

PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

QUESTION PAPER: WRITTEN REPLY - NO 5 - 2025

FRIDAY, 4 APRIL 2025

9. Mr D J Wessels to ask Mr T A Simmers, Minister of Infrastructure:

- (1) Whether there were any engagement between his Department and the national Department of Human Settlements prior to the R300 million budget cut for Human Settlements; if so, what actions followed;
- (2) (a) which housing developments will be affected by the budget cut and (b) how many housing units will no longer be delivered as a result;
- (3) (a) what is the current backlog in the handover of title deeds in the province and (b) what measures are in place to improve the turnaround time;
- (4) what is the broader ripple effect of the R300 million budget cut on infrastructure projects, housing allocations and service delivery in affected communities?

RESPONSE

- (1) The Department of Infrastructure (DOI) submitted its adjusted business plan for the 2024/25 fiscal year on 13 September 2024, outlining modifications to planned projects and budget allocations. Notably, the DOI maintained its full allocation from the National Department, ensuring that the entire budget could be committed to projects within our housing pipeline. Subsequently, we received correspondence from the National Department expressing concerns regarding performance.

In response, we provided a comprehensive reply on 26 September 2024, reaffirming our commitment to fully utilizing our budget.

On 3 December 2024, the DOI received a letter indicating an intention to withhold funds. In response, we presented meticulous evidence of up-to-date expenditure throughout all communications. Towards the end of December 2024, the DOI received approval for its adjusted business plan related to the Integrated Sustainable Urban Development Grant (ISUPG), with no downward adjustments. Similarly, in mid-January 2025, the department received approval for its Human Settlements Development Grant (HSDG) without any reductions. This ensured that the original budget remained intact, and municipalities were advised to proceed accordingly.

Despite the approval of our adjusted business plan, the National Department proceeded to cut our human settlements budget. We only became aware of this final decision when it was published in the Government Gazette on 3 March 2025. At this stage, our expenditure stood at 84% of the original budget, demonstrating that we were on track to fully utilize our human settlements budget.

As of 31 March 2025, the Department had a total of R243 million in outstanding invoices that could not be paid due to the budget cuts.

- (2) **(a)(b)** In the original 2024/25 Human Settlements Development Grant (HSDG) Business Plan submitted February 2024, the Western Cape Department of Infrastructure planned to deliver 2 801 service sites and 4,845 housing units, supported by an allocated budget of R1,605,872,000. The reduction in the HSDG allocation to a tune of R 200 Million has no direct effect on the delivery of non-financial targets for the 2024/25 financial year, but the effect of this will mainly reflect in the 2025/26 as the funding meant for targets will be channeled to offset the allocation reduction from 2024/25 which is currently been paid from the 2025/26 allocation. In respect of the Informal Settlements Upgrading Partnership Grant (ISUPG), the Department's initial 2024/25 Business Plan made provision for the delivery of 1,527 service sites, with a budget allocation of R382,315,000. Following the R100 million budget reduction, the adjusted Business Plan retained the service delivery target of 1,527 sites but aligned the revised budget to R282,315,000. To accommodate the funding reduction, several project budgets were adjusted, and in some cases, specific project components had to be halted for funding on the Business Plans. Projects affected by the funding reduction as it relates to delivery targets are listed below:

HSDG Projects affected by the budget cut
1. Maroela South(321)
2. Airport Precinct Infill Sites (729 sites/455bng/274high rise)
3. Worcester Transhex Phase 1 Tops (800)(190 Transfers @R420)
4. Simondium (1033)
5. Strydom Street (14)
6. Stellenbosch Jamestown Phase 2 - 4 (1016) IRDP
7. ISSP Kayamandi Zone 0 (711)
8. Gansbaai Blompark (539) Top structures (Balance of) Transfer @R325)
9. Villiersdorp Destiny
10. New Horizons Ebenhaeser (Portion 3 & 4)(725+708 =1433)
11. Vision (459)
12. Laingville (309) IRDP (Transfer 20
13. Malmesbury De Hoop (3036 of 4600) phase 2

Total Number of projects: 13

ISUPG projects affected by the budget cut
1. ISSP Kayamandi Zone 0 (711) UISP
2. Langrug Dam 274 of 2277
3. Qolweni/Bossiesgif Ph4 (350) UISP
4. Vision (1393)
Total Number of projects: 4

To align with the revised budget allocation and minimise the impact on service delivery, projects were reprioritised and adjusted accordingly. As a result, a total of 13 housing development projects funded through the HSDG are affected, leading to the non-delivery of **642** planned housing units and **593** serviced sites in the 2025/26 financial year. In addition, 4 housing development projects funded through the ISUPG are impacted, resulting in the non-delivery of **182** serviced sites in the 2025/26 financial year.

- (3) **(a)(b)** The Department has developed readiness criteria in order pinpoint and to fund appropriate actions to finalise transfers to the beneficiaries with the municipalities. The municipalities are able to prepare business plans to secure funding to achieve realistic targets based on the activities that are required to clear impasses in the project cycle. Municipalities are monitored every month in terms of the approved business plan. This does not vitiate the fact that the municipalities have severe resource constraints. But the province is actively supporting the municipalities in identifying challenges and possible mitigation measures that can be introduced to support the process. This includes engaging and supporting municipalities in preparing a strategic plan that addresses a 5-year plan to ensure that a long term view to addressing the constraints along the value chain are highlighted and interventions are framed.
- (4) The R300 million budget reduction to the Human Settlements Development Grant (HSDG) and the Informal Settlements Upgrading Partnership Grant (ISUPG) has had far-reaching consequences for infrastructure projects, housing allocations, and service delivery across affected communities. Although the direct impact on housing allocations in the 2024/25 financial year is limited, the broader systemic effects are more significant and will be felt across the medium term. A substantial portion of the budget cut was applied to ISUPG-funded projects. These projects are vital for upgrading informal settlements, particularly through the provision of bulk infrastructure and basic services. The reduction in funding has led to delays in the implementation of these critical services, including access to water, sanitation, roads,

and stormwater management. This, in turn, affects the readiness of sites for future top structure development, disrupting the sequencing of delivery and limiting the province's ability to meet planned targets. Additionally, the budget cut has required urgent revisions to municipal and provincial business plans. Projects initially scheduled for implementation in the 2024/25 financial year had to be shifted to outer years, reducing certainty in delivery timelines and placing pressure on intergovernmental coordination. It also impacts the ability to meet the housing sector's Medium-Term Strategic Framework (MTSF) targets, especially those linked to spatial transformation and informal settlement upgrading. The reduction of the non-financial targets has been cushioned in the 2024/25 period by negotiating payment of invoices/claims in the early part of the 2025/26 financial year starting April demonstrated the position of the Department on the road towards 100% budget spending. The broader impact of the R300 million budget cut affects the overall MTDP delivery targets thereby compromising the living conditions of vulnerable communities, and the stability of planning and infrastructure development in the province.

TERTUIS SIMMERS

MINISTER OF INFRASTRUCTURE

DATE: