

Eradicating informal settlements by 2014: A goal deferred

Introduction

This Policy Brief explores the Breaking New Ground Policy to eradicate informal settlements by 2014 through an analysis of the national and more specifically the Eastern Cape human settlements development budgets for 2014/15. The brief concludes by providing recommendations to address informal settlement challenges.

South Africa's housing policy

South Africa's government housing development policy stems from section 26 of the Constitution of the Republic of South Africa. Post 1994 the new South African government had the challenge of realising the right to adequate housing as well as address the devastatingly poor living conditions related to basic services delivery (water, sanitation, electricity). Prior to the introduction of the Breaking New Ground (BNG) Policy, the housing programme was dominated by producing housing in quantity.¹ BNG was introduced to 'fast track' housing delivery by introducing more effective and responsive housing programmes. The new policy focused on the quality of housing products and the development of sustainable human settlements by introducing a variety of alternative and innovative housing programmes.² The key objective of the policy was "to eradicate informal settlements by 2014." South Africa is also a signatory of the United Nation's Millennium Development Goals which targets "slum-free" cities by 2014.³

ESTIMATED NATIONAL HOUSING DEMAND⁴

- 1996 Census showed that 1.5 million households lived in informal houses in urban areas
- 2001 Census estimated a total housing backlog of 3 million households
- 2011 Census estimates a national backlog of 2.4 million households
- Between 1994 and 2013 government has built 2.7 million houses

ESTIMATED EC HOUSING DEMAND 1996—2011⁵

- 2001 Census data estimated 105 informal settlements located on the rural and periphery of industrialised urban areas
- In 2006 the Eastern Cape Department of Housing informal research put the provincial backlog at 800 000
- A rapid verification study conducted by the HSRC in 2010 estimated the number of informal settlements and backyard shacks in the Eastern Cape at approx. 225 000
- Census 2011 results reveal a provincial housing backlog of 606 616

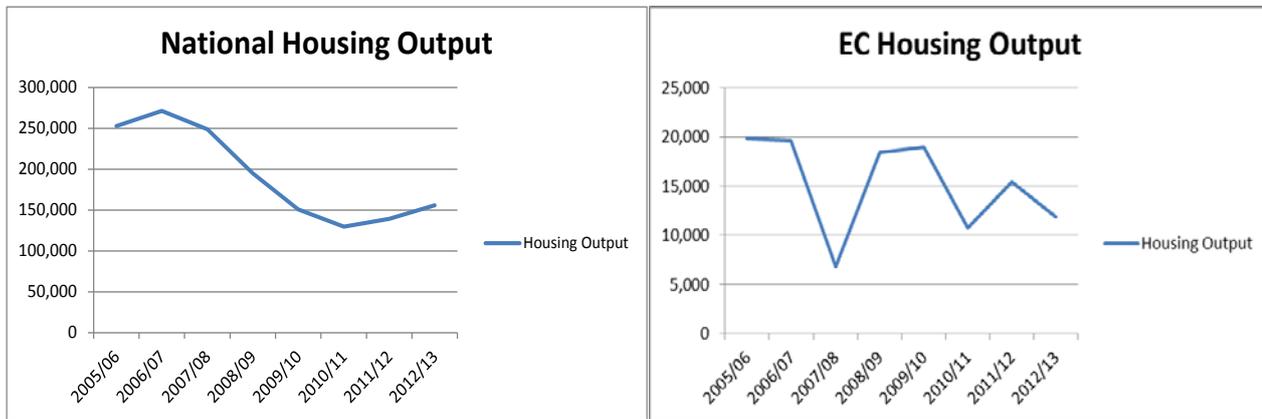
¹ Socio—Economic Rights Institute of South Africa (SERI), A Resource Guide to Housing in South Africa 1994—2010: Legislation, Policy, Programmes and Practice, p.66

² *Ibid*

³ (1) Towards African Cities without Slums United Nations African Renewal Magazine, April 2012 Edition
<http://www.un.org/africarenewal/magazine/april-2012/towards-african-cities-without-slums>

⁴ Department of Human Settlements Progress Report on creation of human settlements' delivered on 13 Nov 2012 at the National Assembly. Report accessible at
<http://www.pmg.org.za/report/20121113-update-department-human-settlements-human-settlements-completed-both->; SERI: A resource guide to Housing in South Africa 1994-2010

⁵ Eastern Cape Department of Human Settlements Annual Performance Plan 2011/12-2013/14, p.15; A rapid verification study on the Informal Settlements and Backyard Shacks Backlog and Trends within the Eastern Cape" study conducted by the HSRC completed in April 2010



Graph 1: National and Eastern Cape Housing Output since adoption of BNG policy⁶

“The last 5 years has seen a decrease in the delivery of housing units particularly in provinces such as the Eastern Cape.”

THE STORY OF THE EASTERN CAPE

There are multiple factors affecting the performance of the Eastern Cape Department of Human Settlements (ECDoHS) but the major factor identified is insufficient resources to complement the growing conditional grant allocation for planned housing projects.⁷ The Equitable Share budget is often insufficient to support the implementation of housing projects resulting in insufficient personnel for project management and quality assurance. Supply chain management and contracts Management has also been affected as a result of insufficient equitable share funding.⁸ More recently conditional grant allocations have also become increasingly insufficient for implementing bulk infrastructure thereby delaying the implementation of projects. This in turn has affected the pace of service delivery resulting in 20 stalled housing projects in 2013/14 in the Eastern Cape.⁹ By the end of the third quarter of the 2013/14 financial year, the Eastern Cape Department of Human Settlements had only managed to achieve 40% (7 898 units) of their 2013/14 housing output target of 18 900 units.¹⁰ For more on this story, see page 4 of this report.

Housing delivery trends since adoption of BNG policy

There are number of internal and external (global and local) challenges that have contributed to the government’s (national and provincial) failure to eradicate the housing backlog by 2014. According to the Socio-Economic Rights Institute of South Africa (SERI) the housing backlog has grown exponentially since 1994 and the National Department refers to the housing backlog as “a moving target”.¹¹ The housing backlog in 1994 was estimated at 1.5 million units but the figure has increased to 2.4 million units.¹² This is partly due to global economic pressures with increasing households failing to access housing finance and the rural-urban migration as a result of lack of employment opportunities in rural areas pushing housing demand. Out of a potential workforce of 33 million only 13 million are employed and nearly 1 in 4 South Africans are unemployed. Census 2011 shows large shifts in the need for housing towards larger provinces and urban centres in the country where employment opportunities exist.¹³

The BNG policy implemented since 2004 has also not adequately realised the intended outcome on the ground due to other factors such as poor workmanship, delays in procurement, poor municipal planning and bulk infrastructure challenges. Despite a growing backlog, the last 5 years has seen a decrease in the delivery of housing units particularly in provinces such as the Eastern Cape. A graphic analysis of Eastern Cape housing output figures collected between 2005/10 to 2012/13 is depicted in graph 1 above.

⁶ The Eastern Cape housing output figures are taken from Eastern Cape Department of Human Settlements Annual Reports between 2005/06—2012/13. National Housing Output figures collected from Provincial Annual Reports and Budget Speeches between 2005/06—2012/13 and the National Department of Human Settlements Progress Report on creation of human settlements’ delivered on 13 Nov 2012 at the National Assembly. Report accessible at <http://www.pmg.org.za/report/20121113-update-department-human-settlements-human-settlements-completed-both-2009>

⁷ 2009 Housing Policy Speech delivered by MEC N. Mabandla on 18 June 2009; Eastern Cape Department of Housing, Annual Performance Plan 2008/09 to 2010/11, pp 25, 42, 51 and 55, Eastern Cape Human Settlements 2010/11 Policy Speech delivered by MEC Mabandla on 24 March 2010

⁸ Ibid

⁹ Eastern Cape Provincial Planning and Treasury Estimates, Estimates of Provincial Revenue and Expenditure 2013/14, p.65

¹⁰ Ibid, p.541

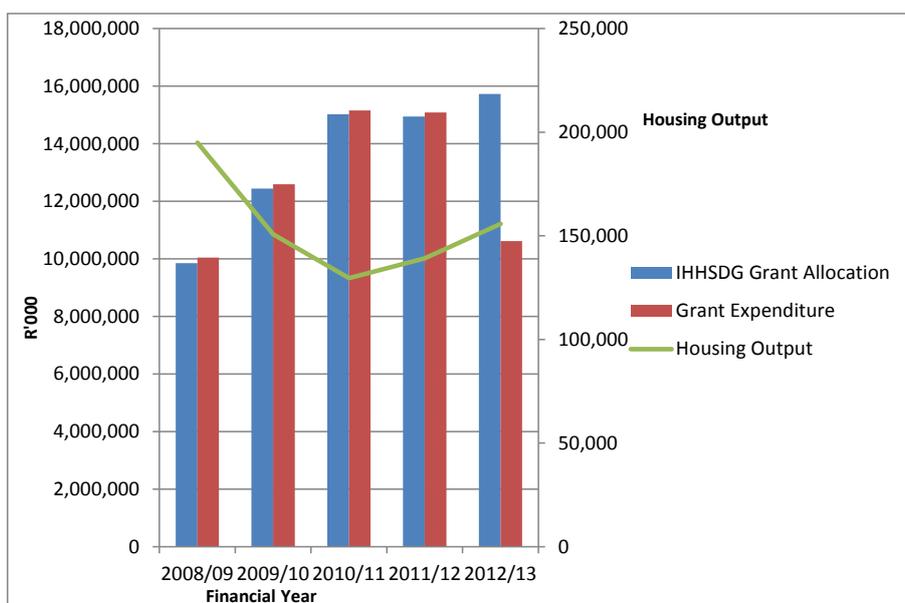
¹¹ Socio—Economic Rights Institute of South Africa (SERI), A Resource Guide to Housing in South Africa 1994—2010: Legislation, Policy, Programmes and Practice, p.8; (5b) Census 2011 Statistics South Africa (2012)

¹² Socio—Economic Rights Institute of South Africa (SERI), A Resource Guide to Housing in South Africa 1994—2010: Legislation, Policy, Programmes and Practice, p.8; (5b) Census 2011 Statistics South Africa (2012)

¹³ (5) Census 2011 Statistics South Africa (2012)

Slow housing delivery as a result of insufficient budget partly due to escalating construction costs is one of the major contributing factors to slow housing delivery not only in the Eastern Cape but nationwide.¹⁴ Inadequate equitable share and bulk infrastructure funding has also been identified as major obstacles in housing delivery by other provinces as depicted in graph 2 on page 3.

With the exception of the 2012/13 financial year, graph 2 shows slight increases in grant allocation year-on-year particularly in the last three financial years. Graph 2 below also shows nationwide expenditure on housing has matched and to a certain extent exceeded the human settlements budget allocation. The graph also shows that despite increased allocations in the budget, housing output continues to drop. This could also be an indication of the 2009/10 drop in economic growth combined with inflationary pressures of the budget constraining housing output. Furthermore, in the earlier post-apartheid years, government prioritised housing with significant housing allocations. Graph 1 above shows that housing delivery between the 2003/04-2007/08 is double the housing output produced in the last five years.



Graph 2: Nationwide housing allocations vs Grant expenditure over the last 5 years (2008/09-2012/13)¹⁵

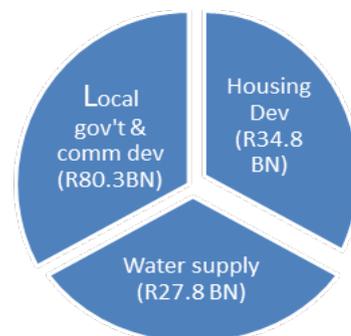
National Housing Development Allocation

According to both the 2014/15 national and provincial budget speeches, this year's budget still continues to prioritise and provide significant resources in support of housing delivery.¹⁶ This section will take a closer look at this assertion.

The Local Government, Housing and Community Amenities Budget Vote receives the fifth largest allocation of the national budget in 2014. This Budget Vote received a nominal increase of 8% or R100 million from R132 billion in the previous financial year to R 142 billion in 2014/15.¹⁷ However, when inflation is taken into account, this is only a real increase of 1.87%.¹⁸

Housing and community amenities budget 2014¹⁹

A closer look at the National Housing and Community Amenities Budget shows that only 25% of the budget goes towards "Housing Development." The bulk (55%) of the budget goes towards "Local government and community development" and the remaining 20% goes towards "Water supply."



¹⁴ (5) Ibid, p.32; Minister of Human Settlements 2011/12 Budget Vote Speech delivered dated 19 April 2011; "Sexwale: Housing for poor is not sustainable" by A. Majavu. The Sowetan Live, p.1

¹⁵ (5) IHHSD grant allocations and expenditure for the 2008/09 -2012/13 taken from 2012/13 Provincial Estimates of Provincial Revenue and Expenditure available at National Treasury website www.treasury.gov.za According to the Human Settlements 2012/13 National Estimates of Provincial Revenue and Expenditure by 27 February 2012 67.5% of the entire national IHHSDG was spent by Provinces. Housing output figures are taken from Provincial Annual Reports and Budget Vote Speeches for the 2008/09-2012/13 financial years

¹⁶ (5) 2014 Budget Speech delivered by Minister of Finance Pravin Gordhan delivered 26 February 2014; 2014/15 Eastern Cape Budget Speech delivered by MEC for Finance MEC P.Masualle delivered 6 March 2014

¹⁷ National Treasury 2013/14 Budget Review, p.xii; National Budget Review 2014/15 Budget Review, p.xii

¹⁸ CPIX figures provided by the National Treasury were used to calculate what the real buying power will be for this financial year compared to last year (Real Change between-2013/14 and 2014/15). The CPIX figures of 5.8% in 2013/14 and 6.2% in 2014/15 (provided by National Treasury) were used in to calculate the growth of budget allocations between 2013/14 and 2014/15 and over the MTEF in percentage term.

¹⁹ National Treasury 2014/15 Budget Review, p.xii

The housing development budget grows from R31.9 billion in 2013 to R34.8 billion in 2014. This is a nominal increase of 9% or 2.73% once inflation is taken into account.²⁰ The water supply budget has decreased from R40.4 billion in 2011/12 to R27.8 billion in 2014/15. This is a nominal budget decrease of 31% over the last four financial years.²¹ Access to basic services such as water and sanitation is a critical component of adequate housing.

The insignificant real increase towards human settlements in the national budget is further compounded by only a quarter of the Housing and Community Amenities Budget going towards housing development, bringing to question the prioritisation of eradicating housing backlog. Clearly past and present allocations were not aligned to support the BNG target which was unrealistic. It also appears evident that such a target is inappropriate for the new MTEF period given past performance and current projected future allocations.

Eastern Cape housing budget analysis

This section will consider the adequacy of the provincial human settlements budget with due regard for past performance, inflation and human resource needs

For the 2014/15 financial year the Eastern Cape Department of Human Settlements (ECDoHS) has received a total budget allocation of R2.48 billion.²² This is a 12% budget decrease from the R2.83 billion 2013/14 Adjusted Budget Allocation. When inflation is taken into account, the ECDoHS budget decreases by 17%²³. Over the next 3 years the budget is expected to decrease by a further 3.47%.²⁴

Table 1²⁵ also shows the Department's Equitable Share budget is set to increase from R303 million in 2013/14 to R 325 million in 2014/15. This is an increase of 1.14% in real terms with a real average growth of less than -1.18% over the MTEF. The increase is a result of the Department's plan to recruit work inspectors and quality coordinators to develop and maintain quality control standards.

Conditional Grant Allocation (R '000)	Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term estimate			
				2013/14	2013/14	2014/15	2013/14
							% change from Adjusted Appropriation
Equitable Share	303,277	303,277	304,237	325,730	7.40		
Housing Disaster Relief Grant	94,172	94,172	76,453		-100.00		
[[HHSDBG]	2,429,631	2,429,631	2,296,695	2,159,218	-11.13		
Expanded Public Works Programme Incentiv	3,000	3,000	3,000	2,654	-11.53		
Total payments and estimates	2,830,080	2,830,080	2,680,385	2,487,602	-12.10		

Table 1: Eastern Cape Department of Human Settlements Equitable Share and Conditional Grant allocations²⁶

²⁰ Ibid, The CPIX figures of 5.8% in 2013/14 and 6.2% in 2014/15 (provided by National Treasury) were used in to calculate the growth of budget allocations between 2013/14 and 2014/15; (16b) National Treasury Budget Reviews 2011/12;2012/13;2013/14 &2014/15

²¹ National Treasury Budget Reviews 2011/12;2012/13;2013/14 &2014/15

²² Eastern Cape Overview and Estimates of Provincial Expenditure 2014/15, p.545

²³ Ibid, The CPIX figures of 5.8% in 2013/14 and 6.2% in 2014/15 (provided by National Treasury) were used in to calculate the growth of budget allocations between 2013/14 and 2014/15 and over the MTEF in percentage term.

²⁴ Ibid, The CPIX figures of 5.8% in 2013/14 and 6.2% in 2014/15 (provided by National Treasury) were used in to calculate the growth of budget allocations between 2013/14 and 2014/15 and over the MTEF in percentage term.

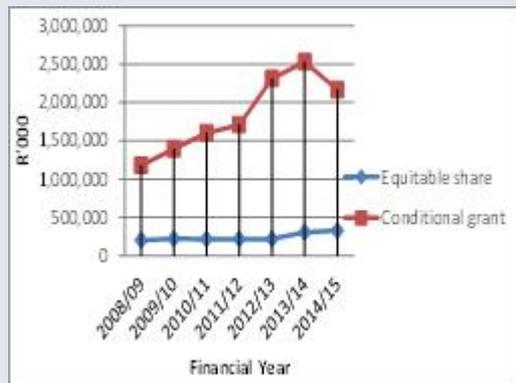
²⁵ The Main Appropriation figures for 2013/14 represent the initial allocations for that financial year while the Adjusted Appropriation figures are the revised allocations subsequent to the tabling of the Adjusted Appropriation Act. The Revised Estimates are a combination of un-audited incurred expenditure and projected expenditure (what the Department thinks it will spend by the end of the 2013/14 financial year). All figures (R'000) are nominal (they do not factor in the effect of inflation on buying power), with the exception of the second to last "Real Change" column. The percentages in this column were calculated using real figures. CPIX figures provided by the National Treasury were used to calculate what the real buying power will be for this financial year compared to last year (Real Change between-2013/14 and 2014/15). The CPIX figures (provided by National Treasury) were also used in the last column to calculate the growth of budget allocations over the MTEF in percentage term. The budget allocations used to calculate average growth over MTEF are also real (including inflation).

²⁶ The Main Appropriation figures for 2013/14 represent the initial allocations for that financial year while the Adjusted Appropriation figures are the revised allocations subsequent to the tabling of the Adjusted Appropriation Act. The Revised Estimates are a combination of un-audited incurred expenditure and projected expenditure (what the Department thinks it will spend by the end of the 2013/14 financial year). All figures (R'000) are nominal (they do not factor in the effect of inflation on buying power), with the exception of the second to last "Real Change" column. The percentages in this column were calculated using real figures. CPIX figures provided by the National Treasury were used to calculate what the real buying power will be for this financial year compared to last year (Real Change between-2013/14 and 2014/15). The CPIX figures (provided by National Treasury) were also used in the last column to calculate the growth of budget allocations over the MTEF in percentage term. The budget allocations used to calculate average growth over MTEF are also real (including inflation).

THE MISALIGNMENT OF THE EQUITABLE SHARE BUDGET WITH THE CONDITIONAL GRANT

The entire housing budget consists of the equitable share budget and the conditional grant budget. The equitable share budget funds the operational activities of the conditional grant. Operational activities include filling of critical vacancies, capacity development of municipalities, housing research and planning amongst other activities. The conditional grant allocation funds the implementation of housing projects such as bulk infrastructure, upgrading of informal settlements, unblocking of projects and the construction of top structures.

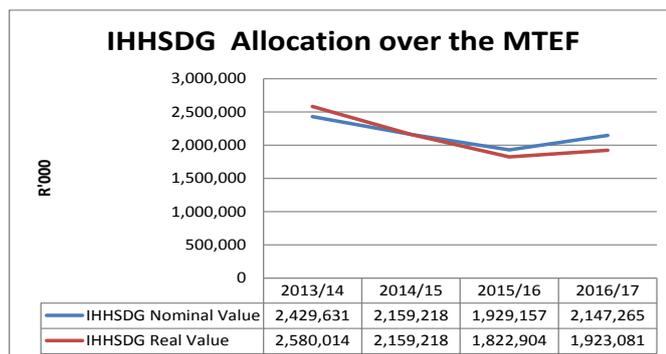
The misalignment of the ECDoHS Equitable Share budget with the conditional grant remains an area of serious concern as it impacts negatively on essential operational activities that have a direct bearing on the conditional Grant. Over the past four financial years, the Eastern Cape Department of Human Settlements has often cited a lack of capacity hindered by budget constraints as one of the major contributors of poor performance²⁷. Graph 3 below shows that until 2012/13, there have been substantial yearly increases in the conditional grant funding but the equitable share allocation has not grown commensurately in comparison.



Graph 3: Growth of ECDoHS Equitable Share and Conditional Grant Allocation in nominal terms between 2008/09 and 2014/15²⁸

A declining Housing development grant

On the other hand, the Integrated Housing and Human Settlements Conditional Grant (IHSDG) budget declines by 11.13% in nominal terms and by 16.31% in real terms to R2.15 billion from the R2.42 billion 2013/14 adjusted allocation.²⁹ The Conditional grant is projected to also decline in average real terms by 3.79% over the next 3 years or MTEF.



Graph 3: ECDoHS projected Conditional Grant allocations over the MTEF³⁰

²⁷ 2009 Housing Policy Speech delivered by MEC N. Mabandla on 18 June 2009; Eastern Cape Department of Housing, Annual Performance Plan 2008/09 to 2010/11, pp 25, 42, 51 and 55

²⁸ The figures represent main equitable share and IHSDG appropriation allocations between 2008/09 – 2014/15 financial figures. These figures are nominal (excluding inflation). Figures are taken from the Eastern Cape Estimates of Provincial Revenue and Expenditure between 2008/09 -2014/15.

