



# **Annual Report**

**2005/06**

Western Cape  
Provincial Department of  
Local Government and Housing



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**In the event of any discrepancy between the different translations of this report, the English text will prevail.**

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## ABBREVIATIONS AND ACRONYMS

BNG	Breaking New Ground	M&E	Monitoring and Evaluation
CDWP	Community Development Workers Programme	MEC	Member of Executive Council (Provincial Minister)
CFO	Chief Financial Officer	MFMA	Municipal Finance Management Act
CDW	Community Development Worker	MIG	Municipal Infrastructure Grant
DBSA	Development Bank of South Africa	MIS	Management Information System
DPLG	Departmental Plan for Local Government	NHBRC	National Home Builders Registration Council
DPSA	Department of Public Service and Administration	NSRI	National Sea Rescue Institute
DTT	Departmental Task Team	NTR	National Treasury Regulations
DMI	Disaster Management Initiative	PC	Project Consolidate
DORA	Division of Revenue Act	PFMA	Public Finance Management Act, 1999
DWAF	Department of Water Affairs and Forestry	PHP	People's Housing Process
EHP	Emergency Housing Programme	PIF	Premier Inter-governmental Forum
EPWP	Expanded Public Works Programme	PMITT	Provincial Municipal Infrastructure Task Team
GPSSBC	General Public Service Sectoral Bargaining Council	PSCBC	Public Service Co-ordinating Bargaining Council
HRM	Human Resource Management	RLCC	Regional Land Claims Commission
HSRP	Human Settlement Redevelopment Programme	SALGA	South African Local Government Association
IDPs	Integrated Development Plans	SCCPA	Southern Coastal Condensation Problem Area
IGRs	Inter Governmental Relations	TEAM	Training, Education, Awareness and Marketing
ISLP	Integrated Serviced Land Project	TRA	Temporary Relocation Area
ISRDP	Integrated Sustainable Rural Development Programme	UISP	Upgrading of Informal Settlements Programme
LED	Local Economic Development	URP	Urban Renewal Programme
MAPs	Municipal Action Plans	WCHDB	Western Cape Housing Development Board
		WCHDF	Western Cape Housing Development Fund

## 1. General Information

### 1.1 Submission of the Annual Report to the Executive Authority

I hereby submit the Annual Report for the Department of Local Government and Housing for the financial year 2005/06 to Minister R Dyantyi, provincial Minister of Local Government and Housing, in accordance with section 40(1)(d) of the Public Finance Management Act, 1999 (PFMA). The Annual Report contains the activities, performance indicators, financial statements of, and the Auditor General's report on the Department.

### 1.2 Introduction by the Head of the Department

The 2005/2006 financial year was both a challenging as well as an exciting one for the Department of Local Government and Housing. The year under review began amidst an outbreak of protest marches throughout the country, in demonstration of communities' unhappiness with the level of services being provided by local authorities, especially within informal settlements. The Western Cape Province in general and the Department in particular were not spared in these demonstrations. There was thus a great deal of attention focussed on this Department and its activities, most especially housing delivery. Similarly, we and our social partners also made significant strides in terms of addressing the development challenges facing the citizens of the Western Cape Province.

In the middle of the financial year a cabinet reshuffle resulted in the appointment of a new Minister, The Honourable QR Dyantyi. Minister Dyantyi enthusiastically continued where his predecessor, Minister ML Fransman, left off in terms of furthering the development goals of the Department.

As a department, our approach to the development challenges facing this Province is informed by the national development strategy frameworks and the Western Cape Provincial Growth and Development Strategy **iKapa Elihlumayo** with its attendant vision of **"a home for all"**. This strategy represents a vision for shared growth and integrated development. It highlights the challenges facing this Province in terms of social,

economic, and environmental issues and simultaneously presents a range of interventions to address these challenges.

In February 2005, a capacity-building assessment was undertaken, and by the end of June the first draft report was submitted. The draft report covers all service-delivery, governance, and community-development issues.

A Draft Sustainable Human Settlement Strategy was developed to ensure that future developments within the Province comply with the present rationale behind sustainable development. This draft strategy is based on the national vision to develop integrated and sustainable human settlements, Breaking New Ground (BNG). The process followed in crafting the Draft Sustainable Human Settlement Strategy document included hosting the Housing Summit in November 2005, and various other stakeholder engagements. A total of 416 delegates, representing a broad range of stakeholders, attended the Summit.

