



## STRUCTURE OF THE 2008/09 TO 2010/11 ANNUAL PERFORMANCE PLAN

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**KZN Housing**

uMnyango:  
wezeZindlu  
ISIFUNDAZWE SAKWAZULU-NATALI



## 1 FOREWORD



**Honourable Mr M Mabuyakhulu**  
**Member of the Executive Council for**  
**Local Government, Housing and Traditional Affairs**

It is indeed a pleasure to submit the 2008/09 Annual Performance Plan. The significance of this plan is that it marks the outer period in our five-year Strategic Plan which was reviewed by the Department on the 30<sup>th</sup> of August 2005 at the Mount-Aux Sources Resort and Conference Centre. This was followed by another review on the 2<sup>nd</sup> of June 2006 at Shakaland Conference Centre. The 2006 review focused on critical delivery issues particularly in the context of systemic challenges. This can be understood in the context of organizational, structural and capacity issues facing the Department at the time.

I am pleased to confirm that the 2008/09 Annual Performance Plan is informed by a careful analysis of environmental factors that impact on the achievement of targets contained in the five-year plan. I also confirm that the timing of this review has allowed us to take stock of factors of risk and constraints that impact on our ability to deliver as per the original targets. I am also pleased to announce that this Annual Performance Plan has taken into account changes in the policy and operating environment which have occurred since the last Strategic Review was held.

In line with the requirements in the review of strategy, the Department held a Strategy Review Session at the Drakensburg Sun from the 31<sup>st</sup> of July to the 2<sup>nd</sup> of August 2007 to review strategy in order to inform this performance plan and to effect the necessary changes to the five-year Strategic.

I have indicated that each Annual Performance Plan is informed by a thorough analysis of internal and external environmental factors. The previous Annual Performance Plan concerned itself with our operating assets. It focused on issues of capabilities and commitment. Given our experience over the years and the requirement to deliver on the totality of our mandates against the background of service delivery and housing backlogs and the context of growing impatience among beneficiaries, this Annual Performance Plan has taken into account the management of risk as a specific additional area of focus.

I am pleased to announce that programme leaders have spent time analyzing risk factors and their implications for the 2008/09 performance. The performance targets contained in this plan have been reviewed against general and specific risk factors. In the previous plans we always had a section that dealt with constraints and measures put in place to address them. We have improved on our approach in that we invited industry role players who are external to our department to identify and discuss challenges and attendant risk elements which have since been taken into account in the review of our strategy.

Although our areas of focus remain the same, we have an additional strategic objective which is focused on the management of risk. We accept that this strategic objective is accommodated in the area of focus concerned with strengthening democracy and service delivery. We however retain the requirement to manage risks as a cross cutting issue across all our programmes. We have the benefit of information accumulated at this point of the planning cycle. We are using this information to analyse risks that pertain to factors and variables that might lead to inability to deliver on stated targets. In other words, we have established through the strategy review that there are risks involved which are institutional and systemic which if not addressed, will impact adversely on the achievement of our targets.

I further confirm that the key departmental priorities and programmes have been re-affirmed. We will continue into the next year in our efforts to reduce the housing backlog through our programmes which are: Administration, Housing Planning and Research, Housing Development Implementation and Housing Property Management. We will however continuously investigate organisational development opportunities. To this end, we will rationalise our structure. We will be appropriately positioned in the regions and we will utilise policy development to address organisational issues including the future of R293 Staff. For this reason, our key focus areas include an additional item which covers our rationalisation and restructuring process. We are including this as a higher-level strategic focus area as a result of the relationship between our internal institutional arrangements and our ability to deliver on our mandates and on our targets. The strategic review has enabled the department to sharpen the details of those focus areas that impact on provincial priorities and areas that are likely to impact on high profile milestones such as the 2010 FIFA World Cup. The detail of the contribution of the strategic review will be made clear in the department's programmes. It is therefore my pleasure to confirm the following focus areas;

- Eradication of slums in KwaZulu-Natal by 2014;
- Strengthening governance and service delivery;
- Ensuring job creation through housing delivery;
- Restoring dignity to military veterans through decent housing;
- Accelerating housing delivery in rural areas;
- Accelerating the hostels redevelopment and upgrade programme;
- Creating rental / social housing opportunities;
- Building the capacity of Housing stakeholders (especially municipalities);
- Promotion of homeownership;
- Provision of housing for vulnerable groups including those affected by HIV/AIDS;
- Ensuring the provision of incremental housing; and
- Implementation of Financial Services Market Programme.

In the past financial year the thrust of our priority programmes was towards benefiting the poor. In addition, our programmes were intended to bridge the gap between the first and the second economies. I confirm that the main thrust remains unchanged. The strategic review has introduced a business re-engineering and performance enhancement dimension. In other words, in 2008/09 we are putting more emphasis on the need to address challenges that may lead to the failure to achieve our targets. It is therefore not surprising that in the past we spoke about Slums Clearance but we are now positioning ourselves to implement legislation intended to prevent the re-emergence of slums.

All our programmes continue to indicate clear contributions to the achievement of provincial priorities. The department remains committed to promoting sustainable integrated development. To this end, the department will continue to strengthen its regional capacity and ensure that there is increased participation in the development of Integrated Development Plans at Municipal level. We will facilitate the integration of housing sector plans with Municipal Infrastructure Investment Plans (MIIP) and we will ensure that our housing budgetary process is aligned to the MIG funding allocation programme.

The strategic review has enabled us to integrate housing delivery responsibilities with the realities of human settlement development. I am pleased to report that in this performance plan we have identified Disaster Management Practitioners within the Department. This is in line with the resolutions taken at the Disaster Management Conference held on the 24th and 25th of May 2006.

We have used the strategic review to sharpen the focus of our policy implementation programme. The "Breaking New Ground" vision presents an opportunity for the department to facilitate the development of sustainable human settlements through integrated housing delivery. We have identified banking institutions that are prepared to play a role in our programmes. We have revived the Presidential Job Summit of 1998. We will use the land and Social Housing Projects identified in the Presidential Job Summit to deliver rental-housing stock. We have identified a positive relationship between the development of rental housing units and the Slums Clearance Programme. The detail in respect of the number of units that we are acquiring in this financial year is set out in our programme activity schedule. It is true that financial institutions have not been able to move and deliver on their promise. We recall that they committed themselves to spending 42 billion Rand before the end of 2008. It is also true that KwaZulu-Natal shows the least movement in terms of contribution to housing by financial institutions. As a department we understand some of the reasons advanced which include the absence of bankable and banked beneficiaries. We are addressing this aggressively within the new vision. In short, our socio-economically integrated human settlements create opportunities for





the financial institutions to play a role.

I am pleased to submit the 2008/09 annual performance plan with confirmed performance targets. In conclusion, I wish to confirm that in keeping with the focus of the strategic review, we have put in place a comprehensive performance management system with clear early warning signals that will enable us to take timeous corrective action.

Inkosi inkosi ngesizwe, Ikhansela ikhansela ngentuthuko, Umuntu umuntu ngekhaya, Isizwe isizwe ngokweseka nokubambisana nobuholi baso!

“Masisukume Sakhe i- KwaZulu-Natal”

**Mr M Mabuyakhulu, MPP**  
**EXECUTING AUTHORITY**  
**MEC Local Government, Housing and Traditional Affairs**

## 2 GLOSSARY OF TERMS

<b>ASGISA</b>	Accelerated and Shared Growth Initiatives for South Africa
<b>BBBEE</b>	Broad based black economic empowerment
<b>BEE</b>	Black economic empowerment
<b>BNG</b>	“Breaking New Ground” NDOH policy on sustainable human settlements
<b>CETA</b>	Construction Education and Training Authority
<b>CIDB</b>	Construction Industry Development Board
<b>KZNDOH</b>	KZN Department of Housing
<b>KZN</b>	KwaZulu-Natal Province
<b>FET</b>	Further Education and Training institution
<b>IDP</b>	Integrated Development Plan of a municipality
<b>MBASA</b>	Master Builders Association of South Africa
<b>MDG</b>	Millennium Development Goal
<b>MIG</b>	Municipal Infrastructure Grant
<b>NDOH</b>	National Department of Housing
<b>NHBRC</b>	National Homebuilders Registration Council
<b>NHFC</b>	National Housing Finance Corporation
<b>NSDP</b>	National Spatial Development Plan
<b>NURCHA</b>	National Urban Reconstruction & Housing Association
<b>PGDS</b>	Provincial Growth and Development Strategy
<b>PHDP</b>	Provincial Housing Development Plan
<b>PHP</b>	Peoples Housing Process as defined within the Housing Code
<b>RDP</b>	Reconstruction and Development Programme
<b>RHLF</b>	Rural Housing Loan Fund
<b>SABS</b>	South African Bureau of Standards
<b>SHF</b>	Social Housing Foundation
<b>SHI</b>	Social Housing Institution (non-profit) providing rental housing in terms of the Institutional Subsidy
<b>SHRA</b>	Social Housing Regulatory Authority to be established in terms of the Social Housing Act (currently a bill)



### **3 PART A: OVERVIEW BY THE ACCOUNTING OFFICER AND STRATEGIC PLAN UPDATES**



**Ms SZF Nyandu**  
**Superintendent-General**  
**KwaZulu-Natal Department Of Housing**

#### **3.1 Overview**

The strategic review session of the Department was attended by all Senior Managers, Middle Managers and Project Leaders from Head Office and Regions in addition to industry stakeholders who operate outside of the department. In keeping with Treasury Guidelines, the Executing Authority the Honourable MEC Mike Mabuyakhulu provided the higher-level strategic objectives and provincial priorities. He placed emphasis on identifying the systemic issues affecting housing delivery, the recognition of the risks attendant to the systemic issues and then he focused on solutions to improve the housing delivery process.

The Executing Authority's presentation set the tone for the strategic review. The emphasis was definitely on risk assessment related to the delivery process and complex institutional arrangements which place much of the delivery outside of the direct control of the department. The review compels the department to identify critical areas of intervention in the 2008/09 period and to address them accordingly and timeously. It was agreed that it is no longer going to be acceptable for the Department to be reactive by taking corrective action only after stated targets have not been met. Time has come for the Department to be proactive in its approach, with particular reference to synergistic planning and integration. In addition to performance, the review process identified the critical role of stakeholders in the housing delivery process.

Programmes and components within the department are critical in the realization of stated objectives and the achievement of targets. A summary of progress to-date and the Status Quo of programmes are discussed below.

##### **3.1.1 Programme 1: Administration**

The Department has made significant progress in its bid to align the Departmental structure with the requirements of the Comprehensive Plan for the Creation of Sustainable Human Settlements called Breaking New Ground (BNG). This undertaking to realign the Departmental business units was made in the previous Strategic Planning session. The Department has filled the post of Chief Operations Officer (COO). The COO will be responsible for all the core functions of the Department and must ensure that all service delivery targets are met. While the HOD remains responsible for the management and control of the Department as Accounting Officer, the COO assists her in this task allowing her to concentrate more on managing stakeholder relations and the political-administrative interface.

This unit has also engaged in a vigorous internal transformation process with the main objective of ensuring that the Department is well capacitated and equipped to respond to the housing delivery demands and challenges in the province. The strategic review process deliberately allowed managers in the support business units to deal with substantive issues in the housing delivery process. In the report-back presentations, it became clear that Programme 1 has moved from a peripheral to a central role player

in housing delivery. In addition, it is noted that key positions in the financial and legal portfolios have been filled and gender representation has improved especially in the Senior Management Services levels.

### **3.1.2 Programme 2: Housing Needs, Research and Planning**

The KwaZulu-Natal Sustainable Human Settlements Strategy will be a key deliverable that will ensure the streamlining of government departments' budgets (with particular reference to the Social Cluster departments) and coordination of identified locations of investments so as to ensure the creation of sustainable human settlements.

#### **Planning**

The strategic review has confirmed that the housing delivery process is informed by the needs of various municipalities as contained in their Integrated Development Plans. This year, the emphasis is on the timeous consolidation of housing needs into a comprehensive human settlement plan and the ability to utilise all funding allocated to the province. Management and staff in Programme 2 continue to play a major role in terms of providing support to municipalities in the preparation of IDP's, housing sector plans and housing sector policies.

#### **Capacity building of municipalities as housing delivery institutions**

The discussions at the strategy review sessions have been confirmed by the resolutions of the 2007 provincial housing summit. It became evident during the Housing Summit that more effort is required in the capacitation of municipalities to assume a meaningful role in the housing delivery process. The Department continues to embark on an aggressive capacity building programme to gear the Municipalities for their role in housing delivery. Generally some municipalities regarded housing delivery as an unfunded mandate; however the management of intergovernmental relations through capacity building programmes continues to yield positive results.

#### **Land identification and acquisition**

Whereas the previous strategic planning process focused on the need for the identification and acquisition of land in close proximity to potential employment opportunities, this strategic review focused on the lag time and delays in land/ legal processes. The strategic review has therefore highlighted the urgency with which land must be identified and acquired. It is hereby reported that all government land has not been audited as stated in the original strategic plan. However, Traditional Community Land which constitutes the bulk of state owned land is now available for rural housing development.

#### **Policy and Research**

In order to ensure that meaningful and timeous delivery of suitable housing products to qualifying beneficiaries occurs, it is of vital importance that suitably researched and tested policies are developed. These policies need to be aligned with the ever changing face of local government throughout the country as well as the impact of the construction boom and its knock on effect on the supply of materials as well as skilled technical and professional resources. In addition the impact of HIV/AIDS pandemic has not been fully investigated in terms of the housing delivery chain and the most suitable products that should be delivered. A key output of this area will be the development and roll-out of the KZN Sustainable Human Settlements Strategy, whose aim is to ensure that various government departments (with particular reference to those belonging to the Social Cluster) are aligning their local investments and planning so as to achieve the goal of sustainable human settlements.

### **3.1.3 Programme 3: Housing Development Implementation**

#### **Slums Clearance Programme**

The Eradication and Prevention of the Re-emergence of Slums Bill has been adopted by the KwaZulu-Natal Cabinet and tabled before the KwaZulu-Natal Legislature. This is another method adopted by the Department to prevent the re-emergence of slums. This component continues to develop a comprehensive Slums Clearance Programme that will incorporate all the necessary technical disciplines with a clear programme of action. The Slums Clearance Programme will enhance existing capacities within the component. It is noted that the actual work on the ground has not been delayed by the need to finalise and rollout a comprehensive strategy.





## **Provision of Housing to vulnerable groups**

The strategic review has identified systemic and procedural risks which manifest themselves in delays and costs escalations in the processing of benefits to vulnerable groups. This is highlighted in cases where vulnerable groups are represented by institutions who have to satisfy applicable legal requirements before applications can be considered. Beneficiary groups have been identified and listed in the component's programme activities lists. With the rampant HIV/AIDS pandemic, the component has prioritised affected households to benefit from the programme.

## **Rural Housing Development**

The strategy review indicates housing backlogs in rural areas. It highlights challenges in the packaging of state land. It also indicates problems and delays caused by the current constitutional deliberations on CLARA.

The provincial priority of "promoting rural development and urban renewal" justifies the department's role in rural housing development. Pronouncements by the MEC at the launches of rural housing projects indicate the contribution of rural housing development to other provincial priorities such as poverty alleviation, infrastructure development and governance. The partnership between traditional leadership structures and municipalities has among other things resulted in the identification and release of land for rural housing delivery. This is a major contribution to the provincial priority area of "governance".

## **Job Creation and the Housing Delivery Process**

The strategy review received input from the ABSA Bank in addition to contributions by other stakeholders. These contributions clarified the commitment of banks to the development of emerging contractors for the purposes of job creation primarily and poverty alleviation in the general context.

In the period under review, job creation and other socio-economic contributions have featured prominently among the list of criteria in the project approval process. The Honourable MEC has been able to make reference to the number of jobs created in all housing projects launched in the preceding financial years. The aggressive delivery of units within the Presidential Job Summit Programme will contribute immensely to the achievement of job creation targets. However, the strategy review has identified serious bottle-necks in the Job Summit programme. The session noted that the idea of the Presidential Job Summit originated at the 1998 Job Summit held in Durban. It is now a decade since the summit was held and there is enormous pressure for stakeholders involved to deliver.

## **Broad Based Black Economic Empowerment and Housing Delivery**

Dr. Ndlovu of Motheo Construction addressed the session and covered a number of challenges facing emerging developers. It became clear that there is a requirement to provide access to funding and skills. She also made it very clear that emerging contractors are no longer at the same level and that they therefore require differentiated support.

Lack of access to funds and lack of technical skills has resulted in limited success in the promotion of Broad Based Black Economic Empowerment. The department is caught in the conflict between lower level skills development for labour intensive activity and highly mechanised activities with reduced numbers of jobs but high economic returns for few equity holders. The department's approach to Peoples Housing Process encourages the involvement of managing agents who ensure that the delivered product is of acceptable quality. The requirements of BBBEE will be met once the foundations for skills development are firmly in place. The department has ensured that all projects that are submitted for approval provide a clear indication of opportunities in planning / preliminary investigations, land/ legal processes, building material manufacturing, procurement and material supply. A BBBEE policy and strategy will be in place in time for the mass delivery of units in terms of Slum Clearance Programmes. Notwithstanding all these challenges, the department has ensured that the 2008/09 operational year satisfies the requirements of BBBEE without compromising the requirements of acceptable quality levels in respect of the constructed houses.

## **Social Housing**

The strategy review identified social housing as an opportunity to address shortages in medium density housing. The requirement for the upgrade and rationalisation of stock as social housing accommodation was adopted. The session led to a commitment by the specific programme to address the institutional and technical capacities of social housing institutions.

The introduction of social housing in an attempt to increase the rental housing opportunities is taking shape and the department has at least four projects that are under construction and the numbers of units that will be delivered is steadily improving as the identification and approval of the provisional restructuring zones progresses.

### **3.1.4 Programme 4: Housing Property Management**

#### **Asset Management**

This component is poised to use the coming FIFA Soccer World Cup competition to fast-track processes that address housing and accommodation backlogs. Although the intention is to reduce properties held by the department to a manageable portfolio with reduced rates and taxes, this component addresses critical medium density and urban renewal challenges.

Property Management focuses on the maintenance of the rental housing stock of the department. As mentioned above, this rental stock is being depleted as the department is intensifying the transfers of properties to qualifying beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS). The department intends to only hold a key portfolio of properties by the next financial year, thereby reducing rates and taxes bill and only holding properties which contribute to the achievement of strategic objectives.

#### **Rental Tribunal Support**

The strategy review has made it very clear that the Rental Tribunal is a pro-active role player who will be involved in educational and capacity building programmes in the 2008/09 financial year.

In the past, the emphasis was on the provision of technical and administrative support to the KwaZulu-Natal Rental Housing Tribunal. This strategic review reveals the need for the Rental Tribunal to institute pre-emptive and pro-active measures. To this end, the component will collaborate with the Social Housing Capacity Development unit and identify specific programmes that will enhance the delivery capacity of Social Housing Institutions and education requirements of tenants.

#### **Medium Density Housing**

The strategy review focused the department on the holistic requirements of housing backlogs. In the past, strategic reviews adopted pro-poor strategies and this resulted in bloated over emphasis on housing for low income groups only. The session made it very clear that sustainable human settlements are only possible through integrated housing. It also became clear that integrated housing is not only about housing projects in close proximity to socio-economic opportunities but that it implies housing projects in which all income groups are catered for.

#### **Enhanced Extended Discount Benefit Scheme**

The 2008/09 performance plan focuses all resources to the speedy finalisation of the enhanced extended discount benefit scheme. The review session identified key systemic and procedural bottle-necks in the implementation of this scheme. Each constraint was analysed and a list of activities to be carried out in addressing each constraint was discussed. Management and staff in the relevant component will include the new list of activities in their key performance areas.



## Conclusion

This being the outer years of the planning cycle, the department has the benefit of experience and the wisdom of hindsight. The department is therefore in a position to sharpen its pencils and become realistic when reviewing performance targets. The department also notes that we are at a time in the planning cycle where other service delivery targets must be taken into account. Principal amongst these are targets set by the Presidential Coordinating Committee (endorsed by technical MINMEC) in respect of basic services (water, sanitation, electricity) and targets set out in specific MDG's in respect of eradication of slums. It is therefore in the context of these and other targets that the department appreciates the critical importance of delivery in the 2008/09 financial year.

**MS SZF NYANDU**  
**ACCOUNTING OFFICER**  
**KWAZULU-NATAL DEPARTMENT OF HOUSING**

## **3.2 Strategic plan update analysis**

### **3.2.1 Vision**

*“Creation of sustainable human settlements in KwaZulu-Natal”*

### **3.2.2 Mission**

*To manage the implementation of the Housing Programme in partnership with our stakeholders, in order to create sustainable human settlements characterised by affordable and adequate shelter in KwaZulu-Natal.*

### **3.2.3 Strategic Goals**

The strategic goals of the department are: -

- Eradication of slums;
- Provision of housing to military veterans;
- Creating rental / social housing opportunities;
- Promotion of home ownership;
- Ensuring the provision of incremental housing; and
- Ensuring job creation through housing delivery.

### **3.2.1 Values**

The department subscribes to the Principles of Batho Pele and embraces the following keys values: -

- Honesty and integrity;
- Fairness;
- Efficiency and effectiveness;
- Transparency;
- Accountability; and
- Responsibility.

### **3.2.1 Performance Indicators**

The department in consultation with the National Department of Housing, the National Treasury and the Provincial Treasury, has over the last number of years reviewed, refined and clarified the Performance Measures and Indicators utilised to measure the Service Delivery of the department. For this reason the Performance Indicators and Measures stated in the departmental Strategic Plan, 2005/06 to 2009/10 should be ignored as these Indicators and Measures no longer reflect the requirements of the Sector. The Indicators and Measures as stated in this Annual Performance Plan and restated together with the Budget of the department in the Budget Statement document, tabled by the Provincial Treasury, should be the only measures utilised in the assessment of the department’s service delivery performance.

### **3.2.6 Sectoral situational analysis**

The participation of municipalities at the strategy review session enhanced sectoral situational analysis. Housing sector plans in this financial year will be highlighted for a central role in the coordination of sectoral planning. The 2008/09 performance plan includes a number of activities that strengthen the relationship between IDPs’, infrastructure investment planning and housing sector plans.





### 3.2.7 Legislative Mandates

- Constitution of the Republic of South Africa, 1996
- Housing Act (Act No. 107 of 1997), as amended
- Housing Consumers Protection Measures Act (Act No. 95 of 1998), amended by Act No. 27 of 1999
- Rental Housing Act (Act No. 50 of 1999)
- Abolition of Certain Title Conditions Act (Act No. 43 of 1999)
- Prevention of Illegal Eviction and Unlawful Occupation of Land Act (Act No. 19 of 1998)
- Constitutional Court judgement of 2000, on the enforceability of social and economic rights.
- KwaZulu-Natal Housing Act (Act No. 12 of 1998 as amended)
- National Building Regulations and Building Standards Act (Act No. 103 of 1977)
- Construction Industry Development Board Act (Act No. 38 of 2000)
- Public Finance Management Act (Act No. 1 of 1999)
- Broad Based Black Economic Empowerment Act (Act No. 53 of 2003)
- National Environmental Management Act (Act No. 107 of 1998), as amended by Act No. 8 of 2004
- Communal Property Associations Act (Act No. 28 of 1996)
- Deeds Registries Act (Act No. 47 of 1937)
- Extension of Security of Tenure Act (Act No. 62 of 1997)
- Land Administration Act (Act No. 2 of 1995)
- Reconstruction and Development Programme Fund Act (Act No. 7 of 1994)
- Municipal Finance Management Act (Act No. 56 of 2003)
- Expropriation Act (1951), as repealed by Act No. 63 of 1975
- State Land Disposal Act (Act No. 48 of 1961)

### 3.2.8 Implications of national policy / strategic thrust

The review and generation of this annual performance plan is informed by the following: -

- The need for the acceleration of housing delivery as a key strategy for poverty alleviation.
- The utilisation of housing provision as a job creation strategy
- Non-discriminatory creation of access to housing as a capital investment asset.
- Promotion of social cohesion and integration
- Supporting of the function of the single residential property market to reduce reality within the circle by breaking the barriers between the first economy residential property boom and the second economy slump.
- Utilising housing for the development of sustainable human settlements which reverse the impacts of apartheid spatial development.

### National Spatial Development Perspective (NSDP)

The National Spatial Development Perspective (NSDP) has been a key mechanism of Government to reconfigure the apartheid spatial relations and implement spatial priorities in ways that meet the stated goal of providing basic services to all and to alleviate poverty and inequality. The NSDP recognises the burden of unequal and inefficient spatial arrangements placed on communities, especially the poor who, for example, have to bear significant transport costs to commute long distances to and from work. Similarly, the Provincial Growth and Development Strategies (PGDS), and the Municipal Integrated Development Plans (IDPs) have been central programmes of Government's response to its stated aim of growing the economy and addressing the needs of the largest number of poor people.



The four principles of the NSDP are as follows:-

- Rapid economic growth that is sustained and inclusive in order to achieve poverty alleviation
- Fixed investment should be focused in localities of economic growth or economic potential
- Projects and programmes to address poverty and provision of basic services in areas where low economic potential exists
- Future settlement and economic development opportunities should be channeled into activity corridors and nodes that are adjacent to or link the main centres.

In order to show the alignment of housing delivery and the NSDP, the National Department of Housing, published the Housing Atlas 2006. The purpose of this document is to contribute to the creation of sustainable settlements with quality housing in the coming years by providing an indication of the principles and factors that suggest the localities that are the most suitable for housing investment and development.

The NSDP will have a role to play as an instrument that informs the respective development plans of the three spheres of government i.e. IDP, PGDS and the Medium Term Strategic Framework (MTSF).

### **3.2.9 Provincial priorities and strategic objectives**

#### **Provincial priorities**

- Promoting sustainable economic development and job creation;
- Integrated investment in community infrastructure; and
- Implementing a comprehensive provincial response to HIV/AIDS and protect vulnerable groups in society;
- Developing human resources and capacity building; and
- Fighting poverty and protecting vulnerable groups in society.
- Strengthening governance and service delivery;

#### **Provincial Spatial Economic Development Strategy**

The PSEDS has been developed in order to achieve the objectives of ASGISA within the framework of the National Spatial Development Perspective (NSDP) and the PGDS. It is based on the similar understanding as the NSDP and PGDS, which recognizes that sustained and inclusive rapid economic growth is a pre-requisite for poverty eradication. However, social and economic development is never evenly distributed and spatial disparities will always exist due to the spatial distribution of natural resources, historical imperatives and cultural factors. Government investment should thus be focused on localities of economic growth and/or economic potential to encourage private sector investment, stimulate sustainable economic activities and employment opportunities.

The PSEDS sets out to:-

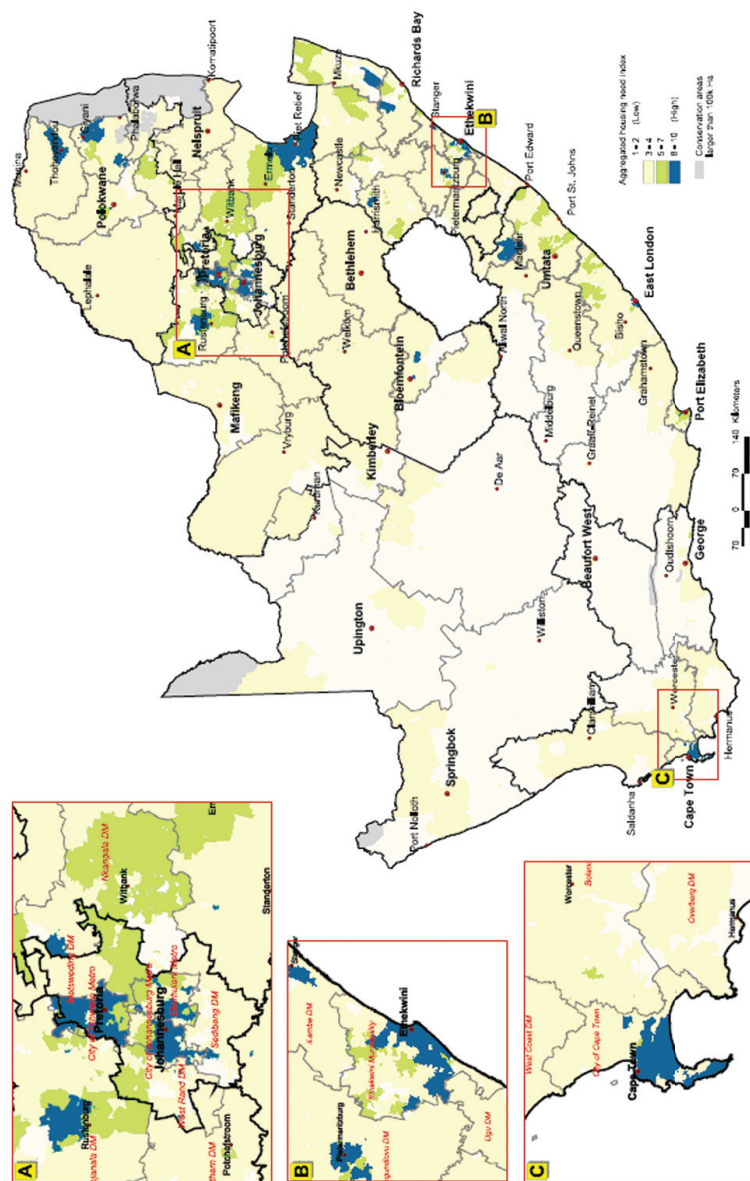
- Address spatial imbalances, curb urban sprawl and ensure sustainable interventions;
- Identify priority areas and types of development;
- Align to municipal spatial development frameworks;
- Guide budgeting processes of the province and municipalities; and
- Influence investment decisions of the private sector.

## Housing Need

The housing need in the country, as detailed in the Housing Atlas 2006, is informed by the existing number of households who are inadequately housed and indicators of population trends including population growth rates and migration trends. In KwaZulu-Natal the need is concentrated around the eThekweni Metropolitan Municipality, the Msunduzi Municipality (Pietermaritzburg) and the uMhlathuze Municipality (Richards Bay).

In the final aggregated need index map, the metropolitan areas again have the highest values, but also the following areas: Rustenburg, areas north of Richards Bay, Piet Retief, around Giyani and Thohoyandou (Limpopo), are north east of Maclear (Eastern Cape) and a few other scattered smaller areas, mainly in the northern half of the country.

Aggregated index of housing need



**KZN Housing**

uMnyango:  
wezeZindlu  
ISIFUNDAZWE SAKWAZULU-NATALI



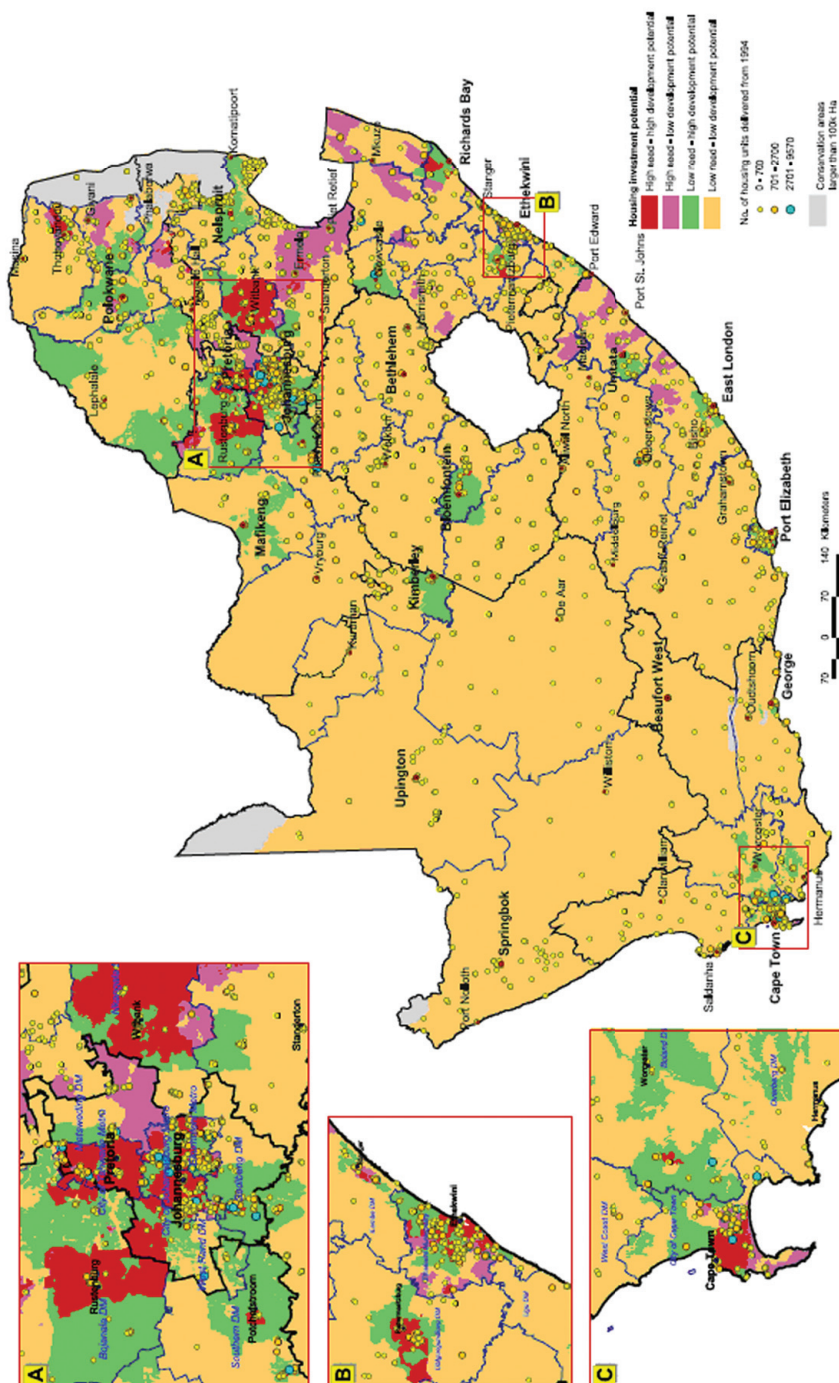


The illustration below shows the alignment of housing delivery from 1994 to March 2005 with the areas of housing need and economic potential. In KwaZulu-Natal it can be seen that the majority of housing delivery has taken place in the eThekweni and Msunduzi Municipal (Pietermaritzburg) areas, this shows a strong alignment with the areas of “high need – high development potential” (in red on the map). In the uMhlatuze Municipality (Richards Bay) the level of past housing delivery has not been aligned to the area of “high need – high development potential” (red on the map).

#### Current housing delivery alignment

##### Housing delivery and housing investment potential

Housing delivery on the national scale seems to be well aligned with overlapping areas of medium- high need and development potential in the metropolitan areas Witbank/Middelburg, Rustenburg and north of Richards Bay have medium to high need and development potential index values, with not many housing projects located there. There is a considerable degree of spread of housing projects across the country in areas of low need and low potential.

