>4 033 291</b> | <b>-7%</b> |

### Issues raised during the budget hearing meeting:

As mentioned earlier in this report the meeting to consider and approve the budget was held on 28 April 2022 and the following was highlighted:

- ❖ The Committee would want to see one master plan from the Department as a lot of their programmes are showing decreases in targets and indicators. The honourable members wanted to know how the Department would deal with the offloaded indicators.
- ❖ With the recent disaster, the Department had reported supplying 2500 new temporal structures to communities affected and the Committee requested a full report on that including the location of those structures. The Department should also give a full report on its plan to complete permanent structures as well.
- ❖ The targets of the Department did not seem to include projects on the eradication of mud houses.
- ❖ The Department should have a report that would outline its plans to assist those displaced by recent disasters and plans to procure land for intervention programmes.
- ❖ The Committee wanted to know what a reduction in the budget would mean for new projects

The Department committed to bringing full reports on the following in the next meeting:

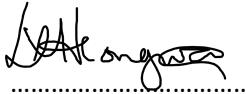
- ✓ Smart City establishment
- ✓ 3D alternative housing
- ✓ Research on the impact of climate change

The Committee could not vote for the budget as they were of the view that since they had to reprioritise due to disaster there will also be changes on the budget. The Committee

convened another meeting after being advised by Treasury that although the budget is reprioritized the essence of the budget will not be lost.

The second meeting to adopt the budget as presented was convened on 06 May 2022. Most of the members in attendance voted in support of the budget except for the member of the DA who reserved the right.

The Human Settlements submits.

  
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10/05/2022  
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Hon LXH Hlongwa-Madlala  
Chairperson: Human Settlements PC

Date