**Report of the Select Committee on Cooperative Governance and Traditional Affairs Water, Sanitation and Human Settlements on Consideration of 2023/24 Annual Performance Plan and Budget Votes 33 f The Department of Haman Settlements: Dated 15 May 2023.**

The Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlement having considered Budget Vote 33 of the Department of Human Settlements, the strategic plans for the MTEF period and the 2023/2024 Annual Performance Plan reports to the National Council of Provinces as follows:

**1. Legislative Framework**

1.1. The National Treasury regulations provide the basis for the development and submission of Strategic Plans and related quarterly performance reporting. The revised framework on Strategic Plans and Annual Performance Plans requires departments to: institutionalise planning, budgeting, reporting, monitoring and evaluation and align, the planning process and all the planning documents (Strategic Plans (SPs), Annual Performance Plans (APPs) and Annual Operational Plans (AOPs) with the MTSF, .and to describe outputs that are their direct responsibility in the list of programmes / sub-programmes. Any outputs from implementing agencies should be reflected in an annexure to the APP.

1.2. The Money Bills Amendment Procedures and Related Matters Act (2009) empowers Parliament to recommend, reject or amend budgets of National Departments and Organs of State.

1.3. The Act also enjoins Committees of Parliament to compile and adopt Budget Vote Reports, based on interactions with the relevant Departments - and Entities reporting to them on their Strategic Plans, Annual Performance Plans and Budgets.

1.4. In terms of the 1996 Constitution and the Rules of the National Council of Provinces, the Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlements is empowered to exercise oversight over the Department of Human Settlements and its entities namely, Community Schemes Ombud Service, Housing Development Agency, National Home Builders Registration Council, National Housing Finance Corporation, Property Practitioners Fidelity Fund, Social Housing Regulatory Authority and Property Practitioners Regulatory Authority

1.5. On the 05 May 2023, the Select Committee on Cooperative Governance and Traditional Affairs, Water, Sanitation and Human Settlements had engagement sessions with the Department

1.6. The purpose of this report is to account to the National Council of Provinces on the consideration and adoption of the departmental annual performance plans and budget allocation. The report provides information on planned outputs, annual targets and budget analysis of the departmental programmes as well as the observations and recommendations of Select Committee on CoGTA

**2. 2023/2024 ANNUAL PERFORMANCE PLAN AND BUDGET VOTE 33 OF THE DEPARTMENT OF HUMAN SETTLEMENTS**

**2.1.** The Department of Human Settlement briefed members of the Select Committee on 2023/2024 Annual Performance Plan and Budget allocation as aligned with the five- year Strategic Plan and Medium Term Strategic Framework and 2023 State of the Nation Address. The presentation focused on departmental programmes namely, Administration; Integrated Human Settlements Planning and Development; Informal Settlements; rental and social housing and affordable. Housing. Each of these programmes are discussed in terms output; outcome indicators, annual targets and budget allocation for 2023/2024 Financial Year

**3. Programme on Administration**

3.1. The purpose of the administrative is to provide strategic leadership, management and support services to the Department. Over the medium term, this programme will contribute to the performance of the Department through the provision of effective and efficient administrative services to the line function in order to implement policies and programmes aimed at delivering sustainable human settlements. This programme is subdivided into number of sub-programmes, namely the Ministry, Departmental Management, Corporate Services, Property Management and Financial Management.

3.2. Some of the planned departmental output indicators for this programmes include tabling of risk management status, internal audit and anti-fraud and corruption reports.

3.3. The annual targets of this programme 100% compliance with statutory prescripts, 100% implementation of approved risk management plan, 100% implementation of approved internal audit plan and 100% implementation of approved anti-fraud and corruption implementation plan.

**4. Programme on Integrated Human Settlement Planning and Development**

4.1. The purpose of Integrated Human Settlements Planning and Development Programme, is to manage the development of policy, planning and research in the creation of sustainable and integrated human settlements, to oversee the delivery of the integrated residential development programme, and to coordinate intergovernmental partnerships with stakeholders.

4.2. The main output indicators planned for 2023/2024 financial year include review of the 2019-2024 MTSF, development of draft 2025-2030 MTSF, approval and submission of policy foundation for Housing and Human Settlements.

**5. Programme on Informal Settlements Upgrading**

5.1. The purpose of this programme3 is to provide for policy, planning and capacity support for the upgrading of informal settlements, and to oversee the implementation of the informal settlements upgrading programme. From 2023/24, informal settlements projects will be funded from the newly created Informal Settlements Upgrading Partnership Grant (ISUPG). The provincial allocation to the grant amounts to R12.3 billion over the medium term and the allocation for metropolitan municipalities amounts to R12.5 billion.