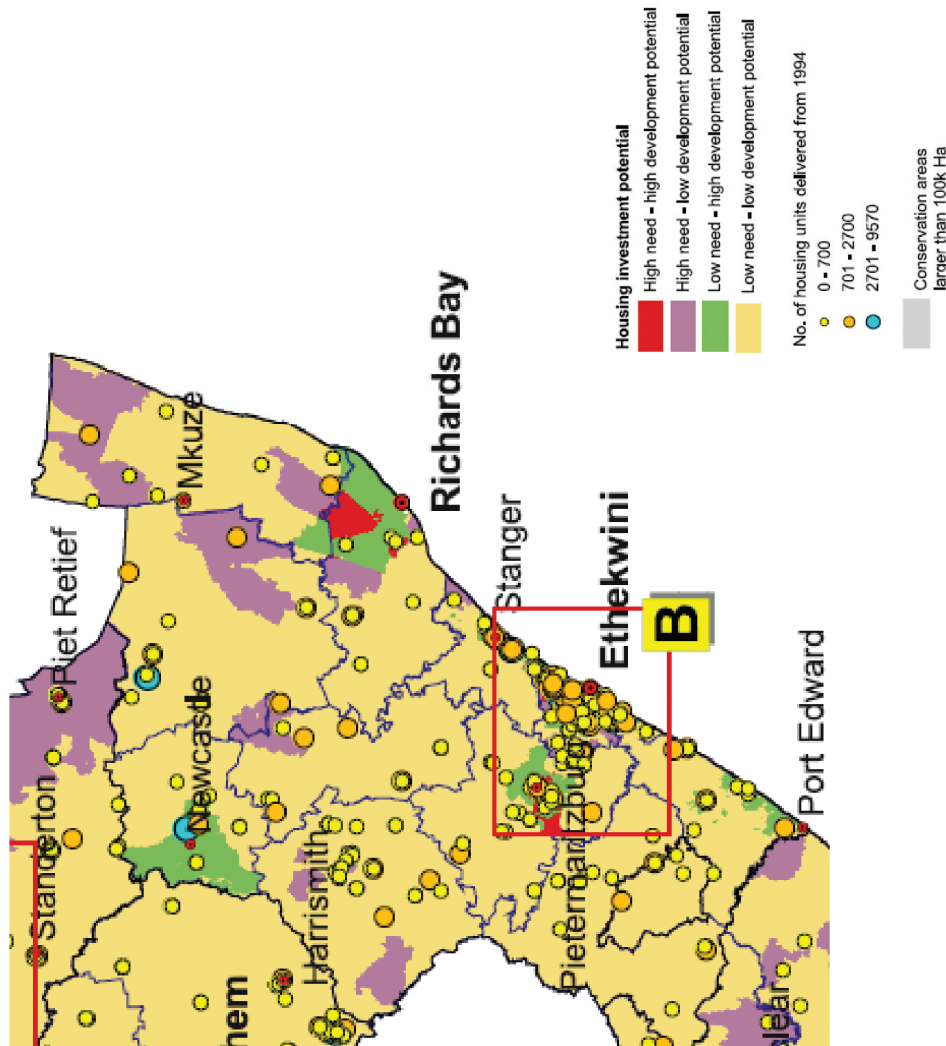


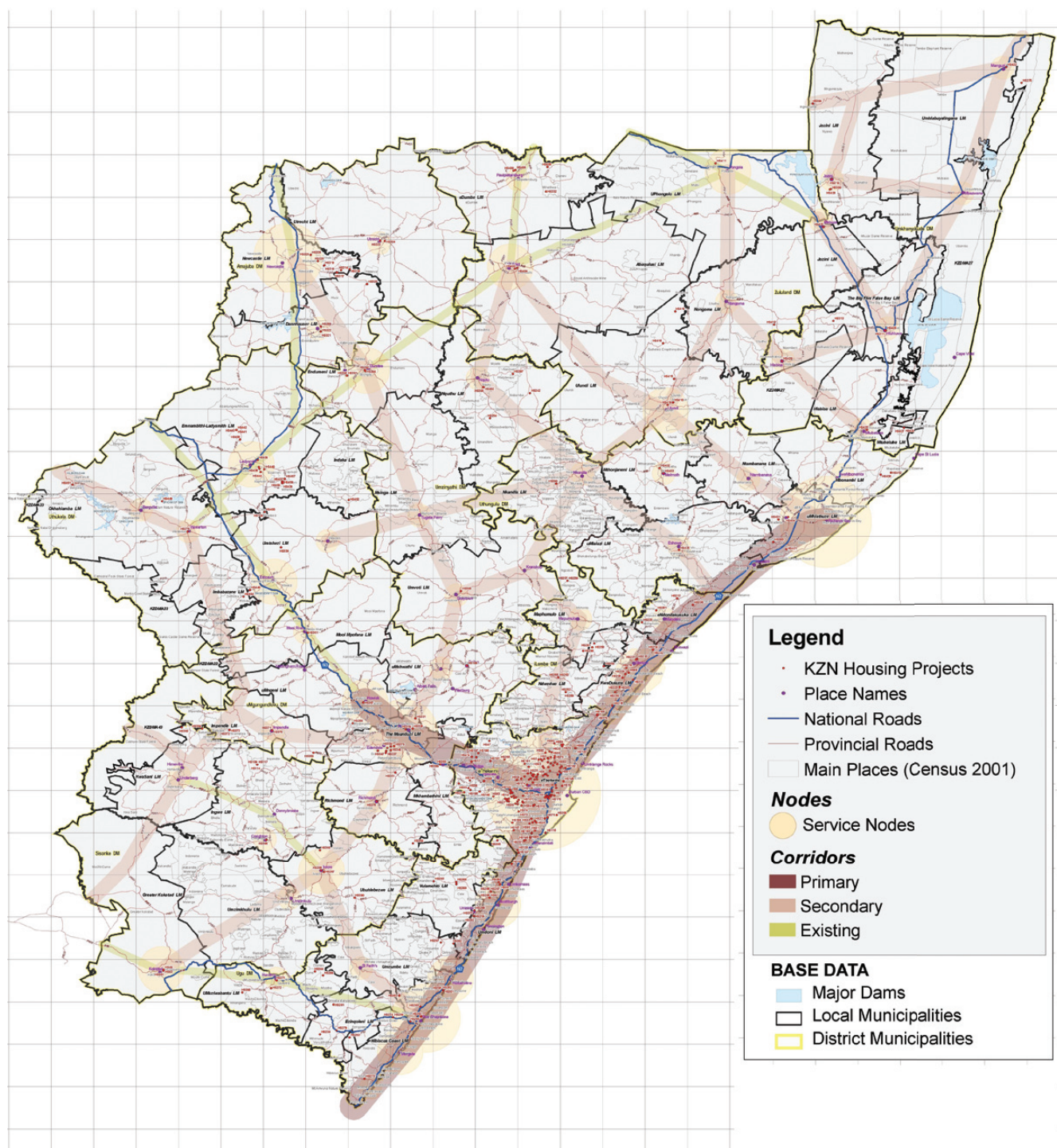




The alignment of the housing delivery illustrated on the previous page can be seen more clearly in the above extract of the map.

In the 2008/09 financial year, the performance of the department will be in alignment with areas of growth as shown in the detailed Housing Atlas of 2006. The concentrated housing needs around the municipalities of Msunduzi, uMhlathuze and eThekweni are indicative of urbanisation and economic factors which are the basis of growth. The success of the department in addressing accommodation and housing needs in these areas will lead to the reversal of the impact of apartheid planning.





As can be seen, the Provincial Corridor Development Programme identifies priority corridors between the eThekweni and uMhlathuze municipalities and between the eThekweni and Msunduzi municipalities and these corridors are closely linked to the areas having a high demand for housing as identified in the Index of Housing Need provided in the Housing Atlas, 2006. The current housing delivery by the department recognises these development nodes and corridors with 66% of the department's budget being concentrated in the four District Councils traversed by the PC1: eThekweni/uMhlathuze and the PC2: eThekweni – Msunduzi – Umgeni corridors detailed above.





The increased policy focus on sustainable development and housing provision has resulted in the department focusing its delivery programmes on the creation of sustainable human settlements in line with the National policy of “Breaking New Ground”, the department now has a dedicated budget for integrating social facilities into housing developments in the Province.

### Alignment of the Department’s strategic objectives with provincial priorities

Provincial Priorities	Departmental Strategic Objectives
<ul style="list-style-type: none"><li>Strengthening governance &amp; service delivery</li><li>Developing human resources and capacity building;</li></ul>	<ul style="list-style-type: none"><li>Strengthening governance and service delivery;</li><li>Building the capacity of Housing stakeholders (especially municipalities);</li></ul>
<ul style="list-style-type: none"><li>Promote sustainable economic development and Job creation</li></ul>	<ul style="list-style-type: none"><li>Ensuring job creation through housing delivery;</li><li>Promotion of homeownership;</li><li>Implementation of Financial Services Market Programme.</li></ul>
<ul style="list-style-type: none"><li>Integrated investment in community infrastructure</li></ul>	<ul style="list-style-type: none"><li>Eradication of slums in KwaZulu-Natal by 2014;</li><li>Accelerating the hostels redevelopment and upgrade programme;</li><li>Completion of all blocked projects by 2007;</li><li>Creating rental / social housing opportunities;</li><li>Ensuring the provision of incremental housing;</li></ul>
<ul style="list-style-type: none"><li>Implement a comprehensive Provincial response to HIV/ AIDS and protect vulnerable groups in society</li><li>Fighting poverty and protecting vulnerable groups in society.</li></ul>	<ul style="list-style-type: none"><li>Provision of housing for vulnerable groups including those affected by HIV/AIDS;</li><li>Accelerating housing delivery in rural areas;</li><li>Addressing of institutional and systemic constraints</li><li>Identification and addressing of risks in the housing delivery process</li></ul>

The strategic objectives of this annual performance plan have taken into account the objectives and targets to be met in the delivery of basic services associated with housing. These services include water, sanitation and electricity. In addition, the objectives have taken into account timelines in respect of Millennium Development Goals (MDG) that relates to shelter and the elimination of slum conditions.

## 4 PART B: PROGRAMME AND SUB PROGRAMME PERFORMANCE TARGETS

### 4.1 Programme Structure

The programme structure of the Department remains the same. However, the sub programmes within Programme 3 have been changed in line with the budget structure of the housing departments. There will be an intensification of activities that address risks and activities that are directly linked to the core business of the department. However, the structure and all activities are in alignment with the budget.

Programme	Purpose
Administration	To render executive support services to the HOD in order to fulfil internal leadership and external liaison roles.
Housing Needs, Research and Planning	To enhance and sustain the strategic direction of the department, by providing effective and efficient strategic planning, and policy support to the department
Housing Development Implementation, Planning and Targets	To promote effective and efficient delivery of sustainable human settlements To accelerate the delivery of rental housing opportunities through social housing and community residential units
Housing Asset Management Property Management	To develop and implement mechanisms to manage departmentally owned housing stock and fast track the transfer of the stock to qualifying beneficiaries in terms of the EEDBS.

### 4.2 Programme 1: Administration

#### Situation analysis

In the 2008/09 financial year, the performance of this programme remains as outlined in the previous financial year. However, the programme will reflect in its activities proactive support for integration and establishment of sustainable human settlements. It is important that all components including support and non-core programmes indicate commitment to the new housing vision.

#### Specified policies, priorities and strategic objectives

The purpose of this programme in terms of the current strategy review includes the identification and elimination of bottlenecks in the department. This is in addition to core business activities and it includes the exercise of vigilance over changes in the time value of money and general value addition in terms of the extent of benefits to external and internal stakeholders. The purpose of this programme now specifically includes identification of administrative bottlenecks and continuous improvement of the flow of financial, administrative and management information.





### Strategic Objectives

The strategic objectives of the Administration programme are to: -

- To strengthen governance and service delivery;
- To address the institutional and systemic constraints
- To identify and address risks in the housing delivery process

### Progress Analysis

The escalation of the budget over the MTEF period for all the sub programmes can mainly be ascribed to the increase in compensation of employee's expenditure due to the revamping of the entire business unit to respond to the housing delivery challenges of the Province and to respond to the new comprehensive plan on housing delivery.

### Summary of payments and estimates - Programme 1 : Administration

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium - term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07	2007/08			2008/09	2009/10	2010/11
Office of the HOD	7,077	6,624	7,821	8,790	7,790	7,790	9,476	10,187	10,798
Corporate Services	30,013	35,315	36,896	38,386	49,086	52,504	47,371	50,707	54,272
Financial Management	21,970	20,436	23,081	32,069	29,069	29,069	31,549	34,202	36,374
<b>Total</b>	<b>59,060</b>	<b>62,375</b>	<b>67,798</b>	<b>79,245</b>	<b>85,945</b>	<b>89,363</b>	<b>88,396</b>	<b>95,096</b>	<b>101,444</b>

### Analysis of constraints and measures planned to overcome them

The programme experiences the following constraints;

- Inadequate capacity in respect of the required number of staff
- Inadequate capacity in terms of competency shortfalls
- Lack of skills development training programmes
- Tardiness in following registry procedures
- Poor referencing of documentation
- Multiplicity of sources of management information
- Non-compliance with policies and delays in payment to suppliers
- Absence of a case management system to record and audit investigations.
- Inefficient organisational structure approval systems
- Inefficient processes for the filling of vacant posts resulting in delays in filling of posts.
- Absence of stakeholders relationship management system

## Risk Assessment and Risk Mitigation

Risks	Current Controls:	Action Plans
Non-compliance with policies and procedures relating to contracts and payments.	<ul style="list-style-type: none"> <li>Treasury regulations and prescripts are in place.</li> <li>Responsibility manager signs to confirm receipt of service and the responsibility manager authorised payment of the invoice.</li> <li>Formal signoff of completed documentation.</li> <li>A checklist of documentation required for each stage is in place.</li> </ul>	
Non appointment of paymasters could result in over payment of staff, payment of ghost employees.	<ul style="list-style-type: none"> <li>Treasury regulations require the appointment of Pay Masters.</li> </ul>	
Delay in the approval of the organisational structure resulting in inappropriate resource allocations.	<ul style="list-style-type: none"> <li>Organisational structure has been approved departmentally by the HOD and MEC.</li> </ul>	
Transfer payments made to Municipalities not being utilised for their intended purpose.	<ul style="list-style-type: none"> <li>Policies in place prescribing conditions for Tranche release.</li> <li>Verification by the department before authorisation of release.</li> <li>Contracts with Municipalities stipulate terms and conditions for the utilisation of funds.</li> <li>Reconciliation component has been established in the department to monitor municipal funds.</li> </ul>	<ul style="list-style-type: none"> <li>A service provider has been appointed to update all existing project reconciliations.</li> <li>Ensure a realistic development programme is included in the contract.</li> <li>Review re-alignment development programmes annually.</li> </ul>
Impact of diseases e.g. HIV and AIDS, TB on labour and beneficiaries.	<ul style="list-style-type: none"> <li>No controls are in place.</li> </ul>	<ul style="list-style-type: none"> <li>Align our HR and Employee Assistance Strategy with that of the Department of Health and the Premiers' office.</li> </ul>
Failure by the department to implement EPMDS results in poor staff morale.	<ul style="list-style-type: none"> <li>Old and outdated performance appraisal questionnaires are being used to rate people.</li> <li>Interim performance assessment tool for 2006/2007 has been drafted.</li> </ul>	<ul style="list-style-type: none"> <li>Approve and implement the EPMDS policy.</li> <li>Develop performance agreements with each staff member levels 1 to 12.</li> </ul>
Delay in filling vacant posts impact on the department's ability to deliver services.	<ul style="list-style-type: none"> <li>Recruitment procedures are in place.</li> <li>Filling of posts against 2002 structure.</li> <li>Critical posts have been identified from the new structure for urgent filling.</li> </ul>	<ul style="list-style-type: none"> <li>Service provider appointed to schedule applicants. Recruitment plan will prioritise the filling of posts to assist in streamlining the appointment processes. HR delegations to address appointment processes.</li> <li>Finalise and implement the new organisational structure when approved by the DPSA.</li> <li>Delegation of authority for filling posts.</li> <li>Filling of critical posts in HRM to manage staff recruitment.</li> </ul>



Risks	Current Controls:	Action Plans
Unavailability of HR policies and processes could result in inconsistent HR practices.	<ul style="list-style-type: none"><li>Guidelines set by the Public Service Act and Regulations are being utilised.</li></ul>	<ul style="list-style-type: none"><li>Managers to take responsibility for managing their staff.</li><li>Draft induction/reorientation programme in place.</li><li>Draft business plan in place to prioritise the development of these policies and processes.</li><li>Critical HR posts are being filled.</li><li>Service providers being appointed to assist where internal capacity is insufficient.</li><li>Office of the Premier is busy reviewing provincial HR practices with the aim to standardise across the province.</li></ul>





#### Description of planned quality improvement measures

QUALITY IMPROVEMENT MEASURE	PROCESS DESCRIPTION
Phase 1 – relocate critical components to share the Inland region offices Phase 2 – rental of Church St premises (now ready) Phase 3 - Land has been purchased	The relocation of the department will be phased and the schedule of accommodation has been organised to enhance throughput and process issues in order to enhance service delivery (components will be accommodated in a manner that promotes functional integration)
Tender has closed and is being evaluated for the implementation of security and access control systems in the regional offices	Consideration of the tender combines security and corporate branding considerations
Invitation for database of IAs has been advertised Need to reassess the organisational structure of SCM to provide the capacity to manage the bid process of Project Management to manage the contracts internally	This is part of an on-going process that is supervised by DPSA.
“Accreditation” of suppliers in the department’s supplier database to ensure people requested to quote have the requisite qualifications	The accreditation process is guided by the provisions of principal legislation in the area of public finance and procurement
Recons component in place Consultant appointed to assist with initial reconciliation and capacity building of recons component	Internal capacity is being groomed to take over the work of consultants in the future
Develop required policies and procedures and enforce compliance	
Forensic investigation by IAU complete Fraudulent beneficiaries have been handed over to SIU Amendments to HSS implemented to check ID to Persal	This is a compliance process that is undertaken with due consideration of image and good governance factors
Draft business plan in place to prioritise the development of these policies and processes Critical HR posts are being filled Service providers being appointed to assist where internal capacity is insufficient	This is an ongoing process in line with the terms of reference discussed with service providers
Structure is with DPSA for approval	The department awaits DPSA approval
Appointed service provider to assist in the implementation	Service provider will assist with the implementation of new structure
Service provider appointed to schedule applicants Recruitment plan will prioritise the filling of posts to assist in streamlining the appointment processes HR delegations to address appointment processes	The filling of vacant posts is being done in accordance with major strategic objectives in respect of the employment of women and other designated groups



### 4.3 Programme 2: Housing Needs, Research and Planning

#### Situation analysis

The strategy review session was attended by municipalities in addition to other stakeholders. It became very clear during discussions that it is not sufficient to establish housing units within municipalities and expect that such units will successfully plan for housing development in their municipality.

Most municipalities raised the issue of lack of planning capacity. This leads to the production of poor quality housing sector plans. Planning across all sectors is not informed by housing and accommodation requirements. This analysis was confirmed in group discussions when challenges and risks were listed.

#### Specified policies, priorities and strategic objectives

Specified policies are as follows;

- Spatial development and related regional and provincial planning policies
- Land Use Management System (LUMS)
- Multi-sectoral planning
- Integrated Development Planning
- Capacity building

#### Strategic Objectives

The strategic objectives of the programme are to: -

- Research and quantify the housing backlog in the province
- Research and identify appropriate technology in the housing delivery process
- Ensure that all stakeholders are involved in the continuous appraisal of housing delivery systems and their improvement
- Facilitate of housing sector planning
- Integrate housing sector plan in the planning of all sectors
- Educate stakeholders in housing sector planning
- Align the housing budget with current and future housing needs
- Capacitate stakeholders for housing delivery through mentorship and training.

#### Progress Analysis

To date most municipalities have requested the department to provide financial assistance with respect to compiling a Municipal Housing Plan as part of their IDP's, A Housing Plan manual was prepared, workshopped and given to all municipalities so that they could better understand what the department required. The last 18 municipalities are expected to have their Housing Plans finalised by the end of the 07/08 financial year resulting in all municipalities having a "Housing Voice" in their IDP's

## Summary of payments and estimates - Programme 2 : Housing Needs, Research and Planning

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium - term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07	2007/08			2008/09	2009/10	2010/11
Administration	4,419	5,835	6,733	6,677	6,677	6,677	6,880	7,464	8,095
Policy	1,633	645	1,312	2,567	2,567	2,657	2,667	2,867	3,039
Planning	2,577	1,776	2,940	4,735	3,035	3,035	4,869	5,234	5,548
Needs	3,645	3,957	9,810	7,562	7,562	7,562	5,250	10,644	11,283
<b>Total</b>	<b>12,274</b>	<b>12,213</b>	<b>20,795</b>	<b>21,541</b>	<b>19,841</b>	<b>19,841</b>	<b>19,666</b>	<b>26,209</b>	<b>27,965</b>

## Analysis of constraints and measures to overcome them

### Capacity at a municipal level

The Department is unable to implement planned capacity building programmes at municipality level due to lack of capacity. This constraints will however be addressed through the Flanders Programme which is aimed at ensuring that all municipalities within the province have a functional housing component.