The Department was also instrumental in the rollout of the "Breaking New Ground Human Settlements Plan", the aim of which is to fast-track housing delivery and the upgrading of informal settlements.

One of the pilot projects under the Breaking New Ground Strategy that the Department initiated in the Western Cape is the N2 Gateway project. The first phase consisting of 705 rental units has been completed and the units will be allocated to their respective occupants during July 2006. It is envisaged that the subsequent phases will be completed during the 2006/2007 financial year, which will realise the settling some of the 22 000 families currently residing in informal settlements adjacent to the N2 between the Cape Town International Airport and the City, as well as in backyards in surrounding areas.



**SHANAAZ MAJIET**  
Head of department

The new financial year also saw the launch of the eagerly awaited Upgrading of Informal Settlements Programme designed to implement a phased approach to delivering services and housing to communities living in informal settlements.

In an attempt to ensure that all residents in the respective municipalities have access to a minimum standard of basic services, the Department commissioned a study to determine how many municipalities monitor the standard of service delivery in rural areas. This study was finalised in May 2005, and a process was initiated to develop a strategy for addressing the issues in the report.

In addition, Project Consolidate – a presidential hands-on capacity-support programme – successfully completed early deliverable projects in targeted municipalities. Municipal Action Plans (MAPs) were developed for the further implementation of Project Consolidate to address service and housing delivery challenges.

The deteriorating financial position of Cederberg Municipality was stabilised and a comprehensive recovery plan was developed. The plan's implementation is making good progress.

During the year under review, a Provincial Emergency Management Centre was opened at Tygerberg, one year ahead of time. This Centre will enable various provincial emergency services to co-operate more effectively when responding to disasters. The Provincial Emergency Management Centre is supported by a satellite communication system that links municipalities and the Provincial Centre with the National Disaster Management Centre in Pretoria. The Department also launched the Training, Education, Awareness and Marketing (TEAM) Programme in ten informal settlements in the Province, to assist people to be less vulnerable in the event of flooding or fire in their communities.

The Community Development Workers Programme (CDWP) is a special programme aimed at improving people's lives through an interactive and participatory model of governance. We participated in the Community Development Worker Programme (CDW) aimed at providing an interface between government and citizens, especially in poorer areas. It is

through such programmes that the divide between the first and second economies can be narrowed if not eliminated.

The Western Cape Provincial Government launched the CDW Learnership Programme in February 2005. After a year of successful learnership, the Department of Local Government and Housing employed 200 Community Workers and they are currently deployed in all municipalities. A second cohort of 250 CDW learners were recruited in September 2005 – this Learnership will be completed at the end of August 2006.

The CDW programme has been running for close on two years and, despite encountering challenges has achieved a fair level of success.

During this first phase of implementation, the main focus was on the recruitment, deployment of CDWs, and ensuring stakeholder buy-in. The second phase will emphasize an institutional framework to support the work of CDWs.

A graduation ceremony was held in December 2005 for 371 of the 400 Community Development Worker (CDW) learners who entered the programme in February 2005. The Community Development Workers (CDWs) have assisted ordinary community members to access key government services. They also assisted with community engagements during the African Peer Review during October 2005.

The second local government election since the implementation of the new constitutional dispensation for local government, was held on 1 March 2006. As an organ of state, the Department liaised closely with the Provincial Electoral Officer of the Independent Electoral Commission and his staff in the run-up to the election to ensure a participative, free, and fair election. The extensive pre- and post-election support given to municipalities paid off as evidenced by the fact that all municipal councils were properly constituted after the elections and that the prescribed timeframes were met, despite an election outcome that, in most instances, caused political parties to enter into co-operative agreements to form majority governments.

A very successful councillor summit was held for all the newly-elected councillors to build their capacity on local government issues. In addition, training of ward councillors was identified as a priority. As a result a Ward Committees capacity-building

programme was developed by appointed consultants and finalised in May 2006.

We demonstrated our commitment to anti-corruption and clean governance by maintaining our focus on ethical governance, and through various well-documented anti-corruption exercises. The Department participated in the local government anti-corruption drive of the national Department of Provincial and Local Government. Seven pilot municipalities were assisted with a view to making them less vulnerable to corruption. These anti-corruption exercises included providing advice to councillors, officials, organisations, and individuals. The drive was complemented by departmental investigations, with the assistance of the forensic capacity of the Special Investigation Unit with whom it has a co-operative agreement.

The eradication of the bucket system still remains one of the main concerns for the Western Cape Provincial Government. The Department of Provincial and Local Government has made allocations that are aimed at addressing the challenge of replacing the bucket system. A number of municipalities were identified and allocated an amount of R6.9m for 2005/06 and R14m for 2006/07 for this purpose. These municipalities are spending the allocations effectively with the support of the Department of Local Government and Housing. Parallel to that, the Department has entered partnerships with the Department of Water Affairs and Forestry and the Department of Agriculture to undertake a snapshot survey to determine the extent of the backlog and the challenge that the Province is facing. That will then provide the baseline on which proper strategising and planning will be undertaken to eradicate the bucket system.

At an organisational level, the Department finalised the matching and placing process during October 2005, following the amalgamation of the Departments of Housing and Local Government that was approved and implemented from 1 April 2005.

In conclusion, in the 2004/05 Annual Report, I expressed the hope that the momentum that had been gained in the delivery process during that review period would be maintained, and that delivery would be accelerated during the next couple of years. I am pleased to say that this is happening. I also predicted that the national allocation of this province would be severely stretched, and we are already experiencing that. We

will probably be justified in requesting a larger slice of the national fund allocation, especially in light of the fact that the N2 funding will have to form part of this province's national allocation.

### 1.3 Information on the Ministry

This Annual Report is the first combined report since the two departments namely Local Government, and Housing merged into a single department.

Indeed the period under review itself was also a testing ground for the effectiveness of this new portfolio. During this period, we witnessed significant achievements by this Department.

We demonstrated our capacity to spend by ensuring that 16 053 houses were built and 18 400 sites were serviced. Financial management in many of our municipalities is showing signs of improvement. Municipalities are also improving on issues of expenditure on a number of fronts.

The launch of the Provincial Disaster Management Centre highlighted our readiness to deal with disaster management matters in the Province. Many of these achievements form the foundation for further improvements – we now know what we have and what we need.

Notwithstanding the successes and achievements, the period under review was equally characterised by many daunting challenges. Too many of our people continued and still continue to live under appalling and inhumane conditions throughout the Province. We were engulfed by devastating fires that destroyed many lives, our economy, and our environment. Furthermore, it is worth noting that we do not have unlimited resources. The needs of our people continue to grow despite the limited resources we have. These challenges provide us with more reasons to march forward with a deeper sense of urgency and greater speed. So we are faced with the added challenge of ensuring that we accelerate and expand the reach of our services within this context of limited resources, and growing needs.

The Local Government elections of March 1, 2006 produced an outcome that will need to be properly managed in all the municipalities in this Province with the exception of only four. While we have fresh councillors, with fresh mandates from

different political organisations, what I as MEC for Local Government and Housing will not do is stand on the sidelines and watch while speedy service delivery is compromised due to battles in different council chambers. The legislation we have is not ambiguous at all in relation to the minimum requirements of municipalities in terms of public participation, including communication, ward committees, effective use of Community Development Workers (CDWs), consultation on Integrated Development Plans (IDPs), Local Economic Development (LED) budgets, and so on. This Annual Report speaks about what we have managed to achieve together under hard and trying circumstances, so anything that attempts to reverse these achievements or threaten them in any way, will be dealt with decisively. The least that is expected from us is to build on these achievements. We are convinced that opportunities are there for the taking.

At the end of March 2006, I undertook one international trip to Bonn in Germany to attend the third International Conference on Early Warning, which focussed on the design and implementation of concrete people-centred early warning. Contact was also made with United Nations University to partner our local universities.

I want to thank the committed and enthusiastic staff of my Department, all municipalities and our many partners in the delivery of services. During the period under review, the chapter on the Housing Development Board was also closed with its dissolution. I thank the members of the Standing Committee on Governance for the appointment process of the Advisory Panel.

#### 1.4 Mission Statement

The mission of the Department of Local Government and Housing is:

- a) To be effective agents of change in capacitating local authorities to deliver services, and to ensure integrated and sustainable development.
- b) To promote, facilitate, and develop participative and integrated sustainable human settlements.
- c) To facilitate delivery through sound administration, and the engagement of all spheres of government and social partners

#### 1.5 Legislative Mandate

##### **Constitution of South Africa, 1996 (Act 108 of 1996)**

The constitution provides the national overarching framework for the work of all government departments in South Africa. In terms of the constitution, the Department has the following mandates:

Chapter 7 outlines the objectives and mandates in respect of local government. The following mandates for the Department can be extracted from this:

- To establish municipalities consistent with national legislation
- To monitor and support local government
- To support and strengthen the capacity of municipalities
- To promote the development of capacity at local level
- To regulate the execution of the municipalities' executive authority and functions listed in Schedules 4 and 5 of the Constitution
- To regulate the performance of municipalities in their functions as listed in Schedules 4 and 5 of the Constitution
- To intervene where there is non-fulfillment of legislative, executive, and financial obligations
- To promote developmental local government.

Notwithstanding the above, it is important to note that the Department may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

In respect of housing, the Department must be guided by Section 26 of the Bill of Rights and is mandated to:

- Take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of everyone's right to housing



- To ensure no-one is evicted from their home, or has their home demolished, without an order of the court, made after considering all the relevant circumstances.

### Legislation related to Local Government

The White Paper on Local Government, 1998, and the subsequent package of related legislation (depicted below), provide the national context for local governance across the country.



The White Paper and this suite of national legislation demarcate the following focus areas for the Provincial Minister for Local Government:

- General regulation, monitoring, support of, and co-ordination with local government in terms of the Structures Act and the Systems Act
- Within the overall supervisory role, regulation and monitoring of the financial management of municipalities. This will take place in terms of the Municipal Financial Management Act and the Municipal Property Rates Bill
- Within the overall co-ordination role, integrated planning in terms of the Systems Act.

*Particular mention is made of the most important of these, namely:*

**Local Government Municipal Structures Act, 1998 (Act 117 of 1998) and Amendment (Act 33 of 2000) and Local Government Municipal Systems Act, 2000 (Act 32 of 2000)**

Together these acts describe the political decision-making systems that apply in different categories of municipalities, define the powers and duties of various role-players, regulate the delegation of powers, and provide a code of conduct to govern both councillors and officials. In so doing, they provide the benchmark against which Provincial Government needs to regulate, monitor, support, and co-ordinate municipalities under its jurisdiction.

### **Municipal Finance Management Act, 2003 (Act 56 of 2003)**

This Act aims to secure sound and sustainable management of the financial affairs of municipalities and establishes norms and standards against which they can be monitored and measured. The Provincial Department's role is to monitor adherence, and provide support in developing the required capacity and, where necessary, technical support.

### **Disaster Management Act, 2002 (Act 57 of 2002)**

This Act provides for integrated and co-ordinated disaster management focussed on rapid and effective responses to disasters that prevent and/or reduce the risks. It also provides for the establishment of provincial and municipal disaster management centres. The Act provides a framework under which the Provincial Department operates and liaises with municipalities on disaster-related matters.

### **Intergovernmental Relations Framework, 2005 (Act 13 of 2005)**

This Act provides the principles of co-operative government, as set out in Chapter 3 of the Constitution, to facilitate co-ordination in the implementation of policy and legislation including: coherent government, effective provision of services, monitoring implementation of policy and legislation, and realisation of national priorities.

*In addition to the various Acts related to local government, there are a number of national Acts relating specifically to housing provision, which govern the housing-related work of the Department. A summary of the most significant of these follows.*

## Legislation related to Housing

### ***Housing Act, 1997 (Act 107 of 1997)***

Through its legislation, both existing and planned, and the Housing Code, the Department is carrying out its legislative responsibilities as set out in the Housing Act, 1997 (Act 107 of 1997). Section 2 of the Housing Act, 1997 compels all three spheres of government to give priority to the needs of the poor in respect of housing development (Section 2(1)(a)). In addition, all 3 spheres of government must ensure that housing development –

- (i) provides as wide a choice of housing and tenure options as is reasonably possible
- (ii) is economically, fiscally, socially, and financially affordable and sustainable
- (iii) is based on integrated development planning
- (iv) is administered in a transparent, accountable, and equitable manner, and upholds the practice of good governance (Section 2(1)(c)).