5.2. 2023/2024 annual targets set for informal settlements upgrading programme include provision of support to 9 Provinces and 8 Metros in the upgrading of informal settlements with permanent engineering services and development of emergency housing guidelines. In terms of the output indicators, the Department has planned to complete two research reports on informal settlements upgrading; develop policies on social facilitation and empowerment of designated groups; complete UISP baseline evaluation study and; implement the UISP capacity assembly programme

**6. Programme on Rental and Social Housing**

6.1. The purpose of this programme is to promote the provision of affordable rental housing, monitor the performance of the Social Housing Regulatory Authority, and develop capabilities in the rental housing sector through intergovernmental collaboration and evidence-based research.

6.2. The primary objective of this programme is to promote the delivery of affordable rental housing by conducting research and developing policies and programmes as and when required, accelerate the provision of affordable rental housing and to strengthen cooperation and collaboration by facilitating intergovernmental forums and stakeholder partnerships on an ongoing basis.

6.3. Some of the planned outputs and performance indicators include development of policy framework on Rental Housing; monitoring of implementation of projects under Rental Housing Programme; completion of evaluation study on Rental Housing Tribunals; implementation of the Human Settlements Capacity Assembly Programme

**7. Programme on Affordable Housing Programme**

7.1. The purpose of Programme 5 (Affordable Housing), is to provide affordable housing finance, monitor market trends, develop research and policy that respond to demand and oversee housing finance entities that report to the Minister.

7.2. The key objectives of the programme include acceleration of affordable housing finance through provision of capital and operational funding to the National Housing Finance Corporation for the administration of the Finance-linked individual subsidy programme; research and development of policies and programmes that promote the provision of affordable financing

7.3. Some of the planned outputs, performance indicators and annual targets of this programme include completions and tabling of four (4) quarterly reports on title deeds registration, monitoring of four (4) reports on 320 blocked projects across 9 provinces, monitoring of four (4) reports on the delivery of Serviced sites, monitoring of four ( 4) reports on households that received financial assistance through First Home Finance and monitoring of four ( 4) quarterly reports on the creation of job opportunities.

**8. Budget Allocation for the 2021 MTEF**

8.1. Over the medium term, the department will continue to focus on developing integrated human settlements; upgrading informal settlements; and creating an enabling environment for affordable housing by continually reviewing policy and implementation programmes, and strengthening support to provinces and municipalities to implement human settlements programmes.

8.2. Expenditure is expected to increase from R33.5 billion in 2022/23 to R38.1 billion in 2025/26 at an average annual rate of 4.4 per cent. Transfers to provinces, municipalities and public entities that implement human settlements programmes constitute an estimated 96.1 per cent (R104.7 billion) of the department’s budget.

8.3. These comprise allocations such as the human settlements development grant, the urban settlements development grant, the informal settlements upgrading partnership grant and transfers to public entities are expected to increase at an average annual rate of 3.9 per cent, from R32.5 billion in 2022/23 to R36.5 billion in 2025/26.

8.4. One of the department’s objectives is to create inclusive communities within an improved spatial landscape. As such, over the MTEF period, the department plans to finalise 11 integrated plans in priority development areas that are intended to advance spatial transformation and deliver integrated human settlements projects. The medium‐term target is to deliver 180 000 fully subsidised houses and issue 388 104 title deeds to beneficiaries from low‐income households.

8.5. Spending for these activities is within the Integrated Human Settlements Planning and Development programme’s allocation of R73.5 billion. The programme’s budget increases at an average annual rate of 5.1 per cent, from R22.1 billion in 2022/23 to R25.6 billion in 2025/26.

8.6. An additional R2.2 billion is allocated through the urban settlements development grant for the Lufhereng integrated urban development project in Johannesburg, a mixed‐use residential housing development that aims to promote spatial integration and provide affordable rental housing units; which aims to create an enabling environment for private sector‐led housing developments in the in eThekwini municipality. These were the only projects approved to access the budget facility in the human settlements sector.

8.7. From 2023/24 the department will be taking over the implementation of the emergency housing programme. As a result, the provincial emergency housing grant and the municipal emergency housing grant ends. This adjustment will increase expenditure on payments for capital assets from R15.3 million in 2023/24 to R575.9 million in 2025/26.

8.8. To upgrade a targeted 900 informal settlements to phase 3 across the country, provincial and municipal spending through the informal settlements upgrading partnership grant is expected to amount to R27.2 billion over the medium term. A further R120 million over the period ahead is expected to ensure that provinces and municipalities deliver 60 000 serviced sites per year through the national upgrading support programme

8.9. The department intends to hire consultants to augment capacity for the upgrading of informal settlements and the provision of affordable rental housing. Spending for this is within the department’s budget for consultants, which is expected to increase at an average annual rate of 7.3 per cent, from R188.8 million in 2023/24 to R233.5 million in 2025/26.Tthe department plans to build 10 800 rental housing units and disburse 12 000 finance‐linked individual subsidies over the next 3 years. As a result, over the period ahead, spending in the Rental and Social Housing programme is expected to be R3.1 billion and spending in the Affordable Housing programme is expected to be R1.9 billion.

**9. Observations of the Select Committee**

9.1. The Select Committee has noted that the Department of Human Settlement has complied with the requirements for submission of the Annual Performance Plan (APP) 2023/2024 and the revised Strategic Plan (SP) 2020/2025 to the Department of Mineral and Energy (DPME) by 31 October 2022 and 17 February 2023.

9.2. The Select Committee has also noted that the Department of Human Settlements has for 2023/2024 financial year identified several priorities including spatial transformation, alignment of the District Development Model; eradication of mud housing, asbestos roofing and backlog of tittle deeds registration and projects monitoring.

9.3. The Select Committee has further noted that under the Affordable, Rental and Social Housing Program, the Department of Human Settlements will be providing support to Seven (7) Provinces in the eradication of uninhabitable mud houses and will also be tabling 4 reports on monitoring of the eradication of asbestos roofs.

9.4. Under the Informal Settlements Upgrading and Emergency Housing Programme, the Select Committee has also noted that the Department of Human Settlements will during this 2023/2024 financial year provide support to nine (9) Provinces and eight (8) Metros in the upgrading of informal settlements with permanent engineering services

9.5. While welcoming the departmental 2023/2024 Annual Performance Plan, its priorities, annual targets and filling of vacancies of Boards Members more especially by Women and Youth, the Select Committee however, raised concerns about the delays of catalytic housing projects in Matlosana Local Municipality and Batloung Local Community in North West Province.

9.6. The Select Committee further raised concerns about the selling and renting of RDP Houses, provision of bulk infrastructure (i.e. water, sanitation and electricity) in areas earmarked for human settlement and the functionality of IGR structures to deal with challenges related to incomplete housing projects

**10. Recommendations of the Select Committee**

10.1. Having considered and deliberation on the 2023/ 2024 annual performance plan and budget vote 33 of the Department of Human Settlements, the Select Committee recommends as indicated below.

* + 1. The Department of Human Settlement should provide the Select Committee with a breakdown list of the Provinces and Metros that will be supported in upgrading of informal settlements with permanent engineering services, eradication of asbestos, housing muds and backlogs of title deeds. A list of Provincial and Metros breakdown should be provided to the Secretariat of the SC on CoGTA soon after the NCOP has considered this report of the SC on CoGTA
		2. The Department of Human Settlement should investigate and provide support to Matlosana Local Municipality on the problems relating to completion of housing projects including the company that has been contracted to provide the services and also provide support to Batloung Local Community in North West Province
		3. The Department of Human Settlements should provide timeframes on all the planned research project as contained in departmental programmes and performance indicators
		4. The Department of Human Settlement should fast-track the Municipal accreditation process so as the enable Metro Municipalities to effectively and efficiently implement the Urban Settlement Development Programmes and utilization of grants
	1. As part of ensuring executive accountability, the Department of Human Settlement should provide quarterly reports to the National Council of Provinces on the progress and challenges relating to the achievement of the performance indicators contained in the 2023/2024 Annual Performance Plan and MTEF budget allocation.

* 1. The Department of Human Settlement should consider instituting forensic investigation on catalytic housing incomplete projects in Matlosana Local Communities in North West including the allegations of corruption and maladministration. The completed forensic investigation report should be tabled to the National Council of Provinces
	2. The Department of Human Settlement should consider auditing all the existing catalytic housing projects and upon completion provide the Select Committee with the Audited Report
	3. The Select Committee should as part of ensuring executive accountability and performing oversight, aligns its 2023 parliamentary programme with the outputs and performance indicators of the 2023/2024 Annual Performance Plan of the Department of Human Settlement.

10.7. The Minister of the Department of Human Settlement should consider tabling section 76 legislation in the National Council of Provinces in order to allow the Provincial Legislatures and NCOP enough time to facilitate public consultation and participation in parliamentary legislative processes.

10.8. The Select Committee should during the 2023 financial period conduct proactive oversight visits to selected provinces in order to monitor the implementation and completion of the housing projects, the titled deeds, eradication of mud houses in the Local Municipalities

**Report to be considered**