### Consumer Education

Some of these programmes are approved and implemented partly at a national level (the National Department of Housing) resulting in the delay in the implementation of projects at a provincial level. Negotiations are currently under way with the National Department of Housing for the implementation of these programmes to be vested within provinces.

## Risks Assessment and Risk Mitigation

Risks	Current Controls:	Action Plans
Lack of proper communication and interpretation of national policies hamper our ability to deliver.	<ul style="list-style-type: none"> <li>Management is represented at national forums and policy task teams.</li> <li>Capacity building programmes are in place.</li> <li>Policy communiqué issued.</li> <li>Information sessions are conducted to staff and stakeholders e.g. municipalities.</li> </ul>	<ul style="list-style-type: none"> <li>Improve dissemination of information gathered at National Fora.</li> <li>Need for a more formalised Communication Strategy and empowerment by NDOH of all stakeholders.</li> <li>Define responsibility for internal communication strategy.</li> <li>More effective use of the intranet for policy distribution.</li> </ul>
National process to approve revised subsidy quantum results in non delivery of multi-year projects on time within budget.	<ul style="list-style-type: none"> <li>No controls are in place.</li> </ul>	<ul style="list-style-type: none"> <li>Multi-year subsidy escalation strategy/ policy with NDOH to bring certainty on the annual subsidy quantum aligned to the MTEF (including a bi-annual escalation and/or defined inflation amount).</li> </ul>





Risks	Current Controls:	Action Plans
Lack of co-ordinated planning with relevant stakeholders in the building of houses by the department impact negatively of service delivery and the image of the department.	<ul style="list-style-type: none"> <li>Department of Housing actively participates in the IDP process.</li> <li>The department is assisting in developing municipal housing plans and utilises them as a basis for investment decisions.</li> <li>The department is involved in the Economic cluster to develop the Provincial Spatial Economic Development Strategy.</li> <li>The Department, together with other government departments implements developments in a manner that is in line with the Sustainable Human Settlements Strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Cabinet Social Cluster is developing a sustainable human settlements strategy.</li> <li>Integrated horizontal and vertical planning.</li> <li>Provincial Housing and Development Plan to be developed and implemented.</li> <li>Joint EXCO of Housing and Local Government are to align the MIG and Housing grants.</li> <li>Strengthen the Municipal Housing Plans.</li> </ul>
Lack of critical provincial implementation guidelines resulting in poor quantity and rate of delivery.	<ul style="list-style-type: none"> <li>Existing guidelines for some policies are in place.</li> </ul>	<ul style="list-style-type: none"> <li>Finalise and implement the updated guidelines for all policies.</li> <li>Conduct a comprehensive policy audit.</li> </ul>
Failure to design safe neighbourhoods could result in an increase in crime.	<ul style="list-style-type: none"> <li>The IDP is the vehicle to ensure safety is addressed.</li> </ul>	<ul style="list-style-type: none"> <li>Communicate with relevant stakeholders to ensure that safety is considered in planning developments.</li> <li>Ensure the involvement of security agency (e.g) Community Safety and Security as part of development and implementation of the Provincial Sustainable Human Settlement Strategy.</li> </ul>

#### Description of planned quality improvement measures

QUALITY IMPROVEMENT MEASURE	PROCESS DESCRIPTION
Speed up housing planning programme. Ensure funding commitment from other departments before final project approval, where required.  Commitment from other departments that other services will be provided before completion of the project.  SLA between departments.  Align budgets at cluster level.	Housing sector plan manual to be reviewed with specific reference to integration requirements.
Acquire & develop capacity  Dedicated programme to train, accredit and grade SMME's - Cuban officials to assist.	In addition to technical and planning capacity, this process includes a focus on all stakeholders in the housing industry from a capacity perspective

#### Specification of measurable objectives and performance indicators

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2007/08 Estimate	2008/09 Budget	2009/10 Target	2010/11 Target
Facilitation of capacity building for stakeholders in Housing	Facilitate Accreditation of municipalities	Number of municipalities accredited	1	-	-	-
	Provide training to municipalities on housing	Number of training workshops provided to municipalities	16	16	12	12
		Number of visits executed to support municipalities	100	100	100	100
	Provide training to housing consumers	Number of housing consumers trained	20,000	20,000	20,000	20,000
Strengthening governance and service delivery	Assist municipalities to develop Housing Development Plans	Number of Housing Development Plans in place	18	16	5	-
	Development of policy guide for housing programmes	Number of policy guideline developed	4	4	4	4
	Research	Number of research projects conducted	2	2	2	2



#### 4.4 Programme 3: Housing Development Implementation, Planning and Targets

##### Situation analysis

The strategy review session ensured that all challenges with regard to this programme were discussed by inviting presentations from developers and contractors involved in the industry. The Programme is administrated through the Project Management Component and is responsible for the implementation and monitoring of the housing projects through the various subsidy mechanisms in terms of national and provincial policy.

The Programme is faced with significant challenges which are listed as follows;

- Limitations on the availability of well located, suitable, serviceable affordable land
- Integration and planning challenges including the reversal of the impact of apartheid planning
- Lack of capacity within the department
- Lack of capacity within the municipalities
- Lack of capacity in the housing industry in general terms
- Complications and constraints in accessing developer and end-user finance
- Systemic bottlenecks in project packaging process
- Systemic constraints in the subsidy approval process

##### Housing Demand Profile

HOUSING BACKLOG	
CATEGORY	TOTAL
1. Informal Dwelling/Shack in backyard	48,880
2. Informal Dwelling/Shack <u>Not</u> in backyard	177,294
3. Traditional Dwelling	608,529
4. Workers on Farms	71,833
TOTAL	906,536

Source: Stats SA – Mid-Year Estimates 2006

##### Specified policies, priorities and strategic objectives

The programme is at the coal face of implementation in respect of the following principal policies/ legislation;

- Development Facilitation Act (when packaging projects and securing development rights)
- Environmental policies
- Public Finance Management Act (PFMA)
- MIG allocations framework
- Broad Based Black Economic Empowerment (BBBEE)
- Land Use Management System (LUMS)

The main objective of this programme is to promote effective and efficient housing delivery. The bulk of the programme allocation is made up of the Housing and Human Settlement Development Conditional Grant.

This programme provides various housing subsidies. The housing subsidy instruments implemented by the Department are: Individual, Project linked, Institutional, Consolidation, Relocation, Disaster Management, Social Housing, Rectification, Social and Economic Amenities and Rural Housing Stock. The sub-programmes within this programme have been aligned to the standardised budget structure for the housing sector.



## Strategic Objectives

The key strategic objectives of the Housing Development Implementation programme are to: -

- Improve the quality of housing delivery, including systems, procedures and the products
- Eradicate slums in KwaZulu-Natal by 2014;
- Accelerate housing delivery in rural areas;
- Accelerate hostels redevelopment and Community Residential Unit (CRU) programme;
- Piloting the community driven housing initiative;
- Create rental / social housing opportunities;
- Provide housing for vulnerable groups including those affected by HIV/AIDS;
- Ensure the provision of incremental housing;
- Implement Financial Services Market Programme; and
- Provision of housing to military veterans.

## Progress Analysis

There has been a substantial increase in housing delivery in terms of the rural subsidy instrument in the previous year and this is expected to continue during this financial year. The number of sites transferred to individuals has also increased.

## Housing Delivery Progress Analysis Report with Impact on Future Planning

Housing Subsidies Approved (Housing Database Report for 2006/07)

Category	Target	Actual	% of Total Approvals
Individual	1,200	651	0.03%
Project linked	10,250	6,643	22.38%
Consolidation	220	110	0.37%
Institutional (Social Housing)	4	1,132	3.81%
Relocation	50	0	0.00%
Rural**	14,276	21,153	71.25%
Disaster Relief	7,000	0	0.00%

The hostel redevelopment programme is progressing very well and policy enhancements will facilitate an increased delivery of upgraded units going forward. The new CRU policy will be workshoped with all the relevant municipalities and this should re-focus this sub-programme and facilitate delivery of more units for rental purposes.

The conditional grant budget target progression is illustrated below;

## Summary of payments and estimates - Programme 3: Housing Development Implementation, Planning and Targets

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium - term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07	2007/08			2008/09	2009/10	2010/11
Administration	58,142	45,723	42,225	56,955	51,955	48,537	61,274	66,142	70,815
Financial Interventions	42,262	43,290	18,238	181,600	101,600	101,600	279,040	303,015	321,970
Incremental Interventions	625,638	541,328	706,023	761,922	821,922	691,922	647,618	894,143	1,279,755
Social and Rental Interventions	10,300	66,214	100,000	75,600	95,600	225,600	264,981	282,897	295,707
Rural Interventions	2,117	32,836	144,922	116,065	116,065	116,065	258,459	284,305	375,681
<b>Total</b>	<b>738,459</b>	<b>729,391</b>	<b>1,011,408</b>	<b>1,192,142</b>	<b>1,187,142</b>	<b>1,183,724</b>	<b>1,511,372</b>	<b>1,830,502</b>	<b>2,343,928</b>



### Analysis of constraints and measures to overcome them

Although there has been progress with the development of Social Housing Policy, the institutions involved still have to go a long way towards achieving acceptable levels of sustainability. The proliferation of informal rental stock and the resultant slum conditions will be addressed through the Bill aimed at curbing the re-emergence of slums.

The capacity and sustainability of Social Housing Institutions to implement the Social Housing Programme is critical to the success of this programme as well as to the affordability of this housing option to the qualifying beneficiaries. The department is in the process of drafting a Social Housing Strategy to address some of the challenges faced in the implementation of this initiative and in aligning it with the Presidential Job Summit Programme.

There has been a marked increase in the delivery of upgraded units in terms of the Hostel Upgrade and Development Programme and there is sufficient capacity on the ground to deliver even more units. The department is considering various initiatives that would lead to securing sufficient funding for this sub-programme in order to accelerate service delivery. Requests for additional funding have been sent to National Housing Department. All public sector hostels also do qualify for funding under the new CRU policy and as a result some hostel upgrade projects will be handled under the provisions of the CRU policy.

### Risk Assessment and Risk Mitigation

Risks	Current Controls:	Action Plans
Excessive demand placed on projects by environmental impact assessments affecting affordability and quantity of delivery.	<ul style="list-style-type: none"> <li>• Prep funding is provided to mitigate the environmental impact..</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporation of environmentally sensitive areas into the departmental GIS.</li> <li>• Housing sector plans to pre-scope areas of proposed developments</li> <li>• Facilitate regular awareness workshops with DEAT.</li> </ul>
Fraud in the application for Housing Subsidies results in granting subsidies to non-qualifying beneficiaries	<ul style="list-style-type: none"> <li>• Qualification criteria are in place for beneficiaries.</li> <li>• National policies are in place.</li> <li>• Income checks are conducted.</li> <li>• Confirming non-government employees.</li> <li>• Confirming on Department of Home Affairs, Deeds Office etc, to verify qualification criteria.</li> <li>• Approved beneficiary lists are in place prior to commencement of projects.</li> </ul>	
Inadequate housing expertise, raw materials, project management skills to deliver houses hampers our ability to deliver on our mandate.	<ul style="list-style-type: none"> <li>• Scholarship and internship programmes have been implemented at national and provincial level.</li> <li>• A youth forum has been implemented to attract youth to the industry.</li> <li>• General project management have engaged with key suppliers to align demand with their supply.</li> <li>• Tripartite agreements allows for the appointment of implementing agents by municipalities.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of a new Pre-implementation Project Packaging programme (multi-year with appropriate funding).</li> <li>• Human Resource Development Policy and enhancement of internal appropriate capacity.</li> <li>• Streamlining of the internal approval and contracting DOH processes with realistic accountable timeframes.</li> </ul>



Risks	Current Controls:	Action Plans
Inadequate housing expertise, raw materials, project management skills to deliver houses hampers our ability to deliver on our mandate.	<ul style="list-style-type: none"> <li>• Tripartite agreements allows for more direct involvement between the department and implementing agents.</li> <li>• Emerging contractor's contractor programme has been engaged to build capacity.</li> <li>• OPSCAP provides for funding capacity where lacking.</li> <li>• A Service provider database is currently in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Accreditation of service providers and the black-listing of those that have committed fraud in terms of National Treasury Regulations.</li> <li>• Improve skills to undertake assessments.</li> <li>• Finalisation of the organisational structure; stakeholder engagement.</li> <li>• Retention strategy being drafted.</li> <li>• Finalisation of the Provincial Housing Development Plan.</li> </ul>
Lack of standard quality management system results poor quality products being delivered.	<ul style="list-style-type: none"> <li>• Inspection is conducted at each stage of completion of each house.</li> <li>• National building standards to house are being build and minimum norms and standards.</li> <li>• Projects have to be registered with the NHBRC which provides an inspection and warrantee over the product delivered.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement a standardised quality management control system (formulate, capacity build, contractual commit and monitor).</li> <li>• Quality capacity building programme for (municipal building inspectors, IA's, contractors and provincial building inspectors).</li> <li>• Use of graded housing contractors by the CIDB.</li> <li>• New subsidy quantum has increased specifications for new projects.</li> <li>• Clear policy prescripts. Use PHPs only where key success factors are in place.</li> </ul>
Inefficient systems and processes causing unnecessary delays results in department not achieving its objectives.	<ul style="list-style-type: none"> <li>• Approval committees have been merged.</li> <li>• Time frames have been set up for the project approval process.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of realistic setting of targets which take into account complexity, capacity, dis-empowering institutional arrangements and approval and delivery timeframes.</li> <li>• Internal capacity building on the complexity of the delivery processes.</li> <li>• Review existing systems.</li> <li>• Finalise the standard operating procedures.</li> <li>• Finalise the delegation of authority framework.</li> <li>• Proper planning in advance for the re-alignment of current projects.</li> <li>• Assess the need to conduct a business process re-engineering.</li> </ul>
Lack of direct control over delivery agents due to complex institutional arrangements.	<ul style="list-style-type: none"> <li>• Tripartite agreement has been entered into.</li> <li>• Tripartite agreement policy has been approved and implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• Further involvement of the appointment of implementing agents in line with the spirit of the tripartite agreement and monitor implementation thereof.</li> <li>• Accreditation of implementing agents to be used by the department.</li> </ul>
Lack of direct control over delivery agents due to complex institutional arrangements.	<ul style="list-style-type: none"> <li>• All new agreements are based on a tripartite basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement projects directly where certain standards are required.</li> </ul>





Risks	Current Controls:	Action Plans
Failure by municipalities to make appropriate land available for housing development before disposing of it to the private sector.	<ul style="list-style-type: none"> <li>Agree to extend the moratorium.</li> <li>Identify and acquire appropriate land for housing development.</li> <li>Emphasise the importance value to the municipalities of a well situated housing development.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that the identification of well located land is encapsulated into the MH-DP's</li> <li>Ensure timeous notification of land acquisition to DLA</li> </ul>
Delays between approval of beneficiaries and allocation of houses results in unavailability of registered beneficiaries and therefore vandalism and unlawful occupation of houses.	<ul style="list-style-type: none"> <li>Missing Beneficiary's policy is in place.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the de-linking of beneficiaries from subsidy approval.</li> <li>Consider providing security at finished houses.</li> <li>Timeous communication with beneficiaries regarding the completion of houses.</li> </ul>
Inability to clear slums due to foreign nationals resident in informal settlements.	<ul style="list-style-type: none"> <li>Coordinate with Home Affairs to deport illegal foreign nationals.</li> <li>Provision of rental accommodation to foreign national with valid Visas.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the new housing code provisions.</li> </ul>
No single source of information for all the department's reporting requirements, resulting in inconsistent reports and poor decision making.	<ul style="list-style-type: none"> <li>HSS is being updated to include all information required for standard reports.</li> <li>All external reports are submitted through the GM projects and CFO to ensure consistency with previous reports.</li> </ul>	<ul style="list-style-type: none"> <li>Reports on HSS are being updated to provide required information.</li> <li>An interface is being developed between HSS and BAS.</li> <li>Subsidy administration is facilitating training to all managers.</li> </ul>
Suboptimal use of available information systems.	<ul style="list-style-type: none"> <li>Monthly submission of all required information.</li> </ul>	<ul style="list-style-type: none"> <li>Assess business requirement and include in HSS to incorporate all required information.</li> <li>Facilitate training for managers and staff on updating forms on HSS.</li> <li>Encourage the utilisation of systems in the day-to-day management of projects.</li> </ul>

#### Description of planned quality improvement measures

QUALITY IMPROVEMENT MEASURE	PROCESS DESCRIPTION
Development of realistic setting of targets which take into account complexity, capacity, dis-empowering institutional arrangements and approval and delivery timeframes	This process takes into account the capacity development requirements of all housing industry stakeholders. It also aligns planning processes.
Internal capacity building on the complexity of the delivery processes	
Implement a standardised quality management control system ( formulate, capacity build, contractual commit and monitor)	This process is aimed at reducing financial shrinkages due to poor workmanship
Quality capacity building programme for (municipal building inspectors, IA's, contractors and provincial building inspectors)	
Use of housing contractors graded by the CIDB or registered with the NHBRC	
Revisit the subsidy amount in order to achieve a quality minimum size house in KZN	The process addresses the attraction and retention of developers, contractors, artisans, technicians and officials.
Scarce Skill retention policy	
Human Resource Development Policy and Enhance of internal appropriate capacity	
Contractor development strategy ( CIDB practice note 1 – GO BIG GO LONG )	
Partnering with the private sector on delivery arrangements	
DBSA Siyenza manje programme (focused on housing in municipalities ) – engineering deployments (mentorship) and young professionals	
Establishment of a new Pre-implementation Project Packaging programme (multi-year with appropriate funding)	
Premier's Integrated Delivery Flagship (Development of a responsive approval process streamlining of the Government approval processes)	
Delegations (effective accountable forgiving delegations – fostering a learning delivery environment instead of a penal environment )	
Streamlining of the internal approval and contracting DOH processes with accountable timeframes	



### Specification of measurable objectives and performance indicators

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2007/08 Estimate	2008/09 Budget	2009/10 Target	2010/11 Target
Development of sustainable human settlements	<u>Implementation of national housing programmes</u>					
	Individual	Number of beneficiaries approved	1,350	810	2,500	2,600
	Project Linked	Number of beneficiaries approved	13,300	9,200	10,000	11,000
		Number of houses completed	12,409	9,610	10,700	10,700
	Peoples Housing Process	Number of beneficiaries approved	-	-	-	-
		Number of houses completed	4,800	3,500	3,800	4,200
	Consolidation	Number of beneficiaries approved	450	250	350	380
	Institutional	Number of beneficiaries approved	1,180	1,750	1,900	2,100
	Relocation	Number of beneficiaries approved	20	925	950	950
	Disaster	Number of beneficiaries approved	7,500	2,500	1,800	1,900
	Rural Housing	Number of beneficiaries approved	11,200	6,000	6,500	7,000
		Number of houses completed	3,100	6,500	7,100	7,800
	All subsidy instruments	Number of properties transferred	13,000	20,203	22,800	23,680
		Number of beneficiaries approved	35,000	21,935	26,850	28,650
		Number of sites completed	21,800	20,732	23,105	23,905
		Number of houses completed	22,800	25,360	24,750	26,180
	Hostel Redevelopment Programme	Number of hostels upgraded	-	-	-	-
		Number of units upgraded	4,000	4,000	5,000	5,000
	Social and Economic Amenities	Number of projects implemented	10	10	12	12

## 4.5 Programme 4: Housing Asset Management Property Management

### Situation analysis

Property Management focuses on the maintenance of the rental housing stock of the department. This rental stock is being depleted as the department is intensifying the transfers of properties to qualifying beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS). The department intends to only hold a key portfolio of properties by the next financial year, thereby reducing our rates and taxes bill and only holding properties which contribute to the achievement of our strategic objectives.

### Rental Tribunal Support

The strategy review has made it very clear that the Rental Tribunal is a pro-active role player who will be involved in educational and capacity building programmes in the 2008/09 financial year.

In the past, the emphasis was on the provision of technical and administrative support to the KwaZulu-Natal Rental Housing Tribunal. This strategic review reveals the need for the Rental Tribunal to institute pre-emptive and pro-active measures. To this end, the component will collaborate with the Social Housing Capacity Development unit and identify specific programmes that will enhance the delivery capacity of Social Housing Institutions and education requirements of tenants.

### Medium Density Housing

The strategy review focused the department on the holistic requirements of housing backlogs. In the past, strategic reviews adopted pro-poor strategies and this resulted in bloated over emphasis on housing for low income groups only. The session made it very clear that sustainable human settlements are only possible through integrated housing. It also became clear that integrated housing is not only about housing projects in close proximity to socio-economic opportunities but that it implies housing projects in which all income groups are catered for.



### Enhanced Extended Discount Benefit Scheme

The 2008/09 performance plan focuses all resources to the speedy finalisation of the enhanced extended discount benefit scheme. The review session identified key systemic and procedural bottle-necks in the implementation of this scheme. Each constraint was analysed and a list of activities to be carried out in addressing each constraint was discussed. Management and staff in the relevant component will include the new list of activities in their key performance areas.

### Specified policies, priorities and strategic objectives

The objective of this programme is to manage former Natal Provincial Administration and Own Affairs stock. This stock includes residential properties, vacant land and a variety of other non residential properties. In terms of its mandate, all properties will on a progressive basis either be transferred to individual occupants in terms of the Discount Benefit Scheme or be disposed of in the open market. Some of these properties will also be devolved to the municipalities. In cases where transfer is not possible such stock will remain rental stock and a provision for maintenance thereof is made. In addition the functions of the Rental Housing Tribunal, which promotes stability in the residential rental housing sector by resolving disputes between tenants and landlords, are funded under this programme.

### Strategic Objectives

The strategic objectives of the Housing Property Management programme are to: -

- Promote home ownership through the Enhanced Extended Discount Benefit Scheme (EEDBS)
- Maintain the remaining state rental housing properties
- Regulate the relationship between the landlord and tenant
- Create rental information offices in the municipalities
- Educate stakeholders in the rental housing market

### Progress Analysis

The transfer of state properties to qualifying beneficiaries in terms of the EEDBS has been successful over the years as more than 60% of all qualifying properties have been transferred. The stock audit completed by the department on all outstanding state properties has given clear indication of all places where there are still concentrated pockets of properties to be transferred. Working with municipalities, the department should be in a position to complete all outstanding transfers within the next financial year.

### Summary of payments and estimates - Programme 4: Housing Asset Management Property Management

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium - term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07	2007/08			2008/09	2009/10	2010/11
Administration	51,782	47,713	47,570	52,554	52,554	52,554	54,771	59,418	63,777
Enhanced Extended Discount Benefit Scheme	14,529	25,145	55,199	36,488	48,657	48,657	33,488	36,656	40,142
Housing Properties Maintenance	111,974	97,322	50,151	138,880	126,711	126,711	92,000	90,000	40,000
<b>Total</b>	<b>178,285</b>	<b>170,180</b>	<b>152,920</b>	<b>227,922</b>	<b>227,922</b>	<b>227,922</b>	<b>180,259</b>	<b>186,074</b>	<b>143,919</b>

### Analysis of constraints and measures planned to overcome them

Delays have been experienced in the transfer of properties in terms of the EEDBS. This has prompted the department to review its strategies in consultation with municipalities. In the future, the department will also enhance the rate at which properties are being transferred by tapping on the support and skills of estate agents and possible other service providers who may have the appropriate skills and experiences to assist the process.



The current pilot programme on Social Housing requires the department to focus its attention within the metropolitan area and one select municipal area in the delivery of social housing units. There are clear indications that there are other areas within the province where social housing units will be in a high demand and the department is gearing itself to be able to handle the load of additional unit delivery in other municipal areas when the roll out of social housing finally takes place.

#### Risk Assessment and Risk Mitigation

Risks	Current Controls:	Action Plans
Lack of enforceability of rental tribunal rulings impacts negatively on the mandate of the department.	<ul style="list-style-type: none"><li>• A tribunal has been established.</li><li>• Secretariat functions are provided to the tribunal by the Department of Housing.</li><li>• A formal mandate is in place in terms of the Housing Act.</li></ul>	<ul style="list-style-type: none"><li>• Regulations are currently being developed to define the functions and interface between the department and the Tribunal.</li><li>• Improve the enforceability of the tribunal rulings.</li><li>• Proposed amendments have been submitted to National Housing to consider gaps in legislation relating to enforcement of rulings.</li></ul>
Limited land for housing development – densification.	<ul style="list-style-type: none"><li>• Emphasis on multi-story rental housing.</li><li>• Land suitability studies have been conducted in some District Municipalities.</li></ul>	<ul style="list-style-type: none"><li>• Identification of state owned land and public utilities that can be utilised.</li><li>• Conduct a pilot densification project.</li><li>• Developing a Housing show village (Innovation Hub).</li><li>• Communicate with Municipalities as to what the department wants to happen.</li></ul>

#### Description of planned quality improvement measures

QUALITY IMPROVEMENT MEASURE	PROCESS DESCRIPTION
Explore alternate options such as conversion of buildings, warehouses, office blocks, high rise options	In line with strategic objectives that are aimed at reducing the housing backlog, this process involves the conversion of available building stock into housing stock.
Facilitate the amendment of the Rental Housing Act	This process involves the identification of requirements of all rental housing stakeholders and ensuring that amendments to the Act take into account the requirements of stakeholders including the requirements of the department.
Capacity building, skills training, alternate technology	This process addresses the general capacity constraints in the property industry.
Negotiate to conclude Tri-partite agreements	This process entails the refinement of responsibilities of municipalities in respect of transferred properties.

#### Specification of measurable objectives and performance indicators

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2007/08 Estimate	2008/09 Budget	2009/10 Target	2010/11 Target
Strengthening governance and service delivery	<u>Regulate the relationship between the landlords and tenants</u>					
	Rental Tribunal	Number of cases resolved	1,200	1,200	1,200	1,200
	<u>Creation of Humane living conditions for hostel residents</u>					
	Discount Benefit Scheme	Number of residential properties transferred	10,000	10,000	10,000	10,000
	Maintenance of all rental units	Number of units maintained	5,000	5,644	4,000	3,000

#### 4.6 Reconciliation of budget with plan

R000	Outcome			% Change	Adjusted Budget	Medium - term estimates			% Change
	Audited 2004/05	Audited 2005/06	Audited 2006/07		2007/08	2008/09	2009/10	2010/11	
Administration	59,060	62,375	67,798	7.5%	85,945	88,396	95,096	101,444	7.13%
Housing Needs, Research and Planning	12,274	12,213	20,795	34.89%	19,841	19,666	26,209	27,965	19.99%
Housing Development Implementation, Planning and Targets	738,459	729,391	1,011,408	18.72%	1,187,142	1,511,372	1,830,502	2,343,928	24.58%
Housing Asset Management, Property Management	178,285	170,180	152,920	-7.34%	227,922	180,259	186,074	143,919	-9.71%
<b>Total</b>	<b>988,078</b>	<b>974,159</b>	<b>1,252,921</b>	<b>13.60%</b>	<b>1,520,850</b>	<b>1,799,693</b>	<b>2,137,881</b>	<b>2,617,256</b>	<b>20.61%</b>

#### 4.7 Capital investment, maintenance and asset management plan

For the 2008/09 performance period, the department will involve other industry stakeholders in the investment, maintenance and asset management planning process. This implies that privately held property and rental accommodation including property provided by employers to their employees must be captured in order to fully appreciate the total capital investment programme in the province.

Following the 2007 Housing Summit, the department has undertaken to establish a provincial structure that will monitor and encourage total industry performance throughout the province. This structure will be utilised to ensure the total integration of capital investment.

##### 4.7.1 New projects, upgrades and rehabilitation

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium - term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07		2007/08		2008/09	2009/10	2010/11
<b>Capital</b>	<b>681,092</b>	<b>742,998</b>	<b>965,752</b>	<b>1,135,187</b>	<b>1,135,187</b>	<b>1,133,249</b>	<b>1,450,098</b>	<b>1,764,360</b>	<b>2,273,113</b>
New constructions	-	-	450	-	60,000	58,062	120,000	120,000	140,000
Rehabilitation/upgrading	-	-	-	-	-	-	-	-	-
Other capital projects	-	-	-	-	-	-	-	-	-
Infrastructure transfer	681,092	742,998	965,302	1,135,187	1,075,187	1,075,187	1,330,098	1,644,360	2,133,113
<b>Current</b>	<b>60,000</b>	<b>66,214</b>	<b>88,581</b>	<b>120,368</b>	<b>150,368</b>	<b>150,368</b>	<b>105,488</b>	<b>106,656</b>	<b>60,142</b>
<b>Total Payments</b>	<b>741,092</b>	<b>809,212</b>	<b>1,054,333</b>	<b>1,255,555</b>	<b>1,285,555</b>	<b>1,283,617</b>	<b>1,555,586</b>	<b>1,871,016</b>	<b>2,333,255</b>





## 4.8 Medium term revenue

### 4.8.1 Summary of revenue

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium - term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07	2007/08			2008/09	2009/10	2010/11
Provincial allocation	160,195	170,221	202,807	210,295	210,295	210,295	224,107	246,865	264,001
Conditional grants									
<i>Integrated Housing and Human Settlement Dev.Grant</i>	776,023	799,659	1,048,376	1,310,555	1,310,555	1,310,555	1,575,586	1,891,016	2,353,255
<b>Total Receipts</b>	<b>936,218</b>	<b>969,880</b>	<b>1,251,183</b>	<b>1,520,850</b>	<b>1,520,850</b>	<b>1,520,850</b>	<b>1,799,693</b>	<b>2,137,881</b>	<b>2,617,256</b>

### 4.8.2 Departmental revenue collection

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium - term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07	2007/08			2008/09	2009/10	2010/11
Tax receipts	-	-	-	-	-	-	-	-	-
Non-tax receipts	286	211	876	341	341	303	327	334	353
Sale of goods and services other than capital assets	-	211	249	223	223	291	303	310	328
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	286	-	627	118	118	12	24	24	25
Transfers received	-	-	-	-	-	-	-	-	-
Sales of capital assets	-	-	-	-	-	-	-	-	-
Financial transactions	643	678	2,701	500	500	676	550	605	642
<b>Total</b>	<b>929</b>	<b>889</b>	<b>3,577</b>	<b>841</b>	<b>841</b>	<b>979</b>	<b>877</b>	<b>939</b>	<b>995</b>

## 4.9 Conditional grants

The Department receives conditional grant funding from the National Department of Housing, being the Integrated Housing and Human Settlement Grant, which it utilises to increase investment in the provincial housing delivery process through the construction of Houses and the refurbishment, upgrading and maintenance of existing housing stock.

### 4.10 Donor funding

In terms of the provincial and departmental priorities of “developing human capability” and “strengthening governance and service delivery” the department entered into a co-operative agreement with the Flanders Government to establish housing components at selected municipalities in the Province. An initial pilot project was successfully undertaken where six municipalities in the Midlands region were assisted. The assistance package was based on providing the municipality with a Housing Demand Database and the training and equipment to effectively utilise this system.

As a result of the success of the pilot project, the Flanders Government entered into a second funding arrangement during 2004, whereby the department would co-fund the provision of assistance to the remaining municipalities in the Province. This project was based on the premise that the remaining municipalities would receive two different levels of assistance based on the existing capacity in their housing component. All municipalities would receive a Housing Demand Database and the training and equipment to effectively utilise the system. Currently the package of assistance forthcoming from the Flanders Government has been pegged at €590 179 (approximately R5,6 million). As the overall assistance programme to the Province of KwaZulu-Natal by the Flanders Government has changed to the provision of food security, no additional funding will be forthcoming for this programme. It will therefore be the responsibility of the department to fund any shortfalls. Treasury has however provided the Department with an additional amount of R5 million in the 2009/10 financial year for this programme.



## **4.11 Coordination, cooperation and outsourcing plan**

### **4.11.1 Linkages with other departments**

The Department participates in provincial Cabinet Clusters, MEXCO, Multi-sectoral IDP Forums, Provincial Disaster Management Task Team as well as the related committees and structures.

### **4.11.2 Linkages with local government**

The strategy review session has shown that linkages that the department has with other departments in the context of Cabinet Clusters and other formal structures are not sufficient. The session has shown that aggression is required in the alignment of housing sector plans with planning across other sectors in order to achieve full integration.

The Department relies on linkages with local government to ensure that housing delivery is aligned with the provision of basic services. The Department achieves this through the following;

- Design and articulation of an integrative housing sector planning manual
- Hosting of provincial housing summits
- Gala dinners and breakfast presentations
- Technical forums
- Regional report back meetings
- Participation at water and sanitation committee (WATSAN) meetings.
- Attendance of IDP review meetings
- Meeting with municipalities
- Housing forum meetings
- Workshops with municipalities



## 5 PART C : BACKGROUND INFORMATION

### 5.1 Analysis of the service delivery environment

Although housing is a provincial programme, all activities in the 2008/09 period must seek to advance the course of national policies and trends. The new direction of national housing policy is embodied in the cabinet approved document entitled “Breaking New Ground” - A Comprehensive Plan for the Development of Sustainable Human Settlements - As approved by Cabinet and presented to MINMEC on 2 September 2004 – National Department of Housing (NDOH). The salient components of this plan are summarized below.

#### 5.1.1 Strategic input by the Executing Authority to the strategy review process

You will recall that in my address on the 1<sup>st</sup> of June 2006 at the Shakaland Resort and Conference Centre I emphasized the management of risks and the prudent utilization of resources in our war against inadequate housing and housing backlogs in this province. I told you that we are not different to an enterprise with shareholders who have committed their investments in the hope that managers will establish a capable organization which will develop and deliver products that address community needs and maximize returns in the form of shareholder value. It was very clear in my presentation at the time that when management is unable to deliver as per the wishes and instructions of shareholders, shareholders can either vote for the replacement of such managers or they can disinvest and look for investment opportunities elsewhere. In our case, shareholders have delegated their authority to representatives who sit in the Cabinet. These representatives have a mandate to ensure that this management gathered here today achieves demonstrable delivery in terms of performance against set targets. I sit amongst these representatives with a specific responsibility to look after the housing portfolio. I am pleased to note that as managers you understood the comparison of the department with a wealth creating enterprise as meaning that we must be extremely prudent in the use of departmental resources. We must strive to deliver on the targets that we have set for ourselves and we must continuously review our strategies against changes in both the policy and operating environment.

As Executing Authority, it is my responsibility to appraise you of critical changes in the policy environment. I must also apprise you of the expectations of your shareholders. Before I do this, I want to stress the importance of today’s strategy review session. I want to make it very clear that today’s session is not going to assist in reviewing targets in the five year plan and in the operational plan only. We are reviewing strategy at a mid point in the planning cycle. There are realities that we are aware of today which we knew nothing about on the 30<sup>th</sup> of August 2005 at Mount –Aux Sources and at Shakaland on the 2<sup>nd</sup> of June 2006. The significance of these developments is that they must inform the revised positions and targets in the outer years of the planning cycle. I want to make it very clear that this strategic review session is much broader than the rehashing of numbers. I expect this session to use the alignment exercise to address real organizational capability issues. I expect it to address procedural and systemic issues. We cannot continue with the same systemic problems and challenges but hope to miraculously achieve different results when it comes to performance targets. I want you to share my understanding of risk. In the first instance, risk manifests itself when there is confusion about mandates. In the second instance, risk is institutional when the organizational structure and capabilities are not configured to deliver on our mandates. It is against this understanding that we have gathered here today to ask serious questions about developments and changes in both policy and legislative environments. We will proceed from this basis and analyze and discuss other forms of risk as they apply to your programmes.

I have an expectation that our 2008/09 performance plan will not be remembered only by achievable targets that will be contained in it but it will be noted by your honesty and accuracy in identifying risks and delivery constraints as well as your rigorous interrogation of possible solutions to address these constraints. I expect you to take into account the contributions of external stakeholders such as municipalities, material suppliers, experts, practitioners, academics, land holders, other government departments, housing beneficiaries and many others. You must have read the resolutions of the Housing Summit that was held in September 2006. I expect you to take particular note of input by the different stakeholders at this session. At your level I expect you to constantly keep track of developments in land and housing policies. Debates and other developments in financial and social housing legislation are a few of such developments and shifts that should inform your deliberations today.



I however encourage you to participate fully in this session. We cannot look into the future without reflecting on the past and present. To this end, I wish to highlight the following achievements;

- We have been successful in addressing issues of basic health and safety by demolishing the wire technology houses that were posing a serious electrocution threat to residents.
- We have also been successful in addressing critical factors in the eradication of slum conditions by finalizing provincial legislation aimed at preventing the re-emergence of slums in general and shack farming in particular.
- If you look at our overall housing delivery programme, we have been successful in delivering houses in rural areas. This is a significant achievement given the complex developments in land holding legislation and the transformation of traditional leadership structures.
- It is my view that the present and past periods of review show significant improvement in stakeholder consultation. The Housing Summit of September 2006 was attended by a wide range of stakeholders. This was followed by other consultative sessions which included the women and the youth. We are pleased to report that we have taken maximum advantage of designated periods such as “youth day” and other special days to communicate with our stakeholders.
- We have also gone beyond consultation. We have looked at the specific requirements of stakeholders this includes the discussion of assistance to designated groups such as the “youth in construction”.
- I am pleased to note the formalization of working relationships between ourselves as a department, local government and developers as set out in the tripartite agreement
- I think it is also worth mentioning, that we have used opportunities offered by our IGR framework to finalise protocol arrangements to fast-track housing delivery.
- Our co-operation with the Department of Local Government has led to coordinated response in the management of disasters.

I do not wish to spend too much time on our achievements as this will be covered in detail in the mid-term review by the Head of Department.

We must however focus our attention on constraints and challenges in our environment. In doing so we must take into account broad and general challenges facing the national and provincial administrations in this period in addition to those challenges that face our department directly. In the general context, we are challenged by the slow pace of housing delivery. This frustrating challenge must be understood against the waning patience of potential beneficiaries across the country. In addition, we must take note of challenges associated with the poor quality of the delivered housing products. We continue to tackle the challenge associated with lack of access to affordable and suitable land. We do hope that this aspect will be resolved by the special purpose vehicle that is being created to expedite the release of land. In the same context, we are addressing the challenge of sustainable bulk service infrastructure as a condition for housing development.

Having outlined my expectations, I wish to assure you that as Executing Authority, I will give you the necessary support in the provision of clarity on mandates and in the re-focusing of resources that are required for delivery. I want to draw your attention to critical policy and related emphasis which you must take into account in your deliberations.

On the issue of policy, we are pleased with developments with the Social Housing Bill. We hope that this Bill introduces clarity on what is expected from Social Housing. We are watching developments in the Gateway project (Western Cape) and other similar projects with a keen interest in order to learn and improve the delivery quality and scale of rental housing stock. The general housing policy environment is very clear on housing for low income groups as not being synonymous with poor quality. Issues of affordability are critical in the design of future settlements. Our policies are clearer than before on the requirement to integrate the various income groups. The important policy emphasis as we begin this session is that as a Department, we have the mandate to develop sustainable human settlements which include low income groups. Our emphasis encompasses low, low-to-medium and high income groups where applicable. We concern ourselves with the holistic human settlement needs. In addition, the policy environment is now more aggressive than it was before on the requirement to reverse the impact of apartheid planning. This means that we are expected to be extremely vigilant on the requirement to integrate communities with social and economic amenities.

I have no doubt that you will identify secondary policy developments and requirements such as Broad Based Black Economic Empowerment, ASGISA and JIPSA. You will analyze the requirements of these and other policies and align your programme activity accordingly.



I want to emphasize the requirement to focus on internal organizational issues as well. This must be done in order to re-focus our capabilities. This should not be done as an extension of a mourning or grievance session. If that route is followed, we will not deliver on the purpose of the session as understood by Treasury.

In conclusion, I wish you well during the session and I encourage you to spend time on solutions and to utilize the time that you have optimally.

#### **5.1.2 Current human settlement conditions in South Africa include:**

- Rapid urbanization and migration leading to Informal settlement growth (in line with international trends)
- Social dysfunctionality associated with this rapid informal growth
- Unbalanced property markets
- Delivery capacity constraints
- Complex demand dynamics requires complex supply response
- Population growth at 2,1%
- 30% higher increase in household numbers
- 2.4 million “houses” regarded as inadequate
- Increasing structural unemployment and informality
- More households falling in subsidy income band
- Increasing social and geographical disparities

#### **5.1.3 Current Housing settlement patterns**

The current national mix of housing within South Africa is set down below in table 1.

Table 1 Current Housing Settlement Patterns

Housing Type	Approximate % of Total Housing in South Africa
Traditional (i.e. on community land)	14.8%
Formal (comprising a mix of upper income, middle/lower income/Inner city/township housing)	58.3%
RDP housing	10.3%
Informal backyard housing	4.1%
Informal freestanding housing	12.3%

#### **5.1.4 Key interventions for addressing settlement dynamics**

A number of interventions are needed to address the housing imbalance including:

- emergency housing/informal settlement instrument to address informal settlements
- urban renewal/ social amenities/transfer of stock to address township housing
- social housing/ urban renewal focused on inner city
- rural subsidy services/technology support focused on rural settlements

### 5.1.5 New Housing Vision

The primary goal of the Comprehensive Plan is ***to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing*** with secondary goals:

- Quality living environments
- A needs oriented approach
- Building a non racial integrated society
- Unblock delivery constraints
- Build capacity
- Rooting out corruption & maladministration

Accelerating housing delivery provides an important poverty alleviation strategy in order to facilitate:

- Job creation
- Asset creation
- Promoting 'social cohesion'
- Single residential property market
- Sustainable human settlements
- Leveraging economic growth

### 5.1.6 BNG Comprehensive Plan: Intervention areas

The BNG Strategy builds on the housing policy outlined in the 1994 White Paper on Housing to ensure that settlements are sustainable and habitable in line with the basic original goal of delivering affordable housing. The priorities of the plan are to:-

- accelerate delivery of housing within the context of sustainable human settlements;
- housing delivery as a catalyst for job creation and economic growth
- provide quality housing and to turn homes into assets;
- promoting social cohesion and improving quality of life
- create a single, efficient formal housing market
- abolish apartheid spatial planning thereby restructuring and integrating human settlements
- UN Millennium Goal – improving the lives of 100 million slum dwellers by 2020

This Plan provides a framework for the integration and the building of homes in healthy and secure living environment where everyone will have access to services such as clinics, schools, police stations and community facilities. All public resources need to be efficiently employed to deliver in terms of the BNG.

The BNG plan envisages interventions in a number of areas including:

#### 5.1.6.1 Financial Services Market –

#### 5.1.6.2 Focusing on the following components:

- New credit linked scheme
- Social amenities
- Purchase of land for housing
- Assets management
- Rectification
- Relocation assistance





#### **5.1.6.3 Incremental Housing**

Utilizing the following subsidy instruments:

- Project linked
- PHP
- Individual
- Informal Settlement
- Emergency
- Consolidation
- Higher density for ownership
- Special needs

#### **5.1.6.4 Rural Housing**

- Farm worker housing
- Rural subsidies
- Indigenous technologies

#### **5.1.6.5 Social/Rental Housing**

- Institutional
- Social Housing
- Private rental
- Hostels

#### **5.1.6.6 Supporting Programs -**

- Socio– economic amenities
- Product redefinition project / NHBRC
- Land acquisition
- Capacity building / Accreditation
- People's Housing Process (redefinition)
- Letsema mobilization
- Spatial restructuring / medium density housing
- Job creation and alignment with EPWP
- Housing sections of IDPs
- Database cleanup

#### **5.1.7 National Housing Code**

The Housing Code is a comprehensive document that sets out the overall vision for housing in South Africa. It sets out the linkages between various policy programmes. It is the home for all National Policy, current and future. In 2007, Housing MINMEC mandated the redrafting of the National Housing Code because:-

- The policies needed to be aligned with the Comprehensive Plan (Breaking New Ground) strategy;
- To accommodate changes effected since 2000; and
- To convert the Programmes into flexible, less prescriptive provisions and guidelines.

The structure of the new Code is user friendly whereby some old programmes were removed and existing programmes adjusted. The Policy Prescripts were also reduced and now contains guidelines on suggested implementation processes.

### 5.1.8 ASGISA

The overall goal of this initiative is to place the South African economy on a higher growth path and the broad goals are to :

- Accelerate growth in the economy
- Reduce the gap between the first and second economies
- Ensure that social security reaches all who are eligible

The ultimate goal of ASGISA is to half poverty and unemployment by 2014.

### 5.1.9 Provincial Growth and Development Strategy (PGDS)

The vision of the PGDS is a province of opportunity, prosperity and improved quality of life.

The provincial priorities to drive the PGDS programmes are:-

- Strengthening governance and service delivery
- Sustainable economic development and job creation
- Integrating investment in community infrastructure
- Developing human capacity
- Developing a comprehensive response for HIV and AIDS
- Fighting poverty and protecting vulnerable groups in society

Economic development is one of the five provincial priority clusters established to ensure implementation of the PGDS priorities. Its target is to improve economic growth and development, increase formal jobs and enhance skills development.

Provincial governments play an important role in ensuring that economic planning, infrastructure investment and development spending frameworks are in place and linked to national and local government plans. The PGDS is a tool that guides and co-ordinates the allocation of national, provincial and local resources and private sector investment to achieve sustainable development outcomes. Both the NSDP and the PGDS must be contextualized and aligned with IDP's in order for regional and spatially-aligned planning to have meaning.

### 5.1.10 Key Success Factors

The successful implementation of the Breaking New Ground policy is dependant a number of factors which will need to be achieved. These include the following:

1. Institutional capacity and restructuring to achieve efficient housing delivery
  - Specialist organizational development study-impacting across all three spheres
  - Linked to Housing Charter / performance agreements
2. Resource alignments to achieve effective integration between housing, municipal services and infrastructure
  - Inter-ministerial Committee of Comprehensive Housing Plan / Project Consolidate
  - Supported by ongoing bi-laterals
3. Community participation is strengthened
  - Fortifying the social contracts
  - Building partnerships/NGOs/CBOs
  - Re-engineering departments
  - Building strong support institutions including:
    - Social Housing Institutions
    - PHP Support Centers
    - Housing Information Centers



4. Funding arrangement framework is in place to fund the various interventions through a combination of government and private sector funding instruments
5. Management and oversight is effective to ensure accountability and performance

#### **5.1.11 Challenges and Key Interventions**

The following are the key interventions that address challenges within BNG.

#### **Informal settlement upgrading program**

Objectives:

- To fast track upgrading of informal settlements
- To test the policy through implementation and identify best practice and lessons learnt
- To enhance policy based on the piloting experiences
- Upgrade existing informal settlements by 2014

#### **Unblocking Delivery Constraints**

Objective is to finalize all blocked projects by March 2008

#### **Addressing the Limitations of Land**

- Municipalities to freeze sale of land (as agreed at 2005 Housing Indaba)
- Need to keep state and public land in government hands to enable integration
- Balance economic interest with “sustainability” and social agenda

#### **Addressing Planning Challenges**

- Planning across government (align delivery programmes)
- Alignment of Provincial Housing Development Plans with the Municipal IDP Process
- Delivery Planning capacity
- Resource alignment (Housing/ MIG/ Electricity/ Social)

#### **Municipal Accreditation**

Rational

- Coordinated development (horizontal integration)
  - Municipalities a logical site for the effective alignment of inter-departmental and inter-governmental funding streams.
  - Increased opportunities for the application of innovative planning principles
- Accelerated delivery (vertical integration)
  - The efficiencies associated with devolving delivery authority to the local level should improve the rate of delivery
- Principles of accreditation:
  - Logical application of roles and functional assignments (local alignment & integration)
  - Authority and accountability must accompany responsibility
  - Accreditation follows capacity
  - Funding arrangements must be consistent, certain and beyond interrogation
  - Funding follows function
  - Efficiency (enhanced govt. delivery capabilities)
  - Co-operative governance



## Capacity Building

Need to review delivery capacity at all levels in support of the Comprehensive Plan

- National Department restructuring complete
- Provincial restructuring required to be consistent with BNG
- Housing units in municipalities are essential
- Review mandates of housing institutions (NHBRC/ Thubelisha/ SHF/ RHLF/ NHFC)

## Updating the Housing Code

The Housing Code is to be updated to reflect the new policy embodied within BNG in accordance with the following guiding principles:

- User friendly... multiple user needs
- Less prescriptive - more guidance
- A new coordinated planning dispensation
- New aligned planning dispensation developed
- Based on IDP and Treasury requirements
- Will be applicable from 2007/8 fiscal year

## MOU with Banking Association of SA

- The Minister of Housing has entered into a MoU with the Banking Association of SA and the 4 major Banks within the context of the Financial Sector Charter
- The Financial institutions have committed R42 billion to home loan finance in medium income sector (Target by Dec 2008)
- There is now a need to support and collaborate towards targeted housing stock development to help release the R42 bn

## Individual credit-linked subsidy

- to release private sector credit at scale in 2006/7
- Continued engagements on processes & systems to operationalize

## Alignment & Integration within Government

- Project Consolidate
  - Target and respond to specific challenges and opportunities
- Government Clusters (Co-ordination)
  - Delivery alignment/ Reporting/ Monitoring
  - Programme of Action (Targets)
- NSDP/ PGDS/ IDPs
  - Resource alignment
  - Housing Atlas (prioritise housing investment)
- ASGISA linkage to support broad based growth within the country

### 5.1.12 Social Housing Bill 2006

The Social Housing Bill is a response to the social housing components incorporated into the BNG policy and the bill once enacted will regulate social housing within South Africa.

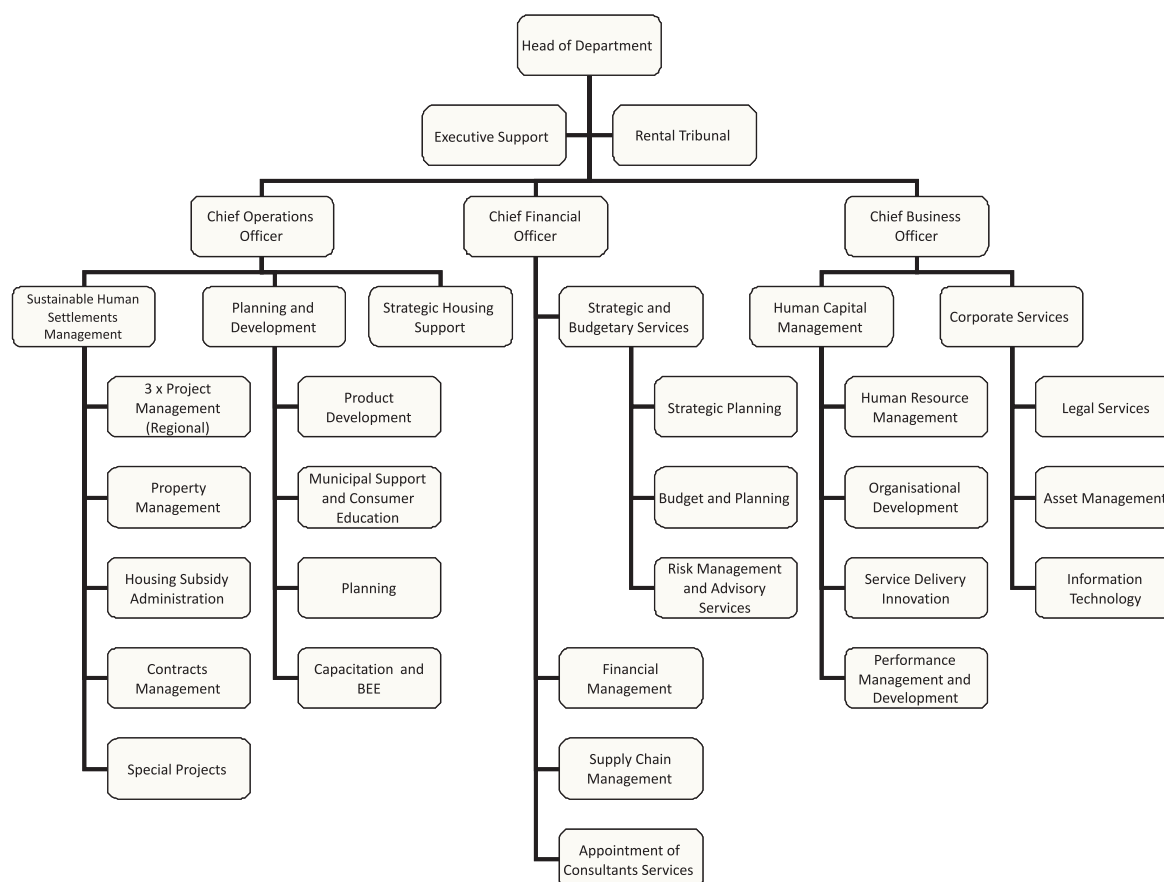


## 5.2 Organisational information and the institutional environment

### 5.2.1 Organisational design

The Strategic Review noted that delays in the implementation of the organisational structure.

Organisational Structure



## Employment and vacancies by programme

Personnel numbers and costs per programme

Personnel numbers	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010
Administration	323	216	207	220	250	266	285
Housing Planning and Research	45	26	26	31	35	36	38
Housing Development Implementation	219	166	163	183	221	244	250
Housing Property Management	1,024	516	473	446	381	327	274
<b>Total</b>	<b>1,611</b>	<b>924</b>	<b>869</b>	<b>880</b>	<b>887</b>	<b>873</b>	<b>847</b>
Total personnel cost (R000)	112,854	11,650	114,011	129,906	147,054	160,976	172,287
Unit Cost (R000)	70	121	131	148	166	184	203

## Employment and Vacancies by Salary Bands

Salary band	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	308	308	0	
Skilled (Levels 3-5)	118	118	0	
Highly skilled production (Levels 6-8)	445	406	9	
Highly skilled supervision (Levels 9-12)	102	70	31	
Senior Management (Levels 13-16)	23	14	39	
Contract Workers	8	8	0	
<b>Total</b>	<b>1,004</b>	<b>924</b>	<b>8</b>	

### 5.3 IT systems

The department utilises four major IT systems in the day to day management of the departmental activities. These systems are: -

#### Housing Subsidy System (HSS)

The HSS is the national information management system used to manage the implementation of the housing programme in the country. The HSS provides customised housing subsidy management systems with the required tools for: -

- strategic planning,
- budgeting,
- project expenditure management and
- subsidy administration

#### Basic Accounting System (BAS)

The National Treasury has implemented BAS to provide a simple to use system to manage the finances of the government. The department implemented this system in October 2003 when the FMS system was phased out by the National Treasury. The BAS system incorporates the management of banking, budgets, creditor payments, debtor management (staff) and receipting.

#### Debtors System

The Debtors System was designed to manage the renting and suspensive sale of properties owned by the Housing Fund. The Debtors System incorporates a rental debtors module and a property register.

#### PERSAL

The PERSAL system is used to manage the department's personnel and the payment of salaries to the staff members.

#### Hardcat

The provincial treasury has implemented Hardcat for the management of the department's assets





## **5.4 Performance management system**

The office of the Superintendent-General in collaboration with Programme 1 has developed a framework for the management of performance. The completed component entails SMS performance which will be followed by an analysis of total asset performance. This exercise is dependant on the approval of the organisational structure by DPSA.

## **5.5 Financial management**

### **5.5.1 Strategies to address audit queries**

The department received an unqualified report for the 2006/07 financial year. A plan to address audit queries raised in the audit report has been compiled and is in the process of being implemented by the department.

### **5.5.2 Implementation of the PFMA**

The Department completed a PFMA implementation questionnaire from National Treasury and in terms of this questionnaire; most of the provisions have been implemented such as: -

- A CFO has been appointed,
- The Risk Management Plan exists and in the process of being updated,
- Financial, HR and SCM delegations exist and are continuously being updated.
- Financial policies and procedures exist, although at this stage they do not cover all functions, but this is being addressed on a phased approach.
- The revised organisational structure is in the process of being approved by the MEC.

### **5.5.3 Cash-flow management**

A Budget Committee chaired by the Chief Financial Officer has been established to, amongst other functions, monitor expenditure against cash flows on a monthly basis. The Department has however managed to contain expenditure within the tolerable range despite the fact that the demand for housing far exceeds the financial resources available.

### **5.5.4 Movable asset management**

The Hardcat System is being utilised for the management of moveable assets.