### ***Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998 (Act 19 of 1998)***

The prevention of Illegal Eviction from and Unlawful Occupation of Land Act was promulgated in 1998. The Act repeals the Prevention of Illegal Squatting Act, 1951 (Act 52 of 1951) and makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land. The Act also makes it an offence to evict legally without due process of law

### ***Housing Consumers Protection Measures Act, 1998 (Act 95 of 1998)***

This Act provides for the establishment of a statutory regulating body for home builders. The National Home Builders Registration Council registers every builder and regulates the home-building industry by formulating and enforcing a code of conduct. The implementation of this Act is monitored continuously.

### ***Rental Housing Act, 1999 (Act 50 of 1999)***

This Act repeals the Rent Control Act of 1976 and defines Government's responsibility toward rental housing property. It creates mechanisms to promote the provision of rental housing, and the proper functioning of the rental-housing

market. To facilitate sound relations between tenants and landlords, it lays down general requirements for leases and principles for conflict resolution in the rental-housing sector. It also makes provision for the establishment of Rental Housing Tribunals and defines the functions, powers, and duties of such Tribunals. Provincial housing departments are establishing Rental Housing Tribunals.

### ***Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000)***

This Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities. It requires financial institutions to disclose information and identifies discriminatory lending patterns. This Act came into operation during 2003.

### ***Disestablishment of South African Trust Limited Act, 2002 (Act 26 of 2002)***

The winding down of the South African Housing Trust and the transfer of the functions relating to financial obligations were completed at the end of 2002 and the beginning of 2003 in terms of Act 26 of 2002: Disestablishment of South African Trust Limited Act, 2002.

### ***Western Cape Housing Development Act, 1999 (Act 6 of 1999)***

This Act provides for the promotion, facilitation, and financing of housing facilities in the Western Cape.

National spatial development perspective 2002  
Provincial spatial development framework 2005  
Breaking New Ground Housing Policy 2004

## Administrative/Transversal Requirements

A series of transversal administrative requirements impact on the work of the Department across all its various functions, namely:

- Public Service Act, 1994 (Act 103 of 1994) and Public Service Regulations of 2000
  - ⇒ Organisational structuring, personnel management, and strategic planning
- Skills Development Act, 1998 (Act 97 of 1998)
- Skills Levy Act, 1999 (Act 90 of 1999)
  - ⇒ Training and development of personnel
- Employment Equity Act, 1998 (Act 55 of 1998)
  - ⇒ Equity in the workplace and affirmative action

- Labour Relations Act, 1995 (Act 66 of 1995)
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
  - ⇒ To regulate the relationship between employer and employee
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
  - ⇒ To promote transparency in Government
- Promotion of Equality and Prevention of Unfair Discrimination Act, (Act 40 of 2000)
  - ⇒ Deals with the prevention of unfair discrimination
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
  - ⇒ Gives effect to the right to administrative action
- National Archives Act, 1996 (Act 43 of 1996).

### Policy mandates

### Reconstruction and Development Plan

The RDP base document listed seven strategic approaches to development planning, all of which guide the work of the Department:

- (a) Meeting basic needs
- (b) Developing infrastructure
- (c) Good governance
- (d) Community participation
- (e) Conservation of natural resources
- (f) Human resource development
- (g) Economic growth and socio-economic development.

### Batho Pele

The eight principles of Batho Pele will be the driving force in all activities of the Department, especially when interfacing with community stakeholders.

### Ikapa Elihlumayo

This is a framework for the development of the Western Cape Province to achieve an improved life for all and rendering the Province "A Home for All".

### Other mandates

### Imminent legislation

Two key bills that indicate future policy also need to be noted, namely:

- Community Reinvestment Bill, 2001
  - ⇒ Liaison with banks and linking subsidies to home loans
- Social Housing Bill
  - ⇒ To promote and regulate the social housing market.
- Amendment to 1999 Western Cape Housing Act
  - Abolition of Western Cape Housing Board with functions to be carried out by the MEC and the Provincial Department

### Court rulings

Court cases that unpack the legislative mandate of government and need to be noted are:

- Grootboom Constitutional Court judgement
  - ⇒ Access to shelter within available resources
- Ndlovu Appeal Court Judgement
  - ⇒ Mandatory applications of judgement in case of tenants being in contractual default



HEAD OF DEPARTMENT  
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DATE: