**MINISTRY FOR HUMAN SETTLEMENTS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 3928**

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**Mr K J Mileham (DA) to ask the Minister of Human Settlements:**

(1) Whether any funds allocated to the Buffalo City Metropolitan Municipality in the Eastern Cape in the 2015-16 financial year in terms of any form of grant funding from her department have been utilised for activities or programmes or purposes for which they were not intended; if not, what is her department’s position in this regard; if so, what are the relevant details in each case in terms of the (a) amount and (b) purpose for which the funds were utilised;

(2) whether her department has a policy that prohibits the misuse of grant funding intended for human settlements purposes; if not, what is the position in this regard; if so, what steps will she take in this regard;

(3) whether she will make a statement on this matter? **NW4793E**

**REPLY:**

(1) Buffalo City Metropolitan Municipality (BCMM) was allocated R713.1 million for the 2015/16 financial year and R285.3 million was transferred to the municipality on the 9th of July 2015. The municipality spent an amount of R69.1 million on Urban Settlements Development Grant (USDG) programmes as outlined in the table below as at 30 September 2015. The National Department of Human Settlements is therefore not aware of any funds allocated to BCMM in the 2015-16 financial year that have been utilised for activities or programmes or purposes for which they were not intended.

The departmental information is that the funds were budgeted and spent for the purposes which are illustrated below as at 30 September 2015:



(2) The department has utilises the USDG Framework and Division of Revenue Act No.1 of 2015 to regulate the use of its grants. The Grant Framework and the USDG Policy clearly outlines and guides municipalities on the scope of the utilisation of the USDG and this includes:

* Increase in bulk infrastructure capacity
* Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access
* Increase in land provision for informal settlement upgrading, subsidy housing, or mixed use development in support of catalytic projects
* Increase in access to socio-economic amenities
* Improved dwelling unit densities within an improved spatial integration framework

The Division of the Revenue Act Section 17 (1) states that “despite anything to the contrary in any other legislation, an allocation referred to in Schedules 4 to 7 may only be utilised for the purpose stipulated in the Schedule concerned and in accordance with the applicable framework section”. Section 18(1) states that “a transferring officer may withhold the transfer of a schedule 4 or 5 allocation or any portion thereof, for a period not exceeding 30 days if (a) the province or municipality does not comply with any provision of this Act.

It is to be noted that in terms of relevant procedure, the Auditor-General also audits expenditure and application of grants by Provinces and Municipalities and these reports are provided to the Department and will be used take corrective action if there is misuse of the grants.

The Department through its Financial and Monitoring and Evaluation units also undertake quarterly visits as well as quarter review sessions with municipalities and provinces, and these also present the Department with an early warning opportunity if there is inappropriate use of grants.

(3) No. However, the Honourable member is encouraged to provide me with details regarding his area of concern.