### **5.5.5 Budgeting, forecasting and financial performance reporting**

The Department has a Budget unit responsible for facilitating budgeting, forecasting and monthly/quarterly reporting as required of the PFMA.

### **5.5.6 Risk management and fraud prevention**

The Department has a Risk and Management Advisory Services unit currently under the Office of the Head of Department. This unit works closely with the shared Provincial Internal Audit Unit. The vacant post of the manager within the section will be filled in due course to ensure proper management of all functions within this unit.

The Chief Financial Officer is responsible for Risk Management in the Department. A risk assessment has been conducted with the Provincial Audit Unit and for all risks identified controls factors will be put in place during the year.

A fraud prevention plan exists for the Department for the eradication of fraud and is reviewed on a continuous basis.

## 5.6 Service Delivery Environment

### 5.6.1 PROVINCIAL FOCUS – Demographics and District Profiles

KwaZulu-Natal is the most populous province in South Africa and is home to 21% of the country's population. Within the Province there are ten District Municipalities and one Metro, which constitutes over 32% of the province's population as depicted in the following graph:

District	Population 2001	% KwaZulu-Natal 2001	Population 2006	% KwaZulu-Natal 2006
Ethekwini	3,090,121	32.78	3,395,283	32.70
Uthungulu	885,966	9.40	1,035,973	9.98
Umgundgundlovu	927,845	9.84	957,054	9.22
Zululand	804,454	8.53	887,897	8.55
Ugu	704,028	7.47	761,370	7.33
Uthukela	656,986	6.97	760,693	7.33
Umkhanyakude	573,341	6.08	645,358	6.22
Ilembe	560,388	5.94	574,774	5.54
Amajuba	468,037	4.97	522,340	5.03
Umzinyathi	456,455	4.84	487,410	4.69
Sisonke	298,394	3.17	354,560	3.41
Total	9,426,017		10,382,712	

Spatial Representation of KwaZulu-Natal : Profile 2006

The Province is predominantly rural, with about 54% of the total population living in the rural areas. It occupies 94, 383 square kilometers (as depicted in the graph below), equivalent to almost 8% of the total land area of the country.

DISTRICT CODE	DISTRICT NAME	AREA SQ KM	% AREA SQ KM
DC26	Zululand	14799.776	15.68
DC27	Umkhanyakude	13861.474	14.69
DC23	Uthukela	11331.205	12.01
DC43	Sisonke	11131.715	11.79
DC22	uMgungundlovu	8934.899	9.47
DC24	Umzinyathi	8589.661	9.10
DC28	Uthungulu	8214.213	8.70
DC25	Amajuba	6911.865	7.32
DC21	Ugu	5047.505	5.35
DC29	iLembe	3268.768	3.46
Ethekwini	Ethekwini	2291.935	2.43
Total		94383.020	

Spatial Representation of KwaZulu-Natal : Profile 2006

## 5.7 Provincial Spatial Perspective And Economy

The Province has a relatively well developed network of towns and roads linking the main centres, but there are critical gaps in road networks in rural areas, which now form part of newly constituted municipalities in terms of the demarcation of municipal boundaries. Generally, the band along the N2 and N3 concentrates the main areas of economic productivity in the Province, including most of the metropolitan and secondary towns. The important issue in KwaZulu-Natal is that the Province is predominantly rural and poor and the greatest portion of the Province's population is concentrated in so-called rural municipal areas, which lie well outside these economic routes and their spheres of influence.



### 5.7.1 Nodes and Corridors

The KwaZulu-Natal Cabinet resolved in July 2005 to pursue the concept of “nodes and corridor development”. Within this concept, the nodes are defined as follows:

**Primary Node (PN):** An urban centre with very high existing economic growth and the potential for expansion. Provides service to the national and provincial economy.

**Secondary Node (SN):** An urban centre with good existing economic development and the potential for growth. Services the regional economy.

**Tertiary Node (TN):** A centre which should provide a service to the sub-regional economy.

Within the Province, the primary and secondary nodes are summarized below:

No.	Node	Classification
PN 1	eThekwini	Primary Node
SN 1	Richards Bay	Secondary Node
SN 2	Msunduzi	Secondary Node
SN 3	Newcastle	Secondary Node
SN 4	Port Shepstone	Secondary Node

Development corridors have been identified for priority interventions over the next five years. Only those corridors which are identified as having the potential for greatly impacting on economic growth and the development of impoverished areas have been prioritized.

The corridors are defined as follows:

**Primary Corridor (PC):** A corridor with very high economic growth potential within all three sectors which serves areas of high poverty densities.

**Secondary Corridor (SC):** A corridor serving areas of high poverty levels with good economic development potential within one or two sectors.

The priority corridors identified are listed in the table below:

No.	Corridor	Classification
PC 1	eThekwini – Umhlatuze	Primary Corridor
PC 2	eThekwini – Msunduzi – Umgeni	Primary Corridor
PC 3	eThekwini – Ugu	Primary Corridor
SC 1	Umhlatuze – Ulundi – Vryheid	Secondary Corridor
SC 2	Kokstad – Umzimkulu – Msunduzi	Secondary Corridor
SC 3	Msunduzi – Nkandla – Ulundi	Secondary Corridor
SC 4	Ulundi – Nongoma – Pongola	Secondary Corridor
SC 5	Pongola SDI – Maputo	Secondary Corridor
SC 6	Port Shepstone – St Faiths – Ixopo	Secondary Corridor
SC 7	Maphumulo – Ndwedwe - Dube	Secondary Corridor
SC 8	Ukhahlamba Corridor	Secondary Corridor
SC 9	Weenen – Nkandla – Eshowe	Secondary Corridor
SC 10	Manguzi – Swaziland	Secondary Corridor
SC 11	Makhatini Flats Corridor	Secondary Corridor
SC 12	Greytown – Msinga – Madadeni	Secondary Corridor
SC 13	Nkandla – Nqutu – Vryheid	Secondary Corridor
SC 14	Mtubatuba – Nongoma	Secondary Corridor



It is important to note that these nodes and corridors do not constitute a logistics network for the Province. It is imperative however that these corridors and nodes are supported by an adequate and appropriate network of services including transport, electricity, water, housing, health, education and community safety, amongst others.

### 5.7.2 Provincial Economic Potential

The sectors of the provincial economy which aims to drive the growth of the province and address unemployment can be summarized as follows:

**Agriculture and agri-processing:** This sector is key to addressing poverty in the province since most areas of poverty are rural. Its contribution to the provincial economy is currently small but it has the potential to increase this contribution significantly if its full potential were realized. The commercial agriculture sector is the major employer in the majority of municipalities and forms the economic anchor of these municipalities, whilst subsistence agriculture is by far the most important source of sustenance for rural households.

**Industrial development:** The potential for industrial development in the province is anchored by the nodes of eThekweni and Umhlathuze. The corridors between these two nodes and extending up to Howick form the primary zone of industrial development in the province. The cities of Newcastle, Ladysmith and Port Shepstone serve as important secondary nodes of industrial development potential.

**Tourism:** The primary tourism potential within the province is in the beach tourism, cultural tourism and eco-tourism markets. The areas of national tourism importance within the province are Southern Zululand, Dolphin Coast, Elephant Coast, the greater Durban and Pietermaritzburg region as well as the Drakensberg. Key tourism products of the province include arts and crafts routes in the Midlands Meander and Albert Falls, Durban, south and north coast beach tourism linked to cultural tourism in the interior, Zulu heritage and cultural trail, Battlefields route, Greater St Lucia & surrounding big five reserves as well as the Drakensberg region.

**Service Sector:** An analysis of the respective contribution of the various sectors to the economies of the districts in KZN indicates that with the exception of two districts, the service sector, which includes government services, is the largest contributor to district economies. The service sector is in fact the largest sector in the provincial economy, contributing 52,8% to the GGP. The sector comprises of the following:

- Wholesale / Retail trade
- Transport / Storage
- Communication
- Financial / Insurance
- Real Estate
- Business services
- Community/ Social/ Personal services
- Government services

## 5.8 Spatial Evaluation of Housing Projects

In order to ensure alignment between housing delivery and the National Spatial Development Plan (NSDP), the National Department of Housing published the Housing Atlas in 2006. The purpose of this document is to contribute to the creation of sustainable human settlements, with an indication of localities that are most suitable for housing investment and development. The housing need in KZN, as detailed in the Housing Atlas 2006, is informed by the existing number of households who are inadequately housed and indicators of population trends including population growth rates and migration trends.

In KZN, the housing need is concentrated around the eThekweni Metropolitan, Msunduzi and uMhlathuze Municipalities. In this regard, it is noted that the majority of housing delivery has taken place in the eThekweni and Msunduzi Municipal areas, which shows a strong alignment with the areas of "high need-high development potential". In the uMhlathuze Municipality, the level of past housing delivery has not been aligned to the area of "high need-high development potential".



The Provincial Corridor development Programme identifies priority corridors between the eThekweni and uMhlathuze municipalities and these corridors are closely linked to the areas having a high demand for housing as identified in the Index of Housing Need provided in the Housing Atlas, 2006. The current housing delivery by the department recognizes these development nodes and corridors with 66% of the department's budget being concentrated in the four district Councils traversed by the PC1: eThekweni/uMhlathuze and the PC2: eThekweni-Msunduzi-Umgenti corridors.

### **5.8.1 Municipal Environment**

Government has made strides in tackling poverty and providing basic services to the people. Notwithstanding this progress, service delivery backlogs still exist in key areas that affect the daily lives of people. There is an urgent need to find innovative ways to maximize the impact of the local government system and to improve and strengthen the coordinated actions of national, provincial and local government in key areas of delivery together with key partners.

Legislative measures have been taken to provide a framework for greater inter-governmental cooperation through the enactment of the Intergovernmental Relations Framework Act, Act 13 of 2005. The Project Consolidate Initiative provides for hands on engagement and support for local government to address main challenges by focusing on capacity building and support to priority municipalities. Lack of capacity in the municipal environment still manifests as a major challenge especially in terms of housing delivery.

### **5.8.2 Challenges**

#### **5.8.2.1 High Demand for Land in Urban Areas**

There is increasing pressure on available land in urban areas coupled with prohibitive appropriation costs. Higher densities in urban areas place more pressure on existing infrastructure like roads and bulk services. In the medium to long term municipalities will have to be in a position to fund maintenance costs in respect of the additional services being provided. Therefore housing supply constraints are access to land and increasing costs as well as process inefficiencies.

#### **5.8.2.2 Demand for Land in Rural Areas**

It is also important to manage development pressures in agricultural areas to ensure conservation of high value agricultural land. Agriculture in KwaZulu – Natal is a sector of huge significance to the country's food security and economy. The introduction of wall to wall municipalities requires local government to extend their planning and land use activities to include rural and agricultural areas. Integrated development planning is intended to be a mechanism for balancing development priorities and sustainability. This must be seen within the context of providing housing in rural areas with pressures being placed on agricultural land.

#### **5.8.2.3 Rapid Urbanization**

Urban centres are generally witnessing a greater influx of people while rural areas are experiencing a decline. It is estimated that up to 20% of the population in some of the major urban and regional centres and small towns are new migrants. A significant proportion of the population growth is being borne by secondary cities and smaller urban centres. This has led to an increase in informal settlements in the major urban centers.

#### **5.8.2.4 Growing Unemployment and Informality**

It is essentially the socio-economic features of a province which shape the developmental challenge. In KwaZulu-Natal despite the concerted efforts of the Provincial Government to address the twin challenges of poverty and unemployment in the first decade of democracy, poverty and unemployment rates have remained chronic and therefore a cause for concern. Housing needs to be a catalyst for job creation and poverty alleviation as espoused in the Breaking New Ground Strategy. The delivery of housing needs to trigger other types of development and contribute to building local economies.

#### **5.8.2.5 Delivery Capacity Constraints**

This issue relates to the capacity of the construction sector to support the housing programme and assist in achieving targets notwithstanding competing priorities like the 2010 Soccer World Cup and the Dube Trade port. Another aspect to take into account is the capacity of the manufacturing sector to supply materials for the housing development programme. Lack of capacity within the municipal environment in terms of professional and technical skills is also a major challenge and requires a concerted effort from government and its partners if the impact of local government is to be maximized.

#### **5.8.3 External Factors that Impact on Housing Delivery**

- Skewed and unequal spatial development
- Largely rural nature of the Province, dispersed settlements with a topography which adds to the cost of development and infrastructure provision
- Poor coordination, synergy and integration between departments, spheres of government and between municipalities and traditional authorities
- Critical shortage of professional skills such as engineering and project management which are critical for economic growth
- Slow pace of land redistribution programmes compounded by the unsustainability of many land reform initiatives owing to insufficient skills transfer and capitalization
- Variety of social factors such as high infection and prevalence rates of HIV Aids, unemployment, high rate of crime and high numbers of out-of school children

#### **5.8.4 Evaluation of Current Implementation Performance**

##### **5.8.4.1 Evaluation of Performance**

For the 2006/07 financial year, 35 266 houses were built. A key measurable of housing sector performance is the number of housing units constructed and the extent to which housing backlogs are being impacted upon. Tangible delivery is therefore fundamental to the housing programme. The main goal is to produce houses and create sustainable human settlements allowing for the development of communities, social cohesion and reduced levels of crime. It is therefore important to keep the momentum going in terms of quantity but also to focus on depth and quality in terms of the housing product. A significant increase in the housing subsidy quantum evidences government's commitment to improving the quality of the housing product and moving away from stereotyped settlement design.

##### **5.8.4.2 Impact on Targets in the Strategic Plan**

The targets for the MTEF 2008/09 to 2010/11 require the Department of Housing to improve performance in terms of the actual delivery of housing units. Therefore a concerted effort involving the Department of Housing, municipalities, the private sector and civil society is required if the targets are to be reached. Fundamental to this effort is expanding the role of local government, building capacity and the accreditation program currently focused on the Ethekwini Municipality.

##### **5.8.4.3 Adjustments to be Made**

The Strategic Plan identifies challenges and measures to deal with constraints to housing sector performance. It will mean evaluating and improving existing controls and instituting risk reduction measures. Greater emphasis will need to be placed on quality control and ensuring that norms and standards are complied with. It is also important for project agreements to be a point of departure for the implementation of housing projects with the respective parties complying with the terms and conditions specified therein. Current and revised policies should provide an enabling environment for improved housing delivery.





## 6 ANNEXURE A: MEASURABLE OBJECTIVES AND PERFORMANCE INDICATORS

### 6.1 Performance measures

#### 6.1.1 Housing Needs, Research and Planning

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2008/09			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Facilitation of capacity building for stakeholders in Housing	Facilitate Accreditation of municipalities	Number of municipalities accredited	-	-	-	-
	Provide training to municipalities	Number of training workshops provided to municipalities	4	4	4	4
		Number of visits executed to support municipalities	25	25	25	25
	Provide training to housing consumers	Number of housing consumers trained	5,000	5,000	5,000	5,000
Strengthening governance and service delivery	Assist municipalities to develop Housing Development Plans	Number of Housing Development Plans in place	4	4	4	4
	Development of policy guide for housing programmes	Number of policy guideline developed	-	-	1	3
	Research	Number of research projects conducted	-	-	-	2

#### 6.1.2 Housing Development Implementation, Planning and Targets

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2008/09			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Development of sustainable human settlements	Implementation of national housing programmes					
	Individual	Number of beneficiaries approved	150	220	220	220
	Project Linked	Number of beneficiaries approved	2,100	2,600	2,000	2,500
		Number of houses completed	2,200	2,593	2,200	2,617
	Peoples Housing Process	Number of beneficiaries approved	-	-	-	-
		Number of houses completed	600	800	1,200	900
	Consolidation	Number of beneficiaries approved	40	100	80	30
	Institutional	Number of beneficiaries approved	30	35	35	1,650
	Relocation	Number of beneficiaries approved	200	260	200	265
	Disaster	Number of beneficiaries approved	-	620	690	1,190
	Rural Housing	Number of beneficiaries approved	2,200	2,000	800	1,000
		Number of houses completed	2,500	2,200	800	1,000
	All subsidy instruments	Number of properties transferred	4,603	5,200	5,100	5,300
		Number of beneficiaries approved	4,720	6,215	4,335	6,665
		Number of sites completed	3,800	4,961	5,560	6,411
		Number of houses completed	5,350	6,303	5,720	7,987
	Hostel Redevelopment	Number of units upgraded	800	1 500	2,000	700
	Social and Economic Amenities	Number of projects implemented	-	-	6	

### 6.1.3 Housing Asset Management Property Management

Key Strategic Objectives	Key Measurable Objectives	Performance Measure	2008/09			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Strengthening governance and service delivery	<u>Regulate the relationship between the landlords and tenants</u>					
	Rental Tribunal	Number of cases resolved	300	300	300	300
	<u>Creation of Humane living conditions for hostel residents</u>					
	Discount Benefit Scheme	Number of residential properties transferred	2,500	2,500	2,500	2,500
	Maintenance of all rental units	Number of units maintained	1,411	1,411	1,411	1,411

### 6.2 Summary of lessons learnt in the past financial year which inform the performance targets in the 2008/09 financial year

- The department cannot deliver alone – it must involve stakeholders from inception stage;
- All Departmental systems and processes need to be reviewed;
- Unrealistic Targets must be avoided
- De-linking subsidy from beneficiaries;(Manage risks associated with that)
- Transfer Payments to Municipalities vs Housing Product;
- PFMA vs MFMA (specific provisions which impact on housing delivery must be considered)
- Execution of all activities in a manner that facilitates the accelerated delivery of the targets
- Mid term review of the strategic plan is necessary in order to make necessary amendment
- Processes not geared to achievement of set goals
- Change from quantity to quality approaches is necessary
- Housing planning at a municipal level requires additional assistance and attention.

## 7 ANNEXURE B: INTEGRATED HOUSING AND HUMAN SETTLEMENT DEVELOPMENT GRANT: BUSINESS PLAN

### 7.1 Grant Profile

#### 7.1.1 Grant Goal

To provide for the facilitation of a sustainable housing development process by laying down general principles applicable to housing development in all spheres of government through the Division of Revenue Act.

#### 7.1.2 Impact

To promote the achievement of a non racial, integrated society through the development of integrated sustainable human settlements and quality housing.

#### 7.1.3 Grant Purpose

To finance the implementation of National Housing Programmes, for the creation of sustainable human settlements.



## 7.2 Outputs and performance targets

Grant outputs	Performance indicators	Baseline	Target						
			2008/09				2009/10	2010/11	
			Q1	Q2	Q3	Q4			Total
1 Financial Interventions									
1.1a Individual Housing Subsidies (R0 - R3 500) Credit linked	Number of beneficiaries approved		20	20	20	20	80	100	120
	Number of new housing units completed								
	Number of secondary housing units transferred								
	Subsidy amount paid		R 800,000	R 800,000	R 800,000	R 800,000	R 3,200,000	R 4,500,000	R 6,000,000
1.1b Individual Housing Subsidies (R0 - R3 500) Non-credit linked	Number of beneficiaries approved	756	100	150	150	150	550	400	480
	Number of properties transferred	1003	100	150	150	150	550	400	480
	Subsidy amount paid	R 31,589,056	R 1,600,000	R 1,200,000	R 4,000,000	R 4,000,000	R 10,800,000	R 18,000,000	R 24,000,000
1.2a Housing Finance Linked Individual Subsidies (R3 501 - R7 000)	Number of beneficiaries approved	300	30	50	50	50	180	2000	2000
	Number of properties transferred	300			80	100	180	2000	2000
	Number of mortgage bonds/title deeds registered						-		
	Number of housing units completed								
1.2b Housing Finance Linked Individual Subsidies : Inclusionary Housing	Subsidy amount paid				R 8,000,000	R 9,000,000	R 17,000,000	R 40,000,000	R 40,000,000
	Total number of planned units approved								
	Number of planned units approved for affordable beneficiaries								
	Number of mortgage bonds registered for affordable beneficiaries								
	Average quantum of mortgage bonds								
	Number of housing units completed for affordable beneficiaries								
	Amount disbursed for affordable beneficiaries								
1.2b Housing Finance Linked Individual Subsidies : Inclusionary Housing									





Grant outputs	Performance indicators	Baseline	Target						2009/10	2010/11
			2008/09							
			Q1	Q2	Q3	Q4	Total			
1.3 Relocation Assistance	Number of beneficiaries approved	24	200	260	200	265	925	950	950	
	Amount paid to Serv-con									
	Amount paid to financial institutions		R 10,637,500	R 10,638,500	R 10,637,000	R 10,637,000	R 42,550,000	R 42,549,550	R 42,549,550	
1.4 Enhanced Dis-count Benefit Scheme	Number of properties transferred	7855	2500	2500	2500	2500	10,000	10000	10000	
	Amount discounted	R 48,656,812	R 7,922,000	R 7,922,000	R 7,922,000	R 7,922,000	R 31,688,000	R 34,856,580	R 38,342,480	
	Amount paid on transfer fees		R 450,000	R 450,000	R 450,000	R 450,000	R 1,800,000	R 1,800,000	R 1,800,000	
1.5 State Asset Maintenance Programme	Number of rental stock units maintained	8064	1411	1411	1411	1411	5,644	1411	200	
	Number of maintenance contracts completed for rental stock		87	87	88	88	350	200	100	
	Amount disbursed for holding costs & maintenance for rental units	R 128,159,485	R 13,000,000	R 13,000,000	R 13,000,000	R 53,000,000	R 92,000,000	R 90,000,000	R 40,000,000	
1.6a Rectification of RDP Stock 1994-2002	Number of projects approved	1		3	1	2	6	2	2	
	Number of housing units rectified	839	0	620	690	1190	2500	1800	1900	
	Amount spent on rectification	R 5,738,640		R 16,740,000	R 18,630,000	R 32,130,000	R 67,500,000	R 53,995,784	R 55,766,159	
1.6b Rectification of housing Stock (pre 1994)	Number of projects approved						0			
	Number of housing units rectified						0			
	Amount spent on rectification						0			



Grant outputs	Performance indicators	Baseline	Target						
			2008/09					2009/10	2010/11
			Q1	Q2	Q3	Q4	Total		
1.7 Social and Economic Facilities	Number of projects and type completed in Greenfield areas	5							
	Amount of funding disbursed for completed projects in Greenfield areas								
	Number of projects and type completed in existing projects			6	6	12			
	Amount of funding disbursed in existing projects	R 43,755,678			R 20,000,000	R 100,000,000	R 120,000,000	R 120,000,000	
1.8 Accreditation of Municipalities	Number of projects and type completed in informal settlements								
	Amount of funding disbursed in informal settlements					0			
	Number of accreditation business plans completed					0			
	Number of municipalities accredited at level 1					0			
	Number of municipalities accredited at level 2					0			
	Number of municipalities accredited at level 3					0			
1.9 Accredited Municipalities (level 1 & 2): programmes to be approved and funded	Amount disbursed for accreditation of municipalities					0			
	Number of programmes approved and funded under the accreditation of municipalities					0			
	Amount disbursed for programmes approved and funded under accreditation of municipalities					0			



Grant outputs	Performance indicators	Baseline	Target					2009/10	2010/11
			2008/09						
			Q1	Q2	Q3	Q4	Total		
1.10 Operational Capital Budget	Number of contracts under Operational Capital Budget		2			3	5		
	Amount paid into the Operational Capital Budget allocated in accordance with programme	R 2,395,521	R 4,250,000			R 4,250,000	R 8,500,000	R 8,500,000	R 900,000
	Number of projects approved to be un-blocked	6					0		
	Number of units represented by projects approved to be un-blocked	2906					0		
	Amount disbursed for projects approved for unblocking						0		
1.12 NHBRC enrolment (related to grant)	Number of projects in principle enrolled		6	13	16	15	50	24	15
	Number of projects enrolled	6	1	5	8	13	27	20	4
	Number of houses enrolled			1723	550	1271	3544	5253	3937
	Amount disbursed for NHBRC enrolment fees	R 268,755	R 1,096,824	R 3,218,556	R 2,192,983	R 2,981,663	R 9,490,026	R 15,470,085	R 12,753,912
1.13a Land parcels procured (IHAHSD grant)	Number of land parcels procured						0		
	Hectares of land parcels procured						0		
	Amount paid for land parcels procured						0		
1.13b Land parcels procured (Other funding)	Number of land parcels procured						-		
	Hectares of land parcels procured	3038	2271.56	2271.56	2271.56	2271.56	9,086	5667	5667
	Amount paid for land parcels procured		R 11,357,880	R 11,357,880	R 11,357,880	R 11,357,880	R 45,431,520	R 16,998,000	R 16,998,000
1.14 Housing chapters of IDP's	Number of chapters compiled	18	4	4	4	4	16	5	0
	Amount paid for chapters compiled								





Grant outputs	Performance indicators	Baseline	Target						
			2008/09				2009/10		2010/11
			Q1	Q2	Q3	Q4	Total		
2 Incremental Housing Programmes									
2.1a Project Linked Subsidies (current commitments approved up to 31/03/07) : Excluding blocked projects	Number of beneficiaries approved	10116	2100	3600	3000	3500	12200	10000	11000
	Number of sites serviced	8751	2200	3161	3760	4611	13732	15105	15105
	Number of housing units completed	10175	2200	2593	2200	2617	9610	10700	10700
	Number of properties transferred		2000	2500	2400	2600	9500	10400	11200
	Amount disbursed for serviced sites	R 175,967,763	R 74,013,000	R 70,034,034	R 72,905,767	R 54,939,724	R 271,892,525	R 328,986,900	R 362,520,000
2.1b Project Linked Subsidies (current commitments approved up to 31/03/07 ) : Blocked projects	Amount disbursed for housing units	R 275,377,090	R 89,853,000	R 77,458,309	R 57,857,766	R 34,300,925	R 259,470,000	R 447,260,000	R 491,986,000
	Number of sites serviced						0		
	Number of housing units completed						0		
	Number of properties transferred						0		
	Number of projects approved						-		
2.2a Integrated Residential Development Programme: Phase 1 Planning and Services (excluding Informal Settlements)	Number of planned sites (Residential) approved								
	Number of planned sites (Other) approved								
	Number of sites serviced						-		
	Amount disbursed for completed serviced sites						-		
	Number of projects approved						-		
2.2b Integrated Residential Development Programme: Phase 2: Top Structure Construction (excluding Informal Settlements)	Number of beneficiaries approved								
	Number of housing units completed						-		
	Amount disbursed for housing units completed						R 0		



Grant outputs	Performance indicators	Baseline	Target							
			2008/09					2009/10	2010/11	
			Q1	Q2	Q3	Q4	Total			
2.2c Integrated Residential Development Programme: Phase 4: Top Structure Construction : Informal Settlements	Number of projects approved							-		
	Number of beneficiaries approved									
	Number of housing units completed							-		
	Amount disbursed for housing units completed							R 0		
2.3a Peoples Housing Process : Current commitments (Excluding blocked projects)	Number of sites serviced							-		
	Amount disbursed for completed serviced sites									
	Number of housing units completed							-		
	Amount disbursed for completed housing units							R 0		
2.3b Peoples Housing Process : Current commitments (Blocked projects)	Number of sites serviced									
	Number of housing units completed									
2.4a People's Housing process (excluding Informal Settlement Upgrading)	Number of projects approved	2		1	1	1	1	3	4	4
	Number of beneficiaries approved									
	Number of planned units approved									
	Number of properties transferred							-		
	Number of facilitation grants awarded									
	Number of establishment grants awarded			1	1	1	1	3		
	Amount disbursed for facilitation									
	Amount disbursed for establishment grants		R 1,013,100	R 273,900	R 184,280	R 163,280	R 1,634,560	R 3,229,390	R 4,430,380	
	Number of sites serviced									
	Amount disbursed for completed serviced sites									



Grant outputs	Performance indicators	Baseline	Target						
			2008/09					2009/10	2010/11
			Q1	Q2	Q3	Q4	Total		
2.4a People's Housing process (excluding Informal Settlement Upgrading)	Number of housing units completed	3921	600	800	1200	900	3,500	3800	4200
	Amount disbursed for housing units completed	R 23,144,000	R 10,503,926	R 21,600,000	R 38,096,074	R 24,300,000	R 94,500,000	R 112,860,000	R 137,214,000
2.4b People's Housing process (Informal Settlement Upgrading)	Number of beneficiaries approved								
	Number of projects approved								
	Number of planned units approved								
	Number of properties transferred								
	Number of facilitation grants awarded								
	Number of establishment grants awarded								
	Amount disbursed for facilitation								
2.4b People's Housing process (Informal Settlement Upgrading)	Amount disbursed for establishment grants								
	Number of sites serviced								
	Amount disbursed for completed serviced sites								
	Number of housing units completed								
	Amount disbursed for housing units completed								
	Number of housing units completed								
	Amount disbursed for housing units completed								
2.5 Informal Settlement Upgrading	Number of housing units completed								
	Amount disbursed for housing units completed								
	Number of planned sites (residential) approved								
	Number of planned sites (other) approved								





Grant outputs	Performance indicators	Baseline	Target						
			2008/09					2009/10	2010/11
			Q1	Q2	Q3	Q4	Total		
2.5 Informal Settlement Upgrading	Number of sites completed with permanent services (phase 3)								
	Amount disbursed for sites serviced under the sub-programme						R 0		
2.6a Consolidation Subsidies (Excluding Blocked Projects)	Number of planned units approved						-		
	Number of beneficiaries approved	226	40	100	80	30	250		
	Number of projects approved						-		
	Number of housing units completed	387	50	90	80	30	250	350	380
2.6b Consolidation Subsidies (Blocked Projects)	Amount disbursed for completed houses	R 52,027	R 1,260,000	R 3,510,000	R 1,950,000	R 741,819	R 7,461,819	R 14,005,625	R 14,005,625
	Number of beneficiaries approved						-		
2.7a Emergency Housing Assistance (current commitments)	Number of housing units completed						-		
	Number of projects approved for assistance to households needing temporary assistance						-		
	Number of sites serviced for assistance to households needing temporary assistance						-		
	Amount disbursed for serviced sites completed for assistance to households needing temporary assistance						R 0		
	Number of housing units completed for assistance to households needing temporary assistance						-		



Grant outputs	Performance indicators	Baseline	Target						
			2008/09				Total	2009/10	2010/11
			Q1	Q2	Q3	Q4			
2.7a Emergency Housing Assistance (current commitments)	Amount disbursed for housing units completed for assistance to households needing temporary assistance						R 0		
2.7b Emergency Housing Assistance (planned projects - possible disaster area)	Number of beneficiaries approved for emergency temporary assistance to households whose existing shelter places them under threat						-		
	Number of projects approved for emergency temporary assistance to households whose existing shelter places them under threat						-		
	Number of sites serviced for emergency temporary assistance to households whose existing shelter places them under threat						-		
	Amount disbursed for serviced sites completed for emergency temporary assistance to households whose existing shelter places them under threat	R 3,482,865	R 0	R 0	R 0	R 0	R 0		
	Number of housing units completed for emergency temporary assistance to households whose existing shelter places them under threat	316		750	750		1,500	1000	1200



Grant outputs	Performance indicators	Baseline	Target				
			2008/09				2010/11
			Q1	Q2	Q3	Q4	
2.7b Emergency Housing Assistance (planned projects - possible disaster area)	Amount disbursed for housing units completed for households for emergency temporary assistance to households whose existing shelter places them under threat	R 4,784,066	R 4,197,000	R 0	R 4,231,000	R 4,231,000	R 12,659,000 R 36,000,000 R 45,600,000

### 3 Social and Rental Housing

3.1 Institutional Subsidies	Number of beneficiaries approved	718	30	35	35	1650	1,750	1900	2100
	Number of projects approved	2			3	5	8	3	5
	Number of housing units completed/beds delivered	1192	30	35	1650	35	1,750	1900	1900
	Amount disbursed for Institutional Subsidies	R 25,679,635	R 720,000	R 840,000	R 45,405,081	R 2,815,989	R 49,781,070	R 22,896,666	R 15,707,574
	Number of projects approved under provincial corresponding vulnerable groups policy	2	0	1	2	2	5	4	6
	Number of housing units completed		0	0	0	0	-	0	0
	Number of beds delivered	368		100	100	200	400	430	400
	Value of units completed		0	3800000		11400000	R 15,200,000		
3.2a Social Housing: operational support	Number of Social Housing Institutions approved for Provisional Accreditation Grant	0	0	1	0	2	3	2	1
	Amount disbursed for Provisional Accreditation Grants						R 0		
	Number of Social Housing Institutions approved for staff gear-up and General Capacity Building Grants	0	0	1	0	2	3	2	2





Grant outputs	Performance indicators	Baseline	Target					2009/10	2010/11	
			2008/09							
			Q1	Q2	Q3	Q4	Total			
	Amount disbursed for staff gear-up and General Capacity Building Grants							R 0		
3.2b Social Housing: Capital Grants for rental housing	Number of projects approved excluding Informal Settlement Upgrading		0	0	0	4	4	5	5	5
	Number of housing units completed excluding Informal Settlement Upgrading	0				1500	1,500			
	Amount disbursed for completed housing units constructed for social housing excluding Informal Settlement Upgrading					R 108,000,000	R 108,000,000	R 108,000,000	R 108,000,000	R 108,000,000
	Number of projects approved for Informal Settlement Upgrading							-		
3.2b Social Housing: Capital Grants for rental housing	Number of housing units completed for Informal Settlement Upgrading							-		
	Amount disbursed for completed housing units constructed for social housing for Informal Settlement Upgrading							R 0		
3.3 Higher density individual ownership	Number of beneficiaries approved for high density individual ownership excluding Informal Settlement Upgrading							-		
	Number of projects approved for high density individual ownership excluding Informal Settlement Upgrading							-		



Grant outputs	Performance indicators	Baseline	Target					2009/10	2010/11
			2008/09						
			Q1	Q2	Q3	Q4	Total		
3.3 Higher density individual ownership	Number of housing units completed for high density individual excluding ownership Informal Settlement Upgrading								
	Amount disbursed for completed housing units constructed for high density individual ownership excluding Informal Settlement Upgrading							R 0	
	Number of beneficiaries approved for high density individual for Informal Settlement Upgrading								
	Number of high density individual ownership projects approved for Informal Settlement Upgrading								
	Number of high density individual ownership housing units completed for Informal Settlement Upgrading								
3.3 Higher density individual ownership	Amount disbursed for completed housing units constructed for high density individual ownership excluding Informal Settlement Upgrading								R 0



Grant outputs	Performance indicators	Baseline	Target					2009/10	2010/11
			2008/09						
			Q1	Q2	Q3	Q4	Total		
3.4 Community residential units (CRU)	Number of beneficiaries approved						-		
	Number of units approved		800	1500	1000	700	4,000	5000	5000
	Number of units up-graded	2622	800	1500	1000	700	4,000	5000	5000
	Number of units converted	0	0	0	0	0	-		
	Number of units constructed	0	0	0	0	0	-		
3.5 Backyard Rental Programme (policy to be finalised)	Amount disbursed for community residential units	R 258,563,728	R 120,000,000	R 0	R 50,000,000	R 30,000,000	R 200,000,000	R 0	R 0
	Number of projects approved						-		
	Number of (on-site) sites serviced for backyard rental housing						-		
	Amount disbursed for (on-site) serviced sites for backyard rental housing						R 0		
	Number of housing units completed for backyard rental housing						-		
3.6 Housing Assistance to Households affected by death of guardians	Amount disbursed for housing units completed for backyard rental housing						R 0		
	Number of households affected						-		
	Amount disbursed						R 0		





Grant outputs	Performance indicators	Baseline	Target					
			2008/09				2009/10	2010/11
			Q1	Q2	Q3	Q4		
4 Rural Housing								
4.1 Farm Worker Housing Assistance (policy to be finalised)	Number of projects approved						-	
	Number of beneficiaries approved							
	Amount disbursed						R 0	
4.2 Rural Housing: Communal land rights	Number of beneficiaries approved	13361	2200	2000	800	1000	6,000	6500
	Number of projects approved	11	2	5	4	4	15	20
	Number of serviced sites improved or up-graded	3462	1600	1800	1800	1800	7,000	8000
	Amount disbursed for serviced sites	R 207,660,073	R 2,619,200	R 2,946,600	R 2,946,600	R 2,946,600	R 11,459,000	R 14,080,000
	Number of housing units completed	5025	2500	2200	800	1000	6,500	7100
	Amount disbursed for housing units completed	R 75,279,806	R 12,444,450	R 116,874,101	R 62,851,449	R 54,830,000	247,000,000	R 296,780,000
Fund Total		R 1,310,555,000	R 367,737,880	R 362,663,880	R 433,417,880	R 565,197,880	R 1,729,017,520	R 1,830,768,580
Baseline comments:								
The baseline is determined from HSS records for the first 3 quarters of the 2007/08 financial year plus the estimate for the fourth quarter of the 2007/08 financial year. This is extracted from the Q3 Non-financial Report.								

## Budget Summary

1 Financial Interventions	R 449,959,546
2 Incremental Housing Programmes	R 647,617,904
3 Social and Rental Housing	R 372,981,070
4 Rural Housing	R 258,459,000
<b>TOTAL BUDGET FUNDS</b>	<b>R 1,729,017,520</b>
Value of funds in the Total derived from other sources (Land Affairs, provincial funds, etc.)	R 153,431,520
<b>TOTAL FUNDS BUDGETED FROM THE GRANT</b>	<b>R 1,575,586,000</b>
<b>PROVINCIAL GRANT ALLOCATION</b>	<b>R 1,575,586,000</b>
<b>BALANCE</b>	<b>R 0</b>