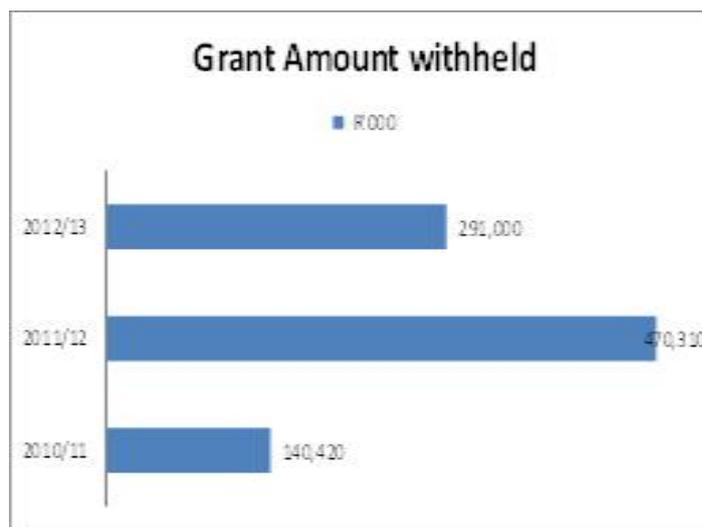
²⁹ (21) Eastern Cape Overview and Estimates of Provincial Expenditure 2014/15, p.543 & p.545

³⁰ (21) Ibid, Eastern Cape Overview and Estimates of Provincial Expenditure 2014/15, p.543. In all tables, the figures for 2010/11, 2011/12 and 2012/13 are audited expenditure. The figures represent Main Appropriation figures for 2013/14 – 2016/17. The outer years are MTEF projections (projected allocations). Nominal figures (R'000) do not factor in the effect of inflation on buying power. Real figures factors include inflation. CPIX figures provided by the National Treasury were used to calculate what the real buying power will be between 2013-14 and 2015/16. The CPIX figures of 5.8%; 6.2%;5.9%;5.5% respectively (provided by National Treasury) were used to calculate the growth of budget allocations over the MTEF in real term/value

The marginal difference between IHHSDG real allocations and IHHSDG nominal allocations depicted in graph 3 above indicate that the budget projections may not be sufficient to meaningfully address informal settlements and the massive backlog. Furthermore the Department estimates that it will require a further estimated R2.1 billion in order to unblock and complete 20 stalled housing projects from the previous financial year. In order to avoid further adverse effects on housing delivery as a result of insufficient funds for personnel or implementation of housing projects as funded by the equitable share and the conditional grant, the Department and the Legislature is strongly encouraged to take proactive steps to motivate for additional funds and secure significantly increased allocations over the MTEF from National Treasury. The Finance Minister has thankfully indicated that R1.2 billion has been allocated to the province over the MTEF to try and mitigate against the effects of Census 2011. Funding has already been set aside for the construction of 50 000 units across the province.³¹

Provincial housing expenditure

Although the provincial human settlements budget is declining despite the growing informal settlements, what is clear in the Minister's 2014/15 National Budget Speech is commitment from government to provide additional funds to accelerate urban development via funding to municipalities.³² Furthermore the MEC of Finance Mr P. Masualle announced the provision of additional funding from Treasury till 2016/17 to mitigate the provincial budget cuts.³³ However access to additional funds from Treasury mitigating the effects of provincial human settlements budget decline is dependent on enhanced levels of expenditure both the provincial human settlements department and municipalities. For the last four financial years, the ECDoS has failed to spend its entire budget. Between 2009/10 and 2012/13 it underspent almost R 1 billion as a result of large amounts of IHHSDG being withheld by Treasury due to poor expenditure and performance.³⁴



“The Eastern Cape Department of Human Settlements has underspent its budget between 2009/10 and 2012/13 to the tune of almost R 1 billion “

Municipal housing expenditure

According to the Housing Act and the National Housing Code, local government has a role to play alongside national and provincial governments to ensure the constitutional right to housing is realised. Accreditation of municipalities allows for the administration and implementation of housing programmes by municipalities.³⁵ Since 2011/12, municipalities have been receiving additional funding from the IHHSDG allocations under a new Urban Settlements Development Grant (USDG) valued at R21.8 billion.³⁶ This conditional grant is aimed at equipping accredited municipalities located in urban areas to upgrade informal settlements as well as increase access to basic services where the majority of informal settlements lie. In the Eastern Cape the USDG has directly been transferred to accredited metropolitan municipalities Nelson Mandela Bay Metro (NMBM) and Buffalo City Municipality (BCM) to speed up the upgrading of their informal settlements.

Diagram 1³⁷ shows inconsistent levels of expenditure of the USDG allocations. NMBM over spent its 2011/12 and 2012/13 USDG allocations advising that it was a result of USDG not being sufficient enough to address the eradication of the toilet bucket system. BCM expenditure of the USDG has been consistently poor, only spending 36.9% of the 2011/12 USDG allocation of R423 million. However BCM anticipates improvements in expenditure in 2013/14. Both municipalities have attributed poor spending to poor planning, budgeting for many projects in one

³¹ (21) Eastern Cape Budget Speech 2013/14 delivered by MEC for Finance MEC P. Masualle 7 March 2013

³² (21) National Budget Speech 2013/14 delivered by Minister of Finance P. Gordhan on 27 February 2013

³³ (21) 2014/15 Eastern Cape Budget Speech delivered by MEC for Finance MEC P. Masualle delivered 6 March 2014

³⁴ (21) Daily Dispatch 7 Nov 2013 "Province fails to spend nearly 1 billion: Housing funds forfeited to national treasury" by M. Zuzile; Eastern Cape Department of Human Settlements Annual Reports, 2009/10, 2010/11, 2011/12, 2012/13

³⁵ (21) Section 4 of Housing Act 107 of 1997 (amended by Acts 28 and 60 of 1999; Act 4 of 2001)

³⁶ (21) 2011/12 Budget Speech delivered by Minister of Finance P. Gordhan on 23 February 2011

³⁷ (21) USDG allocation figures taken from Eastern Cape Estimates of Provincial Revenue and Expenditure 2011/12; 2012/13 and 2013/14 Table titled Expenditure by municipal boundary. All figures have been audited with the exception of 2013/14

financial year, legal challenges, disjointed USDG project coordination; ineffective project monitoring; complex and time consuming procurement processes and limited land in proximity to the city centre.³⁸ Another critical issue is the filling of vacant posts. There is persistent non filling of critical vacancies in both metros particularly in positions of financial management, infrastructure and engineering and recreational services.³⁹

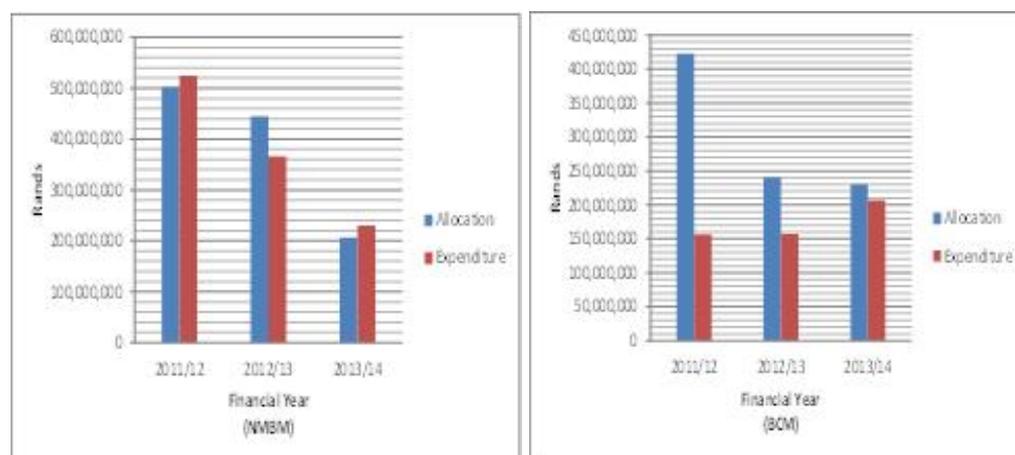


Diagram 1(32): Urban Settlements Development Grant (USDG) expenditure trends between 2011/12 and 2013/14 by Nelson Mandela Bay and Buffalo City Metros

There are a number of staff on acting positions particularly in senior leadership positions. It is acknowledged by both Metros that there is a high turnover of staff. Buffalo City has had a turnover rate of between 5 and 6% over the last three financial years.⁴⁰ NMBM has had the highest turnover rate of between 129% and 180% over the last financial year as demonstrated in the table below.

Financial Year	Total no. of appointments as beginning of financial year	Terminations during the financial year	Rate of Turn over (%)
2010/11	482	624	129
2011/12	505	292	58
2012/13	359	648	180
Total	1346	1564	116

Table 2: Turnover rate of Nelson Mandela Bay Metro (NMBM) between 2010/11 – 2012/13⁴¹

It is crucial that both Metros in particular NMBM address its extremely high turnover rate. It is critical for dealing with service delivery challenges as well as ensure that there is adequate leadership, stability, capacity within the municipalities for proper management and execution of service delivery projects and funds.

Gender empowerment in housing programmes

According to National Department of Human Settlements data, between 1994 and September 2012, a total of 2 526 169 beneficiaries were approved for state housing subsidies across South Africa⁴². 55,7% (or 1 407 351) were female beneficiaries according to their records.

³⁸ (21) Urban Settlements Development Grant performance by Nelson Mandela Bay & Buffalo City Metros presentations to Eastern Cape Portfolio Committee on Human Settlements on 19 Sept 2012 <http://www.pmg.org.za/report/20120919-human-settlements-nelson-mandela-bay-municipality-urban-settlements-d>

³⁹ (21) Nelson Mandela Bay Metro 2012/13 Annual Report, p. 257; Buffalo City Metropolitan Municipality 2012/13 Annual Report, p. 366- 367

⁴⁰ (21) Buffalo City Metropolitan Municipality 2012/13 Annual Report, p.368

⁴¹ (21) Nelson Mandela Bay Metro 2012/13 Annual Report, p.257

⁴² (37) Department of Human Settlements Progress Report on creation of human settlements' delivered on 13 Nov 2012 at the National Assembly. Report accessible at <http://www.pmg.org.za/report/20121113-update-department-human-settlements-human-settlements-completed-both>

PROVINCE	FEMALE	% FEMALE	MALE	TOTAL
EASTERN CAPE	174,297	57.2%	130,310	304,607
FREE STATE	106,495	50.4%	104,616	211,111
GAUTENG	293,729	52.8%	262,288	556,017
KWAZULU-NATAL	276,819	61.3%	174,961	451,780
LIMPOPO	160,114	68.0%	75,435	235,549
MPUMALANGA	96,598	54.9%	79,330	175,928
NORTHERN CAPE	26,125	47.4%	28,941	55,066
NORTH WEST	143,105	54.9%	117,495	260,600
WESTERN CAPE	130,071	47.2%	145,440	275,511
Total	1,407,353	55.7%	1,118,816	2,526,169

Table 3: Housing Subsidy Allocation according to Gender (1994–2012)⁴³

The Eastern Cape is among the Provinces with the highest number of female beneficiaries, recording 57.2% or 174 297 female beneficiaries over the period 1994 and 2012. In view of South Africa’s socio-economic factors the Department is encouraged to sustain this high proportion of female applicants and beneficiaries.

Conclusion

The realisation of the ambitious commitment to eradicate informal settlements by 2014 over the last decade has been largely hindered by poor performance and insufficient funding.

The provincial budget for eradicating backlogs and informal settlements as well as performance has decreased over the financial years. A provincial budget decline is projected over the MTEF and is mainly attributable to a declining provincial population according to the Census 2011 results. Whilst an additional allocation of R1.2 billion has been made available by National Treasury to assist the province in dealing with the significant budget decreases, this will only provide partial assistance and this will be discontinued in 2016/17. This therefore means the province must make significant headway in enhancing the efficient and effective use of its constrained budget to address housing and basic services provision.

Until the housing allocation increases appreciably, the province will continue to face significant constraints. Over the MTEF, the provincial human settlements department and the municipalities must focus on improving expenditure and performance in order to strengthen resource allocation towards housing delivery, water and sanitation. NMBM and BCM alongside the Human Settlements Department must pursue a HR recruitment and retention plan for improved expenditure and performance. All senior staff must have performance agreements in place and these must be reviewed annually to reward productivity and address under delivery by staff whose performance detracts from the service delivery mandate. Furthermore, it is imperative that more cost efficient, sustainable and alternative methods be explored to deal with the housing, water and sanitation backlog alongside supplementary sources of funding by collaborating with other Departments and the private sector. The province has much to learn from other provinces in this area and also in the area of strategic partnerships with citizens, businesses and civil society. Strategic partnerships will supplement funding and increase the pace of housing delivery in the province. The on-going influx of people toward urban areas in search of employment remains a key driver of housing demand and the challenge of growing informal settlements. Given the growing housing demand and the declining human settlements budget, the key to addressing the housing backlog is empowering citizens through economic development and employment, enabling citizens to take over the housing responsibility from government by building their own homes and communities.



Picture by Chris Collingridge
available at <http://www.iol.co.za/news/south-africa/eastern-cape/ecape-builds-houses-for-destitute-1.1367350#.U1usyIWSzds>

⁴³ (37) Ibid

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<http://www.un.org/africarenewal/magazine/april-2012/towards-african-cities-without-slums>
- (4) The Eastern Cape housing output figures are taken from Eastern Cape Department of Human Settlements Annual Reports between 2005/06—2012/13. National Housing Output figures collected from Provincial Annual Reports and Budget Speeches between 2005/06 –2012/13 and the National Department of Human Settlements Progress Report on creation of human settlements’ delivered on 13 Nov 2012 at the National Assembly. Report accessible at <http://www.pmg.org.za/report/20121113-update-department-human-settlements-human-settlements-completed-both->
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- (6) Ibid,p.32;Minister of Human Settlements 2011/12 Budget Vote Speech delivered dated 19 April 2011; “Sexwale: Housing for poor is not sustainable” by A. Majavu. The Sowetan Live, p.1
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- (8) Ibid
- (9) Eastern Cape Provincial Planning and Treasury Estimates, Estimates of Provincial Revenue and Expenditure 2013/14, p.65
- (10) Ibid, p.541
- (11) IHSD grant allocations and expenditure for the 2008/09 -2012/13 taken from 2012/13 Provincial Estimates of Provincial Revenue and Expenditure available at National Treasury website www.treasury.gov.za According to the Human Settlements 2012/13 National Estimates of Provincial Revenue and Expenditure by 27 February 2012 67.5% of the entire national IHSDG was spent by Provinces. Housing output figures are taken from Provincial Annual Reports and Budget Vote Speeches for the 2008/09-2012/13 financial years
- (12) 2014 Budget Speech delivered by Minister of Finance Pravin Gordhan delivered 26 February 2014; 2014/15 Eastern Cape Budget Speech delivered by MEC for Finance MEC P.Masualle delivered 6 March 2014
- (13) National Treasury 2013/14 Budget Review, p.xii; National Budget Review 2014/15 Budget Review, p.xii
- (14) CPIX figures provided by the National Treasury were used to calculate what the real buying power will be for this financial year compared to last year (Real Change between-2013/14 and 2014/15). The CPIX figures of 5.8% in 2013/14 and 6.2% in 2014/15 (provided by National Treasury) were used in to calculate the growth of budget allocations between 2013/14 and 2014/15 and over the MTEF in percentage term.
- (15) National Treasury 2014/15 Budget Review, p.xii
- (16) Ibid, The CPIX figures of 5.8% in 2013/14 and 6.2% in 2014/15 (provided by National Treasury) were used in to calculate the growth of budget allocations between 2013/14 and 2014/15; (16b) National Treasury Budget Reviews 2011/12;2012/13;2013/14 &2014/15
- (17) National Treasury 2014/15 Budget Review, p. xii
- (18) Eastern Cape Overview and Estimates of Provincial Expenditure 2014/15, p.545
- (19-20) Ibid, The CPIX figures of 5.8% in 2013/14 and 6.2% in 2014/15 (provided by National Treasury) were used in to calculate the growth of budget allocations between 2013/14 and 2014/15 and over the MTEF in percentage term.
- (21) The Main Appropriation figures for 2013/14 represent the initial allocations for that financial year while the Adjusted Appropriation figures are the revised allocations subsequent to the tabling of the Adjusted Appropriation Act. The Revised Estimates are a combination of un-audited incurred expenditure and projected expenditure (what the Department thinks it will spend by the end of the 2013/14 financial year). All figures (R’000) are nominal (they do not factor in the effect of inflation on buying power), with the exception of the second to last “Real Change” column. The percentages in this column were calculated using real figures. CPIX figures provided by the National Treasury were used to calculate what the real buying power will be for this financial year compared to last year (Real Change between-2013/14 and 2014/15). The CPIX figures (provided by National Treasury) were also used in the last column to calculate the growth of budget allocations

over the MTEF in percentage term. The budget allocations used to calculate average growth over MTEF are also real (including inflation).

- (22) Eastern Cape Overview and Estimates of Provincial Expenditure 2014/15, p.543 & p.545
- (23) Ibid, Eastern Cape Overview and Estimates of Provincial Expenditure 2014/15, p.543. In all tables, the figures for 2010/11, 2011/12 and 2012/13 are audited expenditure. The figures represent Main Appropriation figures for 2013/14 – 2016/17. The outer years are MTEF projections (projected allocations). Nominal figures (R'000) do not factor in the effect of inflation on buying power. Real figures factors include inflation. CPIX figures provided by the National Treasury were used to calculate what the real buying power will be between 2013-14 and 2015/16. The CPIX figures of 5.8%; 6.2%;5.9%;5.5% respectively (provided by National Treasury) were used to calculate the growth of budget allocations over the MTEF in real term/value
- (24) Eastern Cape Budget Speech 2013/14 delivered by MEC for Finance MEC P. Masualle 7 March 2013
- (25) 2009 Housing Policy Speech delivered by MEC N. Mabandla on 18 June 2009; Eastern Cape Department of Housing, Annual Performance Plan 2008/09 to 2010/11, pp 25, 42, 51 and 55
- (26) The figures represent main equitable share and IHSDG appropriation allocations between 2008/09 – 2014/15 financial figures. These figures are nominal (excluding inflation). Figures are taken from the Eastern Cape Estimates of Provincial Revenue and Expenditure between 2008/09 -2014/15.
- (27) National Budget Speech 2013/14 delivered by Minister of Finance P. Gordhan on 27 February 2013
- (28) 2014/15 Eastern Cape Budget Speech delivered by MEC for Finance MEC P.Masualle delivered 6 March 2014
- (29) Daily Dispatch 7 Nov 2013 “Province fails to spend nearly 1 billion: Housing funds forfeited to national treasury” by M. Zuzile; Eastern Cape Department of Human Settlements Annual Reports, 2009/10, 2010/11, 2011/12, 2012/13
- (30) Section 4 of Housing Act 107 of 1997 (amended by Acts 28 and 60 of 1999; Act 4 of 2001)
- (31) 2011/12 Budget Speech delivered by Minister of Finance P. Gordhan on 23 February 2011
- (32) USDG allocation figures taken from Eastern Cape Estimates of Provincial Revenue and Expenditure 2011/12; 2012/13 and 2013/14 Table titled Expenditure by municipal boundary. All figures have been audited with the exception of 2013/14
- (33) Urban Settlements Development Grant performance by Nelson Mandela Bay & Buffalo City Metros presentations to Eastern Cape Portfolio Committee on Human Settlements on 19 Sept 2012
<http://www.pmg.org.za/report/20120919-human-settlements-nelson-mandela-bay-municipality-urban-settlements-d>
- (34) Nelson Mandela Bay Metro Metro 2012/13 Annual Report, p. 257; Buffalo City Metropolitan Municipality 2012/13 Annual Report, p. 366- 367
- (35) Buffalo City Metropolitan Municipality 2012/13 Annual Report, p.368
- (36) Nelson Mandela Bay Metro 2012/13 Annual Report, p.257
- (37) Department of Human Settlements Progress Report on creation of human settlements' delivered on 13 Nov 2012 at the National Assembly. Report accessible at <http://www.pmg.org.za/report/20121113-update-department-human-settlements-human-settlements-completed-both->
- (38) Ibid

Eradicating informal settlements by 2014: A goal deferred

This policy brief analyses the failure of national and provincial government to achieve its BNG's key objective to "eradicate informal settlements by 2014". The impact of policy priorities and budget allocations (national, provincial, sectoral and departmental) on the Eastern Cape Department of Human Settlement's 2014/15 budget and on its ability to implement effective and efficient service delivery and accountability systems in the up-coming financial year is also explored. In addition, assumptions informing both policy priorities and budget allocation trade-offs are analysed in terms of the Department's external and internal service delivery environment.

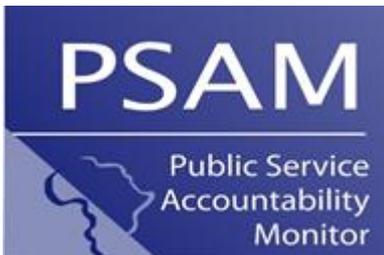
OUR ORGANIZATION

The South African Constitution commits government departments to the progressive realisation of socio-economic rights within available resources. These rights include the right to education, healthcare, housing, a healthy environment and social welfare. In order to effectively realise these rights through the delivery of public services, state departments and private service providers responsible for the management of public resources must implement effective accountability and service delivery systems. These include: planning and resource allocation systems; expenditure management systems; performance monitoring systems; integrity systems; and, oversight systems. The effectiveness of these systems can be established by monitoring their information outputs. To evaluate these systems, the PSAM produces the following reports annually; Budget Analysis, Strategic Plan Evaluation and Expenditure Tracking Reports